



Bulgarian-Swiss Cooperation Programme  
Partnership and Expert Fund



## **MID TERM EVALUATION**

PROJECT “Promotion of Social Dialogue and better Working Conditions for Employees”

# **FINAL REPORT**

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## ***LIST OF ABBREVIATIONS***

CLD	Collective Labour Disputes
CSR	Corporate Social Responsibility
MLSP	Ministry of Labour and Social Policy
NICA	National Institute for Conciliation and Arbitration
OSH	Occupational Safety and Health
PPA	Public Procurement Act
PPP	Public Procurement Procedure
SCD	Swiss Development and Cooperation Agency
SIB	Swiss Implementing Body
SIP	Specialized Internet Portal

## **I. Introduction**

The Project “Promotion of Social Dialogue and better Working Conditions for Employees” aims at developing institutional partnerships for improvement of working conditions of employees in three directions:

- (1) Strengthening socially responsible behavior of business organizations in connection with the Strategy for Corporate Social Responsibility 2009-2013 (*Component 1*);
- (2) Elaboration of information system for collective labour agreements by sectors and relevant data on wages and implementation of collective labour agreements (*Component 2*);
- (3) Development of paritarian funds with special focus on vocational training, health and safety, and enforcement of collective agreements (*Component 3*).

The project duration is 3.5 years and it is implemented in the timeframe of 3 September 2012 – 2 March 2016 with funding of CHF 706,000 (CHF 600,000 Swiss grant and 106,000 co-financing by Bulgarian Government). The main execution agencies responsible for different components of the project are the Ministry of Labor and Social Policy (component 1 and 3) and the National Institute for Conciliation and Arbitration (NICA) (component 2). The Swiss implementing partner is Solidar Suisse.

### **1. OBJECTIVES AND TASKS OF THE EVALUATION**

The main purpose of this evaluation is to provide an expert independent assessment of the relevance, efficiency, effectiveness and potential impact of the overall project and of its components and to provide recommendations for overcoming existing bottlenecks and delays. By analysing progress in implementation in the past two years it had to identify facilitating factors, bottlenecks and challenges in the implementation of the project and to suggest recommendations that can improve its performance in a feasible extension of the implementation timeframe.

### **2. METHODOLOGY**

Based on the TOR, as well as the initial findings of the desk review, we organised the evaluation's objectives, tasks and leading questions around five main areas: (1) strategic relevance; (2) efficiency of management set up and implementation processes and procedures; (3) effectiveness towards outcomes; (4) prospects for impact and added value of the project to social dialogue and (5) recommendations for improvement and successful finishing of the Project. The structure of the report below strictly follows this order.

The evaluation was implemented in the period of 17 December, 2015 – January 30, 2016, by a team of a Swiss and Bulgarian expert, backed up by a second Bulgarian expert to meet the tight deadlines of the assignment. It included desk review of provided program documentation, structured interviews with in total 23 key stakeholders – representatives of SIB an SDC, Solidar Suisse, the NCU at the MLSP, deputy Minister participating in project activities of different components, project manager and coordinators of components 1 and 2 at the MLSP as well as NICA as coordinator of component 2, representatives of beneficiaries and experts involved in project activities.

The main limitation of this evaluation was the tight timeframe for its implementation, especially for the field mission carried out between 10 and 14 January 2016. Practically, the team had only two full days to meet with all stakeholders and beneficiaries in Bulgaria. Though the team met with all suggested respondents, this limited the possibility to involve in the assessment a broader circle of stakeholders and beneficiaries.

## **II. Strategic Relevance**

### **1. RELEVANCE OF CONCEPT AND DESIGN**

Social partners play a pivotal role in promoting employment, economic recovery and growth, which is particularly important in post-crisis period. Promotion of social dialogue therefore is highly relevant,

especially in Bulgaria, and can help economic resilience, fairer labour market and encourage responsible conduct of the business.

### **Component 1. Corporate Social Responsibility**

*Relevance:* Corporate social responsibility is and will be increasingly important. There is more pressure on business to act in an ethical and responsible manner – not only are the expectations of society increased, but there are a greater number of initiatives and legislation the business must comply with. Bulgaria lags behind in creating the favourable framework conditions and promoting responsible business. The relevance of this component is extremely high.

*Design:* At the time of project conceptualisation it seemed logical MLSP to champion the national strategy for CSR. At that time it was – and seemingly still is – the only State institution leading the CSR agenda. The activities of the component follow closely the Action Plan for 2011 of the National CSR Strategy, and already back then the MLSP was tasked with creation of such a portal but funds were never provided. At the time of project conceptualisation it did make sense to create and maintain a specialised internet portal devoted to CSR. If launched when planned, the SIP would have been a good point of reference and would have raised awareness regarding CSR to all stakeholders. The component would have drafted guidelines for socially responsible business drawing on the Swiss experience. If the activities were implemented with good respect to time and quality, the component would have created a favorable environment and right mindset for CSR including mobilizing institutional support of other state institutions and stakeholders and would have responded to growing societal expectations for more responsible business conduct. Since then however, many initiatives towards CSR were created, with a number of organisations developing expertise on the topic, including creating some very good internet sites. The political support of the MLSP in driving the national CSR strategy continues to be of importance for advancing the CSR agenda at a national strategic level. The Portal as originally planned, however, will not provide major benefits in this process.

### **Component 2. Dispute settlement**

*Relevance:* Faced with the consequences of the recent economic crisis, the social partners need an effective instrument to help settle labour disputes. The component aims at development and implementation of an early warning system for collective labour disputes. Such a system will help anticipate and prevent labour disputes and will facilitate social dialogue. The component is of high relevance and meets real needs of the social partners.

