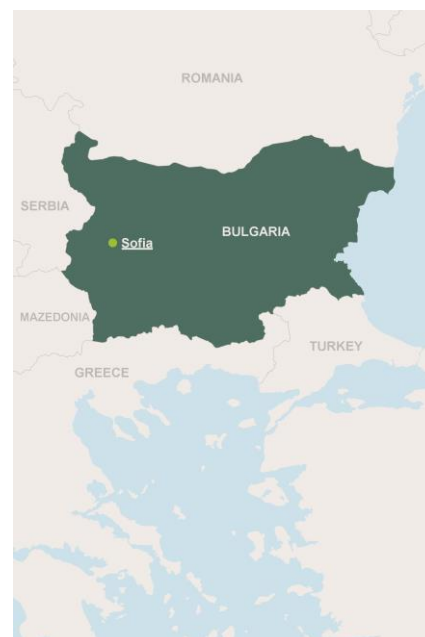


Ex post evaluation – Bulgaria

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Sector: Education (CRS Code 110)
Programme/Project: CP Equipping of two vocational training centres in Bulgaria (BMZ No.: 2005 65 515)*
Implementing agency: Ministry of Labour and Social Policy



Ex post evaluation report: 2015

		Project (Planned)	Project (Actual)
Investment costs (total)	EUR million	N/A	6.51
Own contribution	EUR million	N/A	5.00
Funding	EUR million	1.53	1.51
of which BMZ budget funds	EUR million	1.53	1.51

*) Random sample 2015

Summary: The project involved financing and equipping two of five German-Bulgarian vocational training centres (GBVTC) in Smolyan and Tsarevo. The five centres are the only adult education facilities run by the government. The project was implemented as a cooperative programme with the TC. The GBVTCs have been spun off from the Ministry of Labour and Social Policy since 2011, and constitute a separate legal entity (albeit one that is still owned by the government). The centres are no longer subsidised by the government, and now rely on orders from the Bulgarian employment centres and third-party funds (European Union). The two GBVTCs that are supported mainly offer courses in the service sector.

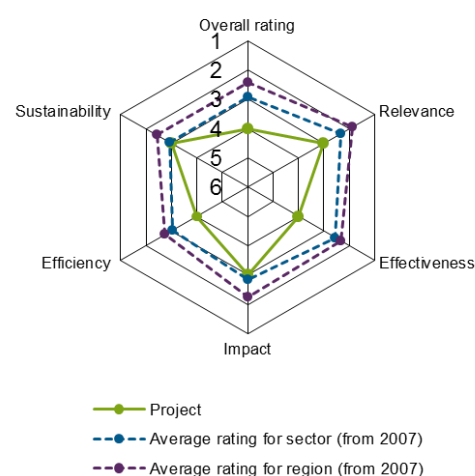
Objectives: The project objective defined at the time of the appraisal was as follows: “The objective of the FC component of the cooperative programme is for the two GBVTCs to be used following their completion. The aim of the cooperative FC/TC programme is to help establish a coherent, needs-based adult vocational training system in Bulgaria.” The ultimate objective was as follows: “The content and regional distribution of adult vocational training in Bulgaria meets the needs of the economy and ensures equal opportunity for both women and men.”

Target group: The main target group were the unemployed, followed by people seeking employment to add to their qualifications and, to a lesser extent, teachers and instructors at other vocational training institutions.

Overall rating: 4

Rationale: The efficiency and effectiveness were judged to be unsatisfactory. The utilisation of the centres' capacity is much too low at between 30 % and 50 %, and only 30 % of graduates go on to find suitable employment. These are, however, mainly the long-term unemployed for whom re-entering the workforce is generally difficult.

Highlights: The second target group of people seeking employment for further training could not be reached.



Rating according to DAC criteria

Overall rating: 4

Relevance

The project was aimed at solving a core problem in the field of development policy: High levels of unemployment in Bulgaria and poor qualifications on the part of the unemployed as well as some of the workforce combined with insufficient adult vocational training on offer.¹ Unemployment stood at 12.2 % in 2004. In 2003, more than 40 % of the long-term unemployed had no or low vocational qualifications. Furthermore, 21 % of the workforce had only attained a basic level of education or lower.

