



EUROPEAN UNION

EUROPEAN SOCIAL  
FUND  
EUROPEAN REGIONAL  
DEVELOPMENT FUND



OPERATIONAL PROGRAMME  
SCIENCE AND EDUCATION  
FOR SMART GROWTH



## EVALUATION REPORT

under the thematic strand "Efficiency of the operations:  
Achieving an optimal ratio between inputs and outputs  
(output indicators) and adequacy of the simplified cost  
reporting methodologies applied"

The Contractor



Sofia, 05.04.2023

*"The document was drawn up in implementation of Contract No D 03-24/08.09.2022 with subject matter: Evaluation of the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma under Priority Axis 3 "Educational Environment for Active Social Inclusion" of Operational Programme "Science and Education for Smart Growth 2014-2020"*

<b>Contract number</b>	<b>E 03-24</b>
<b>Subject of the contract:</b>	Evaluation of the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma under Priority Axis 3 “Educational Environment for Active Social Inclusion” of Operational Programme “Science and Education for Smart Growth 2014-2020”
<b>The contracting authority</b>	Education Programme Executive Agency
<b>The Contractor</b>	Global Advisers JSC
<b>Team that fulfilled the contract</b>	Silvia Tsanova – Team Leader Boyka Boynuzova – key expert Andrey Lalov – key expert Todor Nikolov – key expert
<b>Date of signature of the contract</b>	08.09.2022
<b>Deadline of the contract</b>	08.07.2023
<b>Type of report</b>	Final evaluation report
<b>Date of report</b>	05.04.2023

## Table of content

<b>LIST OF ABBREVIATIONS USED .....</b>	<b>5</b>
<b>GLOSSARY OF THE TERMS USED .....</b>	<b>6</b>
<b>I. INTRODUCTION .....</b>	<b>7</b>
<b>II. THE SUMMARY .....</b>	<b>7</b>
<b>III. METHODOLOGICAL APPROACH .....</b>	<b>10</b>
3.1. Evaluation methods used, evaluation questions, data sources and information .....	10
3.2. Statistics of the methodology for carrying out the evaluation .....	10
<b>IV. EVALUATION BY EFFICIENCY STRAND: ACHIEVING AN OPTIMAL RATIO BETWEEN INPUTS AND ACHIEVED PRODUCTS (IMPLEMENTATION INDICATORS) AND ADEQUACY OF APPLIED SIMPLIFIED COST ACCOUNTING METHODOLOGIES .....</b>	<b>11</b>
4.1. What is the cost efficiency of these procedures, measured as a ratio between inputs and outputs? 12	
4.1.1. Are the flat rates for financing activities for the organisation and management of projects financed by the OP SESG adequately defined, the standard scales of the eligible hourly remuneration of the persons employed in connection with the implementation of projects financed by the OP SESG, the standard scales of unit costs? .....	21
4.1.2. Findings, conclusions and recommendations on the use of simplified cost options under the OP SESG 36	
4.1.3. Comparative analysis of the cost efficiency of similar products under the covered procedures. 37	
4.1.4. What are the costs of participating in the operation of a targeted person? .....	41
<b>V. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS .....</b>	<b>41</b>
5.1. Proposed methods and approach to reflect conclusions and recommendations .....	41
5.2. Findings, conclusions and recommendations .....	42
<b>USED LITERATURE .....</b>	<b>47</b>
<b>APPLICATIONS .....</b>	<b>49</b>