*Design:* The component has very clear design and intervention logic. Created system for Collective Labour Dispute (CLD) settlement will contribute to improved policies and prevention of CLD. Chosen strategies to achieve this tasks compose a systematic outcome oriented process of creating consultative and expert groups, developing proposals and testing them in the field to validate proposals. Especially valuable is the approach of systematic involvement of social partners in all activities which in turn brings for increased ownership and sustainability of results.

An added value of the Swiss input would have been to present the Swiss long-standing tradition of industrial peace and the Swiss experience in collective labour dispute resolution, especially on sectoral and cantonal level, the practices related to arbitration tribunals, as well as the role of the Federal Mediation Board for the Resolution of Collective Labour Disputes.

### **Component 3. Paritarian Funds**

*Relevance:* The paritarian funds are a good tool for the social partners to meet needs regarding education, training and promotion of occupational health and safety at enterprise level. Experimental for Bulgaria, this component was originally aimed at exploring the possibilities to institutionalise such funds in Bulgaria, drawing from the Swiss experience where the funds have a wider role to play in supporting education, vocational training, health and safety needs. The practical orientation of the component in Bulgaria however was narrowed to one aspect – the occupational health and safety. However, there is no “blanc space” regarding health and safety in Bulgaria: with very elaborate Health and Safety Act and

more than 700 legal documents, the issue is well legislated and practices are established. Given the existing Bulgarian legal and practical context, and with scarce financial resources and no potential support from the State, the social partners doubt the need of paritarian funds.

*Design:* The principle activities of the component are to conduct a feasibility study on institutionalisation of the paritarian funds and to present of the Swiss experience and practices. The project would have been more relevant if the design also involved follow-up on the feasibility study, including financial resources to implement the experimental testing of the funds in a selected sector. It seems that was the original expectation of the social partners, too. Based on the interviews with the coordinator of the component, in the design phase this component was referred to as a feasibility that can lead to a follow up project in the future.

## **2. RELEVANCE OF CHOSEN IMPLEMENTATION MODALITIES**

**Component 1.** The MLSP is the State authority to advance the national CSR agenda so they are the right institutional choice to implement this component. However, the CSR Strategy 2009–2013 is expired and it hasn't been updated, and it has never been backed by a budget. This gives rise to the question to what extent it continues to be of high priority for MLSP. To be successful, this component needs clear political support and leadership from the Ministry, including wide coordination and consultations with a number of institutional stakeholders and engagement from other Ministries. The management of the component and the project was assigned to the department for international relations, due to the fact that it has been very much involved in previous work on the CSR strategy at the MLSP. However, based on the interviews, this department despite of the high devotion and other professional skills has very limited experience in project management. This, together with the lack of visible political support and existing heavy procedures for public procurement which are obligatory for a State institution like MLSP has made efficiency and effectiveness of project implementation very challenging.

In **Component 2** the selection of NICA as implementing agency is one of the main strengths and prerequisites for its successful implementation. The objectives of the component are linked directly with the mission of NICA and its years of experience in the area of labour dispute settlement. NICA as an agency which is linked with the MLSP but outside it had much more flexibility especially in regard to public procurement and could timely select and hire needed experts to implement the different tasks within the component.

In **Component 3**, the paritarian funds are not a prerogative task of the State. The social partners being potentially the beneficiaries of such funds, and with their expertise on health and safety, are more likely to show necessary ownership and drive such a project to successful end. It would have been better to entrust the social partners (or their joint bodies) with the implementation of this component.

## **3. LEVEL OF COMMITMENT, SHARED VISION AND OWNERSHIP**

Commitment and ownership are of paramount importance to drive a project to successful end. Such is the case of component 2 where NICA leadership has committed to the project all institutional resources necessary to implement the project in quality and timely manner. The constituents of NICA – the social partners – have a shared vision regarding dispute settlement instruments and the necessary legislative amendments and were directly involved in all stages of implementation. Commitment on personal level from the project coordinators in component 1 and 3 is also evident. However, the political support of the MLSP regarding advancement of the CSR is under question. The same observation is true for the paritarian funds.

Solidar Suisse had high commitment at the designing phase providing direct assistance in developing all components of the project. However, the year following the start of the project is a year of change of organizational priorities for the Solidar Suisse whose geographic interests drifted away from Eastern Europe and the EU Enlargement related projects. This institutional shift of priorities, as well as the changes of personel responsible for the project has confined initially strategic commitment into narrower understanding of Solidar Suisse role as “service provider. At present Solidar Suisse are committed to

finishing the project within its present timeframe. They are not interested in project extension, but in case it is provided they are ready to assist with contacts without getting more involved in direct assistance for coordination of needed Swiss input.

### **III. Efficiency of project implementation**

The efficiency of the three components differs. While Component 2, implemented by NICA, has high efficiency, the other two components have significant delays and bottlenecks.

#### **1. PROGRESS TOWARDS INITIALLY PLANNED LOGFRAME**

##### **Component 1. Corporate Social Responsibility**

Very little progress has been made towards initially planned logframe. The actual implementation of the component starts in the middle of 2014. Nearly at the end of the project, by September 2015, this component has used some 11 % of its budget.