Improving adult vocational training was (and still is) one of the Bulgarian government's top priorities. This is substantiated by both the National Employment Action Plan and the "Strategy for Vocational Training 2005-2010". The FC promotion of two of the five government-run vocational training centres was intended to address this deficit. Although private educational institutions do exist (run by the trade unions, for example), the courses they run cannot be compared in terms of their scope and quality. The focus of the two centres receiving support, Smolyan and Tsarevo, on the tourism sector is plausible. Tourism is one of the most important sectors of the economy, with growth rates and corresponding demand for workers. Both of the centres are based in tourist regions, although tourism is significantly more important in Tsarevo due to its location on the Black Sea Coast. However, both places are relatively small with populations of 30,000 and 7,000 respectively. The choice of locations is questionable in the case of Smolyan at least, especially since unemployed people in Bulgaria and the Smolyan region in particular are unwilling to temporarily relocate to other towns. The unemployment rates of the two regions were average for Bulgaria in 2004.

Another design flaw is the assumption of being able to establish people in employment, who would have to attend training at their own expense or at the expense of their employers, as another target group in addition to the unemployed. Courses for employees remain a rarity. Another target group were trainers at companies and teachers at schools. Corresponding courses were run on a smaller scale.

Bulgaria's vocational training sector was not a priority sector for the German Federal Ministry for Economic Cooperation and Development (BMZ) in 2005, and the BMZ's involvement has now also reached its end. The other main donors in the sector in recent years were the European Union (EU) and the United Nations Development Programme. However, financing infrastructure was not a priority for these donors. The vocational training centres were able to offer additional courses for the unemployed financed by EU programmes.

Relevance rating: 3

Effectiveness

The project objective defined at the time of the appraisal was as follows: "The objective of the FC component of the cooperative programme is for the two German-Bulgarian vocational training centres (GBVTCs) to be used following their completion." This project objective makes no reference to the quality of the usage of the two training centres. As a result, the project objective was amended to: "The adequate and labour market-oriented usage of the two GBVTCs in Smolyan and Tsarevo."

The original indicators were as follows:

- (1) The start-up dates for the two new GBVTCs.
- (2) Utilisation of the two GBVTCs' capacity three years after they start the operation.
- (3) Employment statistics for training recipients/graduates.

¹ In this case, adult education refers to the (further) training of the unemployed or employed following on from basic education. It may therefore also cover young people.

(4) The number of people receiving training/graduates each year.

(5) The number of teachers and instructors receiving training.

Indicators (2), (4) and (5) are being kept, (1) is more of an output indicator and is therefore being eliminated at this level, as is (3) (more appropriate at the impact level).

However, no targets had been assigned to the indicators. These were therefore to be defined at the ex post evaluation.

Re. (2): Average capacity utilisation of 70 % is considered to be both desirable and achievable. Any higher utilisation of capacity is made difficult by the fact that the Ministry and its subordinate employment offices will not be placing any government training orders during the first two months of the year on account of the planning horizon.

Re. (4): Utilisation of 70 % is also assumed here.

Re. (5): A target of one course per year per location (approx. 20 people) is defined.

Indicator	Status programme appraisal	Actual value at ex post evaluation
(1) The number of people receiving training/graduates each year.	Smolyan: 600 (compared to a total capacity of 860) Tsarevo: 350 (compared to a total capacity of 530)	Smolyan: 259 Tsarevo: 264
(2) Utilisation of the two GBVTCs' capacity three years after they start the operation (as %).	70	Smolyan: 30 Tsarevo: 50
(3) The number of teachers and instructors receiving training.	20 per location	Smolyan: 40 Tsarevo: 20

Based on the indicators, the project falls short of its targets with respect to the two most important criteria (although (1) and (2) ultimately measure the same thing). Although the utilisation of capacity is higher in the tourism workshops that were the subject of much of the investment (44 % in Smolyan and 81 % in Tsarevo), the total utilisation is what counts here, especially since general equipment such as the furniture in the theory teaching and accommodation rooms was also financed. In any case, the centre in Smolyan is severely underutilised and Tsarevo is also not achieving a satisfactory level of utilisation. Employees were not reached as a target group.