## List of tables

<i>Table 1 Statistical data from the methodology applied .....</i>	<i>10</i>
<i>Table 2 Amount of programmed and verified funds under the evaluated procedures as at 30.9.2022 .....</i>	<i>13</i>
<i>Table 3 Programmed, agreed and verified value of the financial resource and the indicators for execution as of 30.9.2022.....</i>	<i>18</i>
<i>Table 4 Value of expenditure for participation of one person in the target group under the evaluated procedures as at 30.9.2022.....</i>	<i>19</i>
<i>Table 5 Efficiency Coefficient of the procedures under assessment .....</i>	<i>21</i>
<i>Table 6 Conformity between the documentation requirements and the sources of information for the application of the Methodology for setting a flat rate for financing activities for organisation and management in competitive selection procedures and direct award under priority axes 2, 3 and 5 of the OP SESG.....</i>	<i>23</i>
<i>Table 7 Applicability and flat rate for costs for organisation and management of the procedures under assessment .....</i>	<i>27</i>
<i>Table 8 Procedures for which the use of a standard scale of unit costs is applicable.....</i>	<i>32</i>
<i>Table 9 Criteria for determining similarity in procedures BG05M2OP001-3.004 and BG05M2OP001-3.020.....</i>	<i>37</i>
<i>Table 10 Criteria for determining similarity in procedures BG05M2OP001-3.001 and BG05M2OP001-3.005 .....</i>	<i>38</i>
<i>Table 11 Criteria for determining similarity in procedures BG05M2OP001-3.002 and BG05M2OP001-2.011 .....</i>	<i>39</i>
<i>Table 12 Criteria for determining similarity under procedures BG05M9OP001-2.018 and CLLD .....</i>	<i>40</i>
<i>Table 13 Findings, conclusions, and recommendations under the Efficiency Division .....</i>	<i>43</i>

## List of figures

<i>Figure 1 Used methods for data collection and analysis .....</i>	<i>10</i>
<i>Figure 2 Changes in the values of programmed, contracted and verified funds under the evaluated procedures until 30.09.2022.....</i>	<i>15</i>
<i>Figure 3 Changes in the cost of the participation of one person in the target group at the programming, negotiation and implementation stage as of 30.9.2022 .....</i>	<i>20</i>
<i>Figure 4 Are the flat rates for financing activities for the organisation and management of projects financed by the OP SESG adequately defined? .....</i>	<i>29</i>
<i>Figure 5 Allocation of responses from Figure 3 by procedure.....</i>	<i>29</i>
<i>Figure 6 Are the values in the standard tables for the allowable amount of hourly remuneration adequately determined?.....</i>	<i>31</i>
<i>Figure 7 Allocation of responses from Figure 5 by procedure .....</i>	<i>31</i>
<i>Figure 8 Are the values in the standard scales of unit costs adequately determined? .....</i>	<i>35</i>

## LIST OF ABBREVIATIONS USED

<b>GRANT</b>	Non-repaible financial aid
<b>CLLD</b>	Community-led local development
<b>TFEU</b>	Treaty on the Functioning of the European Union
<b>LMEFSM</b>	Law on the management of European funds under shared management
<b>EC</b>	European Commission
<b>EU</b>	European Union
<b>ESIF</b>	European Structural and Investment Funds
<b>ESF</b>	European Social Fund
<b>EAPE</b>	Executive Agency “Programme Education”
<b>IP</b>	Investment Priority
<b>UMIS</b>	Information system for the management and monitoring of EU funds
<b>MC</b>	Monitoring Committee
<b>LAG</b>	Local Action Groups
<b>MCSO</b>	Methodology and criteria for selecting an operation
<b>MES</b>	Ministry of Education and Science
<b>OP</b>	The Operational Programme
<b>OP SESG</b>	Operational Programme “Science and Education for Smart Growth” 2014-2020
<b>OP HRD</b>	Operational Programme “Human Resources Development”
<b>CCU</b>	Central Coordination Unit
<b>CMD</b>	Council of Ministers Decree
<b>PA</b>	Priority axis
<b>RME</b>	Regional management of education
<b>DCM</b>	Decision of the Council of Ministers
<b>MANAGING AUTHORITY</b>	Managing Authority