##### **Progress by activities:**

- (A1.1) Specialised Internet Portal – not implemented. It is a central activity under this component that was planned for the start of the project to provide an ongoing platform on CSR throughout implementation. Public procurement procedures failed three times mainly due to the bidders failing to meet the technical requirements set in the PPP. The terms of reference/technical specification for the portal are prepared by an external consultant. Only one event under this activity has taken place - the initial Round Table – with a limited number of participants and with no significant participation of the representatives of the business.
- (A1.2) Analysis of BG legislation of CSR – not implemented, PPP not announced yet.
- (A1.3) Evaluation of the CSR Action Plan – implemented. Experts meetings to analyse CSR plan took place and 35 page expert report is drafted but not distributed to interested stakeholders.
- (A1.4, 1.5) CSR good practices identified and drafting of CSR guidelines – not implemented, the experts are not identified.
- (A1.6) Training programme for civil servants – implemented - 5 days training for 13 participants – representatives of state institutions (MLSP; Ministries of Economy and Energy, Environment).
- (A1.7) Exchange of good practices – 2 study visits to Switzerland – implemented with a significant delay but successfully.
- (A1.8) Closing Conference – has not taken place, implementation is contracted by PPP.

##### **Component 2. Dispute Settlement**

The actual implementation of the component starts in June 2013 and the final activity under this component – the Final Conference, takes place in November 2015. Based on provided data, nearly 70% of the provided budget has been used by September 2015. As of now it can be estimated that all budget has been used, except the part related to planned participation of Swiss experts, which were not provided.

##### **Progress by activities (divided in four consecutive phases):**

- **Phase One (Activity 1) - 6 months:** creation and work of the two Work Groups with 8 members each - with clear tasks and timeline. WG1 worked on development of a concept for CLD tracking tools and guidelines for its implementation and WG2 – on identifying best practices and based on that proposals for improvements to the regulatory framework for the collective labour dispute settlement in Bulgaria. Each of the Work Groups developed interim and final reports, which were the basis for the work in the next phases.
- **Phase Two (activity 2) - 7 months:** consultations with social partners and stakeholders about the results achieved by the two Work Groups; Two Expert Work Groups were created to develop the final versions of the proposals developed in the first phase of implementation and based on the systematized results from the consultation.

- **Phase Three (Activity 3) – 9 months:** training and pilot test implementation of the concept for CLD tracking and monitoring in two regions and two branches; training (Consultation meeting) concerning changes to regulations for alternative procedures for arbitration and mediation/conciliation in the settlement of collective labour disputes.
- **Phase Four (Activity 4) – end of project:** development of final report with recommendations for improvement of the respective legislation by a special Work Group created for that; and a final conference.

### **Component 3. Paritarian Funds**

Very little progress has been made towards initially planned logframe. Only about 5 %, of its budget has been used by September 2016.

#### **Progress by activities:**

- **(A1) Round Table** with 18 participants is implemented.
- **(A.2, 4, 6) International Conference, Second Round Table and National Conference** are not implemented. PPP underway but not finalized and not contracted.
- **(A.3) Study visit to Switzerland** – successfully implemented.
- **(A.5) Survey of establishment of PF in Bulgaria** – not implemented but PPP finalized successfully. Contract signature imminent.

## **2. EFFICIENCY OF PROCESSES AND PROCEDURES**

### **Components 1 and 3**

Both Components have serious delays in the implementation of most of their activities. The delays are on two levels:

- First, although the Activity Agreement for the project was signed between the SIB and the MLSP already in November 2012, the actual start of the work was after the Cooperation Agreement for Implementation between the Ministry of Labour and Social Policy and Solidar Suisse was signed (15 August 2014). The reason for this was reportedly the difficult communication with Solidar Suisse.
- Second, further delays occurred in the implementation of the activities. The reason for these were the procedures for public procurement (PPP) that MLSP has to observe – they are both slow and unpredictable in terms of deadlines for signing the contracts. Additionally, the delays resulting from the PPPs made the timeframe agreed between MLSP and Solidar Suisse impossible to follow causing further frustrations in both partners.

#### **Late start of cooperation with the Swiss partner**

This was mainly due to institutional arrangements between the two partners. Initially intensive at the phase of project conceptualisation, the relations between the MLSP and Solidar Suisse gradually weaken in 2013 when there is little communication and no interaction. After Mr. Zoltan Doka hands the project over to Mr. Cyrill Roger, the relations are slowly resumed.

The relationship between the two partners has a difficult start also due to different partnership expectations. The Swiss partner was the initial project catalyst, directly involved in strategy design. This raised the expectations at the MLSP that Solidar Suisse will continue with a more strategic role in the project. At the same time, only 30 days' workload are budgeted for Solidar Suisse against all the human resources provided for on Bulgarian side (Project Manager, coordinators for each component and other project associates, with a various workload). With institutional policy and individual shifts within Solidar Suisse this limited participation of the Swiss partner was interpreted as a "service provider" for the activities in Switzerland and with Swiss experts. In order to better manage expectations, the relations, roles and responsibilities of the project partners are agreed upon in a Cooperation Agreement, dated August 2014. As the MLSP is the Executing Agency, all essential project management work is meant to be carried out by the Bulgarian team. The contribution of Solidar Suisse consists of facilitating the

participation of Swiss experts in the implementation of the activities in all three components, as well as organization of the project activities carried in Switzerland.

The late actual start of the partnership with Solidar is the main reason for the initial delay of more than a year of the project activities, especially in components 1 and 3. Towards the end of the project however, this delay has been partially caught up and Solidar delivers most of the activities they are responsible for. The activities for which they haven't yet provided Swiss input are still being planned by the Bulgarian side (PPP for the logistics underway). The only activity that completely failed was providing Swiss expertise as requested within the work of Component 2 – Dispute settlement.