Effectiveness rating: 4

Efficiency

The costs of the procured equipment are comparable with those of similar investments. However, the project was terminated three years later than planned. This was due in part to the drawn-out negotiations between KfW and the Bulgarian government regarding the application of KfW's guidelines (as opposed to the laws of Bulgaria pertaining to invitations to tender), and some lots had to be advertised several times. The production efficiency is classified as satisfactory on the whole.

The allocation efficiency, on the other hand, is unsatisfactory on account of the low utilisation of capacity.

Efficiency rating: 4

Impact

The ultimate objective specified at the appraisal of the FC component was as follows: “The content and regional distribution of adult vocational training in Bulgaria meets the needs of the economy and ensures equal opportunity for both women and men.” This is the same wording as the overall objective of the GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit - German Corporation for International Cooperation) project at the time. The following indicators were defined for the FC component:

- (1) The Bulgarian economy can meet the demand for qualified workers using Bulgarian employees.
- (2) The number of women trained is roughly equivalent to the number of men trained.

The results chain between the project objective level for the (very limited) FC project and the ultimate objective seems very long, especially based on the original indicator (1). That is why “improving employment opportunities and equality of opportunity in the target group” has been chosen as a new ultimate objective for the FC project. Indicator (1) is being eliminated. The following new indicators are being defined:

- (1) 25 % of (long-term) unemployed people attending a course are in suitable employment within 12 months of completing it.²
- (2) Random interviews with employment offices and employers confirm that the courses provided meet the needs of the labour market.

Indicator	Status PA	Ex post evaluation
(1) % of unemployed people in suitable employment within 12 months of completing a course.	0 25 %	30 %. The two employment offices believe that the figure would be much lower without the corresponding training.
(2) Random interviews with employment offices and employers confirm that the courses provided meet the needs of the labour market.	Yes	Yes. The directors of the employment offices in both Smolyan and Tsarevo confirm that the courses are suited to the labour market. This was also confirmed by interviews with five employers. Although one employer requested a change in the curriculum, this is seen as the usual, continuous process of adaptation as part of a dynamic economy. The employer's request should be acted on.
(3) The number of women trained in Smolyan and Tsarevo is equal to or more than the number of men.	Yes	Yes. Women make up 82 % of course participants in Smolyan and 72 % in Tsarevo.

All indicators for the overarching developmental impacts have been achieved. The quality of the courses is higher than the Bulgarian standard, especially when it comes to teaching interpersonal skills. However, the impacts could be more pronounced if the centres were to be utilised more.

But thanks to their modern content and methods, the courses will exert an influence on the entire vocational training sector.

Impact rating: 3

² 25 % is considered a success on account of the difficult economic situation in Bulgaria. Experts confirm that the (long-term) unemployed would achieve much lower rates of employment without retraining.

Sustainability

Both centres are operating with suitable equipment and maintenance. The centres have not received any budget allocations since 2011, and are instead reliant on a steady flow of income from employment office contracts or EU training programmes. The fees for government contracts are set and cannot be changed or raised by the GBVTCs. The individual centres do not enjoy financial autonomy. The income and spending of all five centres is consolidated at the level of the public enterprise. Although the GBVTCs generate operating profits, a net loss is achieved after depreciation and amortisation. This makes (re-)investment more difficult. The management of the GBVTCs is endeavouring to increase current receipts (by acquiring more contracts) and attempting to cover investment via other sources (such as municipal financing). The planned introduction of a dual education system with two-year contracts will also make income more reliable. To the centres' credit they are only in their fourth year of independence following a difficult start, and actively trying to adapt to the underlying market conditions. It remains to be seen whether the Ministry of Labour and Social Policy would intervene if the financial emergency were much more severe. Although the regulations do not provide for direct subsidies, the GBVTCs are politically very important. The government could therefore be prepared to identify and implement further support measures.

Suffice to say that the coverage of ongoing costs is secure for the near term, while there are clear risks to the project's sustainability in the medium and long terms.

Sustainability rating: 3

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance**, **effectiveness**, **efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).