## GLOSSARY OF THE TERMS USED

<b>Achieved product</b>	For the purposes of this report, an output indicator should be understood
<b>Input Resource</b>	For the purposes of this report, expenditure spent/verified should be understood
<b>Costs for organisation and management</b>	Indirect costs related to the remuneration of project management personnel – project manager, technical assistant, accountant and other expert or technical staff, as well as the administrative costs related to project management identified as eligible in the documents referred to in Article 26(1) LMEFSM. (Ordinance No 189 of 28 Jul 2016, Additional provisions, p.9)
<b>Indirect costs</b>	Expenditure related to the implementation of activities foreseen in the project which do not directly contribute to the achievement of its objectives and results but are necessary for its overall administration, management, evaluation and sound financial implementation. (Ordinance No 189 of 28 Jul 2016, Additional provisions, p. 3)
<b>Direct costs</b>	Costs related to the implementation of the activities of the project concerned which are directly aimed towards the achievement of its objectives and results. (Ordinance No 189 of 28 Jul 2016, Additional Provisions, p.7)
<b>Cost of remuneration</b>	Salary costs under an employment or service relationship, the salary costs specified in an order of the appointing authority, respectively in an employment contract under Article 110 of the Labour Code, for the assignment of additional obligations in connection with activities related to the implementation and/or management of a project, or under a contract of service, including the costs of social and health insurance, payable by the employer, the appointing authority or the contracting authority. (Ordinance No 189 of 28 July 2016, Additional Provisions, p.8)

## I. INTRODUCTION

The present evaluation report was prepared in implementation of Contract No D03-24/08.09.2022 with subject matter: Evaluation of the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma under Priority Axis 3 “Educational Environment for Active Social Inclusion” of Operational Programme “Science and Education for Smart Growth” 2014-2020, concluded between the Executive Agency “Programme Education” – Contracting Authority and Global Advisers JSC – Contractor.

The main objective of the evaluation is “Evaluating the effectiveness, efficiency and impact of grant procedures aimed at active inclusion and social economic integration of marginalised groups, including Roma, under Priority Axis 3 “Educational Environment for Active Social Inclusion” of Operational Programme “Science and Education for Smart Growth” 2014-2020.”

This evaluation has been prepared in accordance with the technical specification of the Contracting Authority for the preparation of the evaluation and covers answers to evaluation questions from the thematic strand " Efficiency of the operations: Achieving an optimal ratio between inputs and outputs (implementation indicators) and adequacy of the applied simplified cost reporting methodologies’.

Within this thematic strand, an evaluation has been carried out against the following evaluation questions:

1.1/What is the cost efficiency of these procedures, measured as a ratio between inputs and outputs?

1.1.1/ Are adequately set the flat rates for financing activities for organisation and management of projects financed by the OP SESG, the standard scales of the eligible hourly remuneration of persons employed in connection with the implementation of projects financed by the OP SESG, the standard scales of unit costs?

1.1.2/ Findings, conclusions and recommendations on the use of simplified cost options under the OP SESG

1.1.3/ Comparative analysis of the cost efficiency of similar products under the covered procedures.

1.1.4/ What are the costs of participating in the operation of a person from the targeted group?

## II. THE SUMMARY

This summary presents the results of the evaluation under the thematic strand " Efficiency of the operations: Achieving an optimal ratio between inputs and outputs (implementation indicators) and adequacy of the applied simplified cost reporting methodologies’ under Contract No D 03-24 of 8.9.2022 for the implementation of public procurement with subject “Evaluating the effectiveness, efficiency and impact of grant procedures aimed at active inclusion and social economic integration of marginalised groups, including Roma, under Priority Axis 3 “Educational Environment for Active Social Inclusion” of Operational Programme “Science and Education for Smart Growth” 2014-2020.” The contracting authority is the Executive Agency “Programme Education” and the Contractor – Global Advisers JSC.

The evaluation covers 23 procedures under Priority Axis 3 of OP “Science and Education for Smart Growth” 2014-2020 (OP SESG) aimed directly or indirectly at marginalised groups, including Roma, 15 of which are grant procedures under the Community-led Local Development (CLLD) approach with funding under the OP SESG. The date of analysis of the data in this report is 30.09.2022.