### **The Public Procurement Act**

In Bulgaria the awarding and execution of public procurements of services and goods is regulated with the Public Procurement Act (PPA) and all public authorities are subjected to it in their capacity of contracting authority. PPA consists of basic principles, criteria, rules and procedures related to conducting of public procurements of contracts exceeding certain financial threshold. Most of the activities within the project do exceed this minimum threshold and this requires much more complex process and procedures.

There are several basic principles provided in the Bulgarian PPA, which are public openness and transparency, free and fair competition, equality and non-discrimination. The practical aspects of applying these principles however may lead to serious hurdles in the implementation of specific projects. For instance when MLSP needs individuals as both experts and representatives of the social partners it has to launch a PPP that cannot discriminate the duly established legal entities, applying with their own teams. Since the MLSP cannot hand-pick individual experts under the requirements of PPA, the project cannot tap into the necessary subject-matter expertise. This is an issue with serious implications to the substance of component 3. The other serious practical issue is the process is quite long: normally a PPP takes about 4 months from announcement of the bid to the awarding of the contract. Further to this, an internal practice of MLSP is that all bids with a similar subject need to be bundled together and are announced once a year. This sets serious limits on the flexibility of project implementation and imposes further delays.

### **Component 2**

The Component's implementation was highly efficient. The main reasons for this lie in the management set-up:

- The Director of NICA is independent from the Project Management Unit in implementing the project activities. That allowed him to freely exercise his leadership and establish sound project management system.
- As an independent institution linked with but outside the Ministry, NICA has been exempted from complying with the PPA which allows for a greater flexibility and timeliness in implementing planned activities.
- The project draws on the right subject-matter expertise – mobilized support and participation of assigned experts and decision-makers in their respective organizations.

The only drawback in this component relates to the participation of the Swiss expert. Despite of timely steps made by the NICA coordinator of the project (developed TOR for the profile of expert needed and communicating it to the Swiss partner) the Swiss expert was not provided. Based on the interviews, the main reason for this was inefficient communication and lack of clarity (or different interpretation) of lines of communications between the partners. Due to time limitation of this evaluation we could not explore in depth the communication flow between the Bulgarian and Swiss partners on this matter. What we could evidence though was the real regret and disappointment among the teams participating on the Bulgarian side in this otherwise very successful component about the lack of responsiveness and results from the communication with the Swiss partner.

### 3. EFFICIENCY OF RISK MANAGEMENT

The lack of progress is reported to Steering Committee by SIB a year after the project official start. This helped address one of the main reasons for delay – the institutional partnership between Solidar and MLSP. A very good practice was bringing together the partners for a meeting to discuss roles, responsibilities and adapt timeframe for implementation. With signing the Cooperation agreement in August 2014, the partnership was resumed and agreed upon, the delay of activities with Swiss input was gradually caught up. However, the initial delay of over 20 months after the signing of the Activity agreement (November 2012) seriously affected the overall implementation. It narrowed the timeframe for envisaged processes further delayed by the other serious bottleneck of public procurement. From this perspective, a question to the efficiency of risk management is why SIB waited for more than a year when it was obvious that there is a serious problem in the partnership relations and communication of this project. If corrective measures and intervention in this direction were applied earlier, this could have contributed to more chances for effective implementation of the project.

However, many activities without Swiss input are not implemented too. The underlying reasons should have been properly analysed and addressed by decision makers earlier too.

Knowing the main reason for delay is the PPA, the Steering Committee and SIB could have advised that the project management plans the necessary PPPs well in advance. The Steering Committee could have also advocated that the project is given independence from the PPP calendar of the MLSP.

Last, but not least, the present evaluation comes at a very late stage. Though planned in the project as midterm evaluation, it actually happens at the end of the project. Given the difficult start and all reported delays, a midterm valuation should have been organized earlier in 2015. This would have provided more time for applying corrective measures suggested by the evaluation.

### 4. QUALITY OF RELATIONSHIP AND COORDINATION BETWEEN PROJECT PARTNERS IN BULGARIA AND SWITZERLAND.

The quality of relationship between the project partners from Bulgaria and Switzerland had different dynamics overtime. While it was very intensive at the design phase of the project where the expert from Solidar Suisse was participating directly in developing and writing the project, later on the communication between the partners faced serious challenges especially at the start of the project. Though after signing the Cooperation agreement in August 2014, and organized direct meeting between the Bulgarian and Swiss partners the communication was improved, the initial challenges and lack of clarity in understanding the roles in the partnership marked the quality of relationship among the partners throughout the project.

There are several aspects that can be outlined among the reasons for the overall not so efficient and effective coordination among the partners:

- *The different institutional nature of the partners:* On the institutional level, the partnership between a medium size Swiss NGO and a Bulgarian Ministry is much misbalanced “by default”. It can hardly be expected that partnership of such nature can be sustainable. The rigid operational environment imposed by PPA and the slower decision-making process in a State Institution are hard to align to the flexible and swift organizational management of an NGO. The consequences arising from their different institutional powers, decision-making process, and functioning should have been anticipated already at the stage of programming.
- *Changes of key people responsible for the project in the Swiss partner.* The person from Solidar Swiss who was actively involved in the design phase moved to a different position. There was a significant gap in communication between the Swiss and Bulgarian partner after he transferred the responsibility to another person in Solidar Suisse. Due to time limitations we could not explore deeper the reasons for this delayed communication within Solidar Suisse or among the Bulgarian and Swiss partner.
- *Different understanding and expectations about the roles of the partners.* As mentioned above, at the design phase the role of Solidar Suisse was very proactive and strategic – practically their

representative participated in the overall design of the concept and the strategy of the project. This raised expectations on the Bulgarian side that this strategic role will continue. Later with transfer of responsibility to another person in Solidar Suisse, its role was seen as less proactive and responsive “service provider” – responding to requests based on clear definition of needs and providing needed logistics and contacts for the study visits or needed experts to visit Bulgaria.

On the operational level, the project management skills between the two partners are quite different too. To be able to better respond to the needs regarding required Swiss input, the Swiss partner insisted on having concept notes for each project activity, detailing the expected profile of the expert, the desired input, and exact dates of events. Although it took more time and effort to coordinate, this proved to be a good management tool to increase quality of partnership and contributes to better outcomes. However, in cases this effect was reduced due to problems in communication, for example not providing Swiss expert as requested for the activities of component 2 as mentioned above.

## **IV. Effectiveness of project implementation and potential impacts**

### **1. PROGRESS TOWARDS PLANNED OUTCOMES AND POTENTIAL IMPACT**

#### **Component 1. Corporate Social Responsibility**

##### **Planned outcomes:**

1. Raised awareness on CSR among different stakeholders through created Specialized Internet Portal (SIP) and held seminars
2. Created favorable environment supporting the implementation of CSR and strengthening the transparency of socially responsible practices
3. Strengthened capacity of the experts of the interested parties

Outcome 1 was not achieved, as the SIB is not launched.

A step forward in achieving Outcome 2 was made with the assessment of the National CSR Action Plan. The assessment results in an comprehensive 35-page report prepared by a number of subject-matter experts. Although the Report is of good quality, it articulates recommendations to the social partners which are somewhat more appropriate to the consumers’ organizations but are completely irrelevant to the social partners. This observation reinforces previously expressed concern regarding insufficient involvement of social partners in this component, particularly representatives of the business.

Careful desk review of the Report notices a preference towards the ISO 26000, which could be interpreted as potentially limiting the choice of which standard to follow or pre-empting other CSR instruments. Instead, a significant flexibility could be left as to which reporting framework companies should use as well as regarding the scope of their respective CSR activities. From this perspective, the report is providing the expert view, but it will be important to further use the report for broader discussions with various stakeholders, this way getting the perspective of social partners too.

The Component did manage to achieve to a great extent Outcome 3. Firstly, Solidar Suisse provided the expected Swiss input in Round Table (A1.1) and organized quality study visits in Switzerland. The study visits offered a series of meetings in different Swiss institutions (unions, companies, NGOs, the state, university) thus offering a broad, multifaceted view on the roles and experiences of all CSR institutional stakeholders. Interviewees confirmed the huge practical value of the visits and the knowledge acquired.

#### **Component 2. Dispute Settlement**

##### **Planned outcome:**

- Established register and provision of current and comprehensive information on CLD in Bulgaria, including the exact number of CLD, causes for them, methods of settlement and others

The planned outcome was achieved completely. Among the main achievements in this direction are:

- Developed and tested integrated CLC and CLD information and analyses system adequate to the needs of social partners in the country
- Recommended changes to the regulatory framework will promote further a sustainable information and analysis system that will cover the processes of collective bargaining and collective labour disputes settlement
- The project has contributed to building greater trust and better cooperation between social partners organizations and the National Institute for Conciliation and Arbitration ( as expressed at the final conference in November, 2015)<sup>2</sup>
- The component has high potential for long term impact. It has developed clear suggestion for legislative changes which will provide for timely and effective dispute settlement in Bulgaria

Actually, the component achieved more than planned, as NICA is now in a position to build upon the success and is proposing amendments in the legislation regarding mediation/conciliation. What is more, the NICA and their experts wish to replicate the project and extend their work on the subject of strikes. In this way NICA and the social partners will be able to analyse the reasons, study the outcomes of strikes and propose a more effective arbitration procedures, and possibly propose respective legislative amendments.

Although the Component was led to a successful end without participation of Swiss experts, the lack of Swiss input is considered to be its only drawback. Such an input would have given more depth of discussion when deciding on the Bulgarian model. As outlined in all of the interviews with the management and the beneficiaries in this component, there was the desire and genuine interest to learn from Swiss experts and study the Swiss experience in collective labour disputes resolution.

### **Component 3. Paritarian Funds**

**Planned outcome:**

- Raised awareness of models and best practices for bipartite tools in OSH
- Strengthening the capacity of social partners to exploit the opportunities of paritarian funds in OSH

The only notable achievement of this component is the study visit in Switzerland, related to Outcome 2. The feedback of the respondents was extremely positive. The interviewees were pleased to have been able to see how the paritarian funds function in Switzerland and how they are an effective social dialogue instrument on enterprise level. And added value was to see how the paritarian funds in Switzerland are in fact an intrinsic part of the national vocational education.

## **2. VISIBILITY OF THE PROJECT ACTIVITIES AND CONTRIBUTIONS**

Donor visibility is ensured in all reviewed documents in all three components.

Visibility of the activities is ensured only for Component 2, Dispute settlement. All products, reports, activities, photos from events are published and easily accessible on the website of the institute<sup>1</sup>. The project was also promoted in all public events and round tables throughout implementation.

Component 1 and 3 are not visible on the site of MLSP. There is a special dynamic band on the MLSP site listing numerous projects of MLSP but the project “Promotion of Social Dialogue...” is not listed. The national strategy for CSR is not listed on the site either<sup>2</sup>, which reinforces the question for the political support of the project. Interestingly, there is a mention of the project in the CSR Compendium 2014<sup>3</sup> of the EU Commission, where a link is provided to the Swiss donor site<sup>4</sup>.