### EVALUATION METHODOLOGY

The methodology for the implementation of this evaluation is focused on thematic strand Efficiency of the operations and the evaluation questions set by the Contracting Authority. The methods used for data

collection are: Cabinet study; stakeholder consultations (interviews and focus groups) and a survey, and methods of analysis: analysis of indicators; analysis of the logic of intervention; analysis of inputs and results achieved; descriptive statistics; analysis of stakeholders' views; expert evaluation and case studies. The methods for data collection and analysis are selected on the basis of the evaluation questions, available information, and data collected further during the evaluation. The choice of their use in carrying out the evaluation is justified by the need to provide data of the fullest possible scope and quality, so as to provide the necessary basis for formulating adequate answers to the evaluation questions. The methods complement each other so that the limitations of one method are offset by the advantages of another. These methods are in line with the European Commission's Guidelines for the Assessment of Socio-Economic Development EVALSED and with the European Commission's Guidance on Monitoring and Evaluation of the European Cohesion Policy (for ESF) of 2018.

To carry out the evaluation, available data from the programme monitoring system (financial data, indicators, data on participants in operations), statistics, data from previous analyses, strategic and regulatory documents, etc.

In addition, primary data were collected through interviews with representatives of the MA of the SESG (1 interview), representatives of a specific beneficiary MES (3 interviews), representatives of the MA of OP HRD (1 interview), representatives of the CCU (1 interview) and focused groups with representatives of the MA and MC of the SESG (2 focus groups), as conducted in the period 15.12.2022-11.01.2023 a survey of 105 beneficiaries (out of a total of 276).

## MAIN GUIDANCE POINTS AND CONCLUSIONS

The procedures subject to this evaluation meet the efficiency criteria to the extent that, other things being equal, with less than previously planned and contracted financial resources the results set have been achieved or exceeded. These results can be considered definitive in relation to the procedures that have completed their implementation — BG05M20P001-3.001 "Support for pre-school education and training of disadvantaged children", BG05M20P001-3.002 "Educational integration of students from ethnic minorities and/or seeking or receiving international protection", BG05M20P001-3.004 "Adult literacy — Phase 1" and BG05M9OP001-2.018 "Social and economic integration of vulnerable groups. Integrated measures to improve access to education — Component 1". The data for the other procedures should be accepted under condition and as a provisional photograph of their implementation until the date by which it is accepted to be analysed or 30.9.2022.

The analysis at the **programming stage** of the financial resources of the operations shows that, with few exceptions, there are no significant changes from the initially planned budgets. The double increase of the budget under procedure BGO5M20P001-3.001 "Support for pre-school education and training of disadvantaged children" is accompanied by a corresponding increase in the initially set values of the indicators, which means that the balance is respected in the programming of the measures under the operation.

The changes in the budget under procedure BG05M20P001-2.011 "Support for success" are a consequence of the specificity of the operation, which is programmed under two priority axes — PA 2 and PA 3.

A significant increase in the initial funding was also observed under procedure BG05M9OP001-2.018 "Social and economic integration of vulnerable groups. Integrated measures to improve access to education — Component 1". Here it should be borne in mind that this is the first of its kind integrated operation involving measures under three operational programmes (OP RD, OP HRD and OP SESG). In the opinion of the participants in the interviews with representatives of the CCU and the MA of the OP HRD, the procedure presented a serious challenge, both at the programming stage and at the stage of the



implementation of the activities. This also explains to some extent the necessary changes in the predefined parameters of the procedure under OP SESG.

The results of the analysis of the procedures under evaluation at the **contracting stage** do not differ significantly from those at the programming stage. Again, most procedures do not experience significant imbalances. An exception is procedure BG05M2OP001-3.020 “Adult literacy – 2”, where the percentage of contracted funds compared to planned funds is only 39 %. The low percentage of contracted funds as well as target values of the indicators under the procedure entails a risk of failure to achieve the MCSO parameters of the operation.

The funds for the implementation of CLLD strategies are programmed as part of PA 3, IP 9ii. Relocating the unspent resource from them for operations within the same IP does not require a specific change in the OP SESG. In this regard, the MA’s failure to undertake the relevant steps for the implementation of the MC decision and amendment of the OP SESG to release funds for which no agreements have been concluded for the implementation of CLLD strategies and update the amount in Table 10: Dimension 4 of the Programme only carries an informational risk.