<sup>1</sup> <http://www.nipa.bg/?q=en/node/443>

<sup>2</sup> List of strategies (only in Bulgarian): <http://www.mlsp.government.bg/index.php?section=CONTENT&I=382>

<sup>3</sup> [file:///C:/Users/User/Downloads/KE0214709ENN%20\(1\).pdf](file:///C:/Users/User/Downloads/KE0214709ENN%20(1).pdf), page 62.

<sup>4</sup> [https://www.eda.admin.ch/bulgaria/en/home/projects/project\\_detail?projectinfoId=214079](https://www.eda.admin.ch/bulgaria/en/home/projects/project_detail?projectinfoId=214079)

### 3. LEVEL OF CONTRIBUTION OF THE SWISS PARTNER TO THE PROJECT

After resolving the critical bottleneck at the beginning of the project - the late actual start of the partnership and the challenging communication gaps, the contribution of the Swiss partner has been very effective for Component 1 and 3. Despite of request from the Bulgarian part, no Swiss contribution was made for component 2. Once the roles and responsibilities of project partners were agreed upon in the Cooperation Agreement, Solidar Suisse provided agreed services. The Swiss partner has provided Swiss experts' participation in events for component 1 and component 3 as per request by the Bulgarian partner. It has also organized two experience exchange visits under component 1 and a study visit under component 3. Interviewees' feed-back regarding the Swiss input is very positive – they all shared their satisfaction with the contribution of the Swiss experts who attended events in Bulgaria and expressed particular satisfaction with the quality of the visits in Switzerland.

The component 2 did not benefit from any Swiss input. As outlined above, preliminary exchange between Mr. Roger from Solidar Suisse and Mr. Boyadjiev, the Director of NICA, took place in 2014 and a potential Swiss expert was identified. However, the involvement of the Swiss expert did not happen. Follow up was lost in unclear lines of communication between the Swiss and Bulgarian partners.

### 4. KEY SUCCESS FACTORS AND CHALLENGES

#### Component 1: Corporate Social Responsibility

The critical **success factors** here were:

- The genuine commitment of the management of the project to the issues and cause of CSR, based on previous involvement of developing the current CSR strategy and good contacts with a network of experts and stakeholders in the subject matter.
- The expert team of assembled by the MLSP and representing main stakeholders in CSR in Bulgaria with diverse expertise – academia, social partners, consumer organisations, consultants, NGOs, state authorities, who are committed to advancement of CSR agenda in Bulgaria. The team worked together on the analysis of the CSR Action Plan and some of its members participated in the experience exchange visits to Switzerland. As outlined in the interviews with some of the experts, the process of interaction was very valuable and provides for continued relationships and follow up work.

The **challenges** to achieving effectiveness of the component are:

- *Political support of MLSP.* Despite of the commitment of the project management to the tasks related to CSR strategy we could not find convincing evidence that only this commitment can assure necessary political buy-in and support of the Ministry to the project to ensure sustainability. Although CSR Strategy is said to be high in the political agenda, we could find little evidence that the Ministry is planning to devote necessary resources to its advancement.
- *SIP launch.* The SIP has been planned as a central activity of the component, to be launched in the beginning of the project and serve as a communication platform throughout the project activities. Even if the SIP is launched in near future, at the end of the project it has lost most of its significance as an integral part of the project rationale. Additional challenge is the fact that the content of the portal has not been prepared nor has the editorial board been established.
- *SIP sustainability.* The original plan was that the SIP is maintained in the course of the 3 project years with project money, and its sustainability to be ensured by the MLSP beyond the scope of the project. At present, the MLSP is planning to contract a recruitment agency (by yet another PPP) to appoint and subcontract a number of experts who will maintain and update the portal for a period of 5 years after the end of project. The upfront payment to the recruitment agency will be accounted for in the project budget. This approach was mentioned in the interviews as an instrument for sustainability – providing for the portal to exist in the coming five years. However, in our view this would not contribute to sustainability, it will only postpone the issues related to sustainability for the future. It is also questionable to what extent such approach of allocating funds for future use after the project is over is a good practice of use of donor funds.

- *Weak involvement of representatives of the business as key stakeholder.* The CSR strategy, policies, initiatives need a wide debate and consultations with all stakeholders, particularly with the representatives of the business and employers' organizations. In the absence of the SIP as a main instrument to raise awareness and with limited participation of representatives of the business in the activities of this component, the credibility of potential CSR guidelines is uncertain.

## **Component 2: Dispute settlement**

The key **success factors** for effectiveness in Component 2 are:

- *The objectives planned to be reached in this component match the core mission of NICA*, which is to explain the ownership for the project. We found clear evidence for shared vision and commitment of all representatives involved.
- *High level of expertise.* The experts for each specific task had the right expertise and were directly hired by NICA, after asking the social partners to assign the best of their experts for the tasks (no PPPs, as mentioned above). This provided for quality of the work, but also further reinforced the cooperation with the social partners.
- *Pro-active seeking the involvement and assistance of social partners* – this was integrated in the design and followed throughout the implementation of the project. Tripartite consultation was applied in the development of the system and proposals which led to more complete and verifiable information and respectively proposals.
- *High level political support* is ensured with the NICA Supervisory Board continuously overseeing project progress. The support of the Advisory Board is key as its members are representatives of all three constituents of NICA - the social partners (all representative unions and employers' organizations) and the State.

## **Component 3: Paritarian Funds**

Somewhat ironically in view of the difficult relations between MLSP and Solidar Suisse, the contribution of the Swiss partner in organizing the study visit in Switzerland was the **key factor for the success** of the visit, as shared in the interviews.

The key **challenges** to effectiveness are:

- Ownership, political support and management set-up. The organisations of the social partners – the unions, their research bodies, or another tripartite institution (similar to NICA) having the necessary project management skills are more appropriate than MLSP to implement a project on the subject. The premise is that the social partners, being the main beneficiaries, will have higher commitment and ownership to the project if they were to manage it directly.
- The social partners challenge the institutionalisation of the funds – the provision of own financial means is the main issue. At the moment social partners do not find it likely to be able to allocate funds to paritarian funds. The State is not in position to support financially such funds.
- The survey to study the feasibility of establishing PF in Bulgaria. Firstly, the cost of the study represents more than a half of the component budget so the results of this activity alone will determine the outcome of the entire component. Secondly, the content of the survey is to study the paritarian funds related to health and safety at work – a very specific aspect of social dialogue, the knowledge of which is locked within a handful of expert individuals. Since the MLSP cannot appoint them as private persons, it has to procure the service by PPP selecting from applying agencies whereby the quality of questionnaires and credible interpretation of the results will be beyond the control of the MLSP. A successful contractor has been identified and invited to sign the contract and should conduct the study practically in the 3 months following the end of the project – March 2016 onwards. The coordinators of the project assumed project extension will be granted, while in reality it was not officially requested.

An additional challenge to the effectiveness of Components 1 and 3 was the project management capacity of the MLSP team. The project is managed by the International Department of the ministry and

although the coordinators are qualified experts in their respective fields, as outlined in the interviews they do not have previous sufficient project management expertise.

## **V. Conclusions**

### **Overall project**

1. The efficiency and effectiveness of the Project differs by components. While Component 2 (Dispute settlement) coordinated by NICA was very successful, the other two (CSR and Paritarian Funds), managed by the MLSP, faced serious challenges and delays, which resulted in 5%-11% utilization of their budget allocations.
2. A major problem for this partnership project was the poor communication and unclear interpretations of roles and responsibilities between the Bulgarian and the Swiss partner. With signing the Cooperation Agreement in August 2014 the partnership was resumed and most of the activities requiring Swiss expertise or study visits were implemented or planned. However, the delay of over 20 months seriously affected the overall implementation and the relationship among partners. A lesson emerging from this project is that the roles and the responsibilities of the institutional partners need to be agreed upon before the project is granted.
3. Public procurement procedures that the MLSP is obliged to follow are the other main reason for delay. It drained important human and time resources and limited operational flexibility.
4. A multicomponent project involving many institutions and stakeholders requires very skillful and influential project management with clearly stated political support from the MLPS as an executing agency.
5. Closer monitoring of project implementation and earlier suggestion of corrective measures would have helped overcome bottlenecks earlier.
6. The potential future commitment of Solidar Suisse needs to be critically reexamined depending on proposed implementation modalities and institutional set-up.

### **Component 1. Corporate Social Responsibility**

Despite of the high strategic relevance the effectiveness of implementation was poor due to a combination of factors – late start of cooperation with the Swiss partner, complicated procurement procedures, feeble project management and low level of political support at MLSP. Only one of the 3 Component objectives is achieved. Swiss input was successful but came very late in the process. The component will not achieve its objectives till the end of the project period. The central activity, the creation of SIP, is not relevant anymore as a number of internet sites already exist. If extension is granted, the component will need redesign of activities and implementation modality in order to achieve its objectives.

### **Component 2. Dispute settlement**

The Component is of high strategic relevance responding to real needs of the social partners. It is an example of efficient and effective implementation due to the good leadership and expertise of NICA, as well as direct involvement and ownership of the products of the social partners. d.. The tracking tool of CLD is created and tested, the social partners also propose legislative amendments related to conciliation/mediation and dispute settlement. There is clear vision how to capitalize on the good results, add additional aspect (the inclusion of strikes) and thus provide for comprehensive legislative changes. The only drawback was that no Swiss input was provided. If extension is granted expanding with additional aspect related to strikes and adding Swiss input will provide for more sustained impact in terms of legislative changes, as well as a possibility to include Swiss expertise and exchange in enrich the results.

### **Component 3. Paritarian Funds**

The Component is not relevant under the present implementation modality, as it does not address real needs of the social partners. The largest (in terms of funding) and the most important (in terms of

substance) activity is the Survey of the possibility of establishment of a Paritarian Fund (PF) in Bulgaria that is planned to result in developed National Concept for PF. The contractor is selected after a PPP and the contract is ready to be signed. However, MLSP will be limited in asserting the necessary control of the implementation and the quality of the work.

## **VI. Recommendations for improvement of the performance of the Project on the strategic and operational levels**

### **Component 1. Corporate Social Responsibility**

Our recommendation is that the support for Component 1 continues, as CSR is a topic of high relevance. An extension will be needed, and we suggest that it is between 6 and 12 months. Key elements of the continued support:

- Internet promotion of and support for CSR (the Specialised Internet Portal)
- Update of the national CSR Strategy and action plan.
- Closing Conference

**SIP.** Instead of a separate SIP, we advise that MLSP creates a simpler section of its website with limited own content and focus on links to existing resources and materials generated elsewhere. It is important that MLSP ensures that the maintenance of this section in the future can be done with minimal effort within MLSP. Further, we recommend that MLSP establishes strategic institutional partnership with existing site(s) dedicated on CSR. If possible, limited funding from the project budget can be extended to the partner organization(s). As MLSP has taken the leading institutional role in the field of strategic development of CSR in Bulgaria, it is important to ensure that MLSP has a contribution in the content of the partner site(s) so that key strategic documents and policies are properly reflected.