Analysis at the **implementation stage** shows that logically, operations that have completed their implementation report the highest percentage of verified funds against programmed/contracted funds. These are BG05M2OP001-3.001 “Support for pre-school education and training of disadvantaged children”, BG05M2OP001-3.002 “Educational integration of students from ethnic minorities and/or seeking or receiving international protection”, BG05M2OP001-3.004 “Adult literacy – Phase 1” and BG05M9OP001-2.018 “Social and economic integration of vulnerable groups”. Integrated measures to improve access to education – Component 1 (the last procedure has been added to this group for analysis purposes because, although not formally reported, due to its progress in data reporting, it could be considered as such). The remaining operations are in implementation at the time of the drafting of this report and, accordingly, conclusions on this element of the evaluation under the Efficiency strand would be premature and inaccurate.

The approaches and methods for determining the amount of simplified cost options are established in accordance with the principles, where applicable, and the requirements of Regulation (EU) No 1303/2013, as well as the European Commission’s Guidelines for Simplified Cost Options (EGESIF\_14-0017). The approaches and methods are compliant to the applicable national legislation as well. Based on this, it can be argued that the rates and the amount of simplified cost options are adequately defined.

## RECOMMENDATIONS

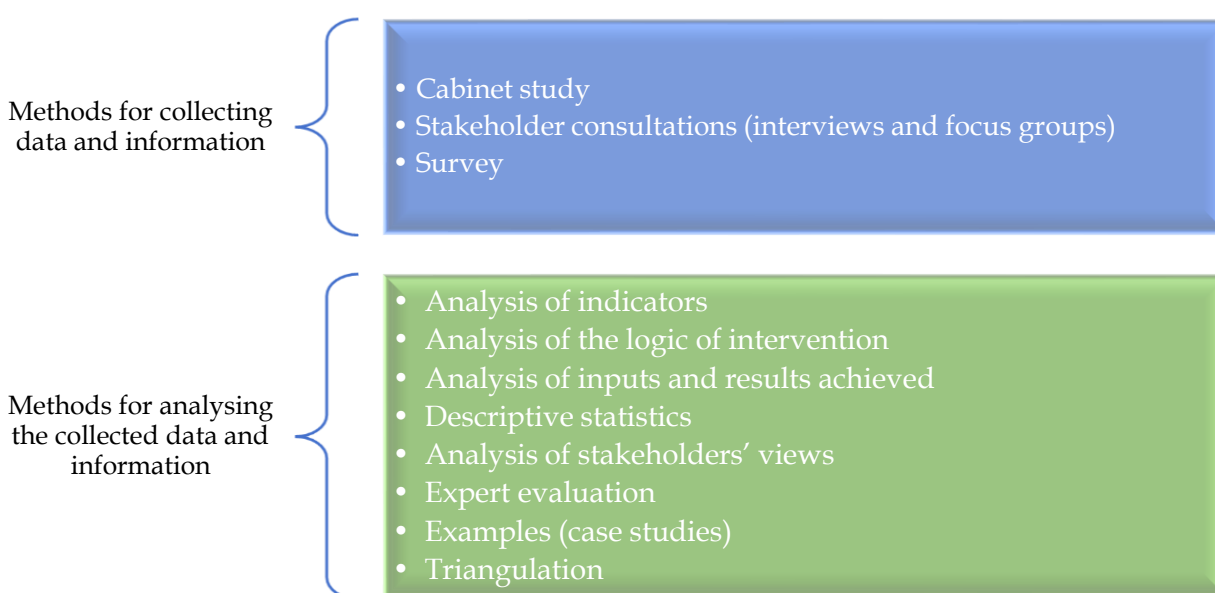
- In future planning of operations, especially involving complexity and diversity of activities and measures, the MA shall ensure that the programming of procedures is preceded by a precise analysis ensuring that the envisaged financial resource is linked to the objectives, activities and indicators set;
- Although, according to information from the MA, the unspent resource for financing the implementation of CLLD strategies has been relocated, it is recommended that the MA should assess whether to submit to the MC a written procedure to amend the MCSO operation “Ensure access to quality education in small settlements and in hard-to-reach areas” and a draft decision amending the OP SESG in order to update the amount in Table 10 Dimension 4 of the Programme.