**CSR Strategy.** It is critical that firm political commitment from MLSP is ensured for finalizing the Strategy and preserving MLSP's leading role in the process. We recommend that the focus of the future work is put on the research of good practices and updating the Strategy and its action plan. Public discussions involving multiple stakeholders will be of great help for the successful completion of the tasks. We suggest that two discussions are held on (a) the findings and recommendations of the Evaluation of the CSR Strategy implementation and the research and (b) the draft updated strategy and action plan. For the discussions the resources freed from Component 3 (see below) can be utilised.

In terms of management, the CSR Strategy element of the future work can be organized under one of the following Options:

- **Management option 1:** Establishing partnership with a reliable NGO interested in the field that will be flexible in applying PPPs and able to ensure the cooperation of Swiss organisation, stakeholder in CSR, for example the employers.
- **Management option 2:** Only if MLSP can guarantee the quick finalization of the PPPs, the management can be left within the Ministry with the same team. Under this option it will be critical to ensure the commitment of Solidar Suisse or identify another partner organization in Switzerland.

**Closing conference.** The organisation of the conference is already contracted. We advise that its scope is widened beyond CSR so that it covers all achievements within the different Project components (see below). It will be important to involve in the conference widest group of stakeholders and interested parties. We consider the Closing Conference as a powerful promotion event that can (at least partly) compensate the deficits in the visibility of the project and secure future support for activities in similar areas.

### **Component 2: Dispute Settlement**

We recommend that the proposed extension of duration of one year (Outline + budget available in English) is approved. It is appropriate that the coordination of extended project is within NICA. Support to NICA will be needed for ensuring the Swiss expertise input in two aspects:

- for the expanded scope of the work, including possible organization of a study visit to Switzerland to learn specific details about the dispute resolution mechanisms;
- for providing opinion and advice on the products that have already been delivered.

We advise that the achievements of this Component are presented at a separate module of the Closing Conference.

### **Component 3: Paritarian Funds**

As the PPPs regarding the survey to study the feasibility of establishing PF in Bulgaria are already finalized and signing the contract with the service provider is imminent, there are two options:

- **Option 1.** Discontinuing the component. Under this option MLSP must be advised not to sign the contract for the survey.
- **Option 2.** If the termination of contract signing procedure is likely to cause serious damage to MLSP and the project, the survey can be finalised as planned. In this case we recommend that the remaining three public events (PPP started, offers under evaluation) are reduced to one – the round table for finalizing the PF national concept. The thematic scope of the other two may be modified to accommodate the public discussions under Component 1. The key findings of the survey and the concept for establishing PF can be presented at the Closing Conference. Under this option an extension of the implementation period will be needed identical to the one for Component 1.

**List of Interviewees**

1. Alexandar Zogorov – CL Podkrepa, beneficiary component 3
2. Cyrill Roger – Solidar Suisse
3. Daniel Genev – expert PPP in MLSP
4. Darina Konova – associate coordinator, Component 3
5. Dimitar Matev -SIB - Balkan Institute for Labour and Social Policy
6. Emil Mingov – coordinator Component 2
7. Galab Donev – Deputy Minister MLSP, beneficiary Component 3,
8. Georgi Marinov – Bulgarian Consumers’ Federation, beneficiary component 3
9. Gerassim Gerasimov – SDC
10. Ivelin Zhelyazkov – Bulgarian Association of Industrial Capital, beneficiary Component 2
11. Kalina Petkova – coordinator Component 3,
12. Marina Stefanova – coordinator of Global Compact network in Bulgaria, beneficiary Component 3
13. Matia Poretti – SDC
14. Miroslava Valcheva – coordinator of Component 1;
15. Nikolay Yonov – NCU/ Council of Ministers
16. Ass. Prof. Radostina Bakardjieva – Institute for Economic Research, beneficiary Component 1
17. Reneva Vasileva – expert health and safety, Confederation of Independent Trade Unions in Bulgaria, beneficiary Component 3,
18. Rumen Donev – associate coordinator, Component 1;
19. Snejana Slavcheva – Bulgarian industrial Association, beneficiary Component 2,
20. Stoycho Simov – Association of Industrial Capital in Bulgaria, beneficiary Component 3
21. Velichka Mikova - Confederation of Independent Trade Unions in Bulgaria, beneficiary Component 2
22. Veselin Ilkov – Project Manager, MLSP
23. Vladimir Boyadjiev – Director of NICA

### Financial Overview by Budget Lines as per Program Document

Budget lines according to Kreditantrag	Planned	Spent by 30.09.2015
CSR	CHF 222,708.00	CHF 25,458.94
Dispute settlement	CHF 222,750.00	CHF 152,713.22
Paritarian institutions	CHF 111,695.00	CHF 5,355.18
Evaluation**	CHF 10,000.00	CHF 10,000.00
Swiss co-ordination*	CHF 39,700.00	CHF 58,600.00
Management	CHF 70,500.00	CHF 61,627.32
Visibility	CHF 12,000.00	CHF 8,677.00
Audit**	CHF 2,500.00	CHF 2,500.00
Contingencies**	CHF 14,147.00	CHF 5,121.00
<b>Total</b>	<b>CHF 706,000.00</b>	CHF 330,052.66

\* The amount of 58'600 CHF has been transferred by SIB to the Swiss partner in the project following a payment request by MLSP

\*\* The amounts of these budget lines are spent or will be spent directly by SIB for the purposes of auditing and MTR