### III. METHODOLOGICAL APPROACH

#### 3.1. Evaluation methods used, evaluation questions, data sources and information

The methodology for the implementation of this evaluation is focused on the thematic strand “Efficiency ” and the evaluation questions set by the Contracting Authority. The figure below presents the methods for data collection and analysis used to assess the procedures under PA 3 of the OP SESG in order to answer the Efficiency evaluation questions covered by the thematic strand. The methods for data collection and analysis are selected on the basis of evaluation questions, available information, and data collected further during the evaluation. The choice of their use in carrying out the assessment is justified by the need to provide data of the fullest possible scope and quality, so as to provide the necessary basis for formulating adequate answers to the evaluation questions. The methods complement each other so that the limitations of one method are offset by the advantages of another.

Figure 1 Used methods for data collection and analysis



Available data from the programme monitoring system (financial data, indicators, data on participants in operations), statistics, data from previous analyses, strategic and normative documents, etc.

In addition, primary data were collected through interviews with representatives of the MA of the SESG, representatives of a direct beneficiary MES, representatives of the MA of OP HRD and CCU and focus groups with representatives of the MA and MC of the OP SESG (see statistics of the methodology for carrying out the evaluation).

#### 3.2. Statistics of the methodology for carrying out the evaluation

The table below presents the statistical information related to the methodology applied for the evaluation carried out.

Table 1 Statistical data from the methodology applied

Survey of Beneficiaries	Period	Number/ %
Period of conduct	15.12.2022-11.01.2023	-
Total number of invited respondents	-	276

Total number of respondents	-	105
% of respondents	-	38 %
Interviews conducted	Date of holding	Number
Interview with representatives of KB MES (project BG05M2OP001-2.011-0001-C04 "Support for success")	12.01.2023	1
Interview with representatives of KB MES (project BG05M2OP001-3.005-0004-C03 "Active inclusion in the system of pre-school education")	13.01.2023	1
Interview with representatives of KB MES (project BG05M2OP001-3.004-0001-C04 "New chance for success")	13.01.2023	1
Interview with representatives of the MA of OP NSIS on the CLLD approach	26.01.2023	1
Interview with representatives of the CDC	13.03.2023	1
Interview with representatives of MLSP	14.03.2023	1
Organised Focus Groups	Date of holding	Number
FG with representatives of the MA	19.12.2022	1
FG held with representatives of the MC	30.01.2023	1

The specific methodologies for the carried out: survey of beneficiaries; interviews and focus groups, as well as their data and information are presented in *Annexes 1-16* to this report.

#### IV. EVALUATION UNDER EFFICIENCY STRAND: ACHIEVING AN OPTIMAL RATIO BETWEEN INPUTS AND OUTPUTS (OUTPUT INDICATORS) AND ADEQUACY OF THE APPLIED SIMPLIFIED COST ACCOUNTING METHODOLOGIES

The evaluation questions defined in the Technical Specification imply that the evaluation under the 'Efficiency strand should be focused on two main sets of questions, each of which is logically linked:

- efficiency evaluation, measured as a ratio between inputs and outputs, including answers to the main evaluation question 4.1. "What is the cost efficiency of these procedures, measured as a ratio between inputs and outputs?" and the logically related sub-questions 4.1.3. "A comparative analysis of the cost efficiency of similar products under the covered procedures" and 4.1.4. "What are the costs of participating in the operation of a person from the target group?";

and

- evaluation of the adequacy of the simplified cost reporting methodologies applied, including sub-questions 4.1.1. "Are the flat rates for financing activities for organisation and management of projects financed by the OP SESG adequate, the standard tables for the eligible hourly remuneration of persons employed in connection with the implementation of projects financed by the OP SESG, the standard scales of unit costs?" and 4.1.2. "Findings, conclusions and recommendations on the use of simplified cost options under OP SESG".

This report will preserve the structure of the evaluation questions of the Technical Specification while taking into account their logical connection in the two groups.

#### 4.1. What is the cost efficiency of these procedures, measured as a ratio between inputs and outputs?

The efficiency evaluation relates to an analysis of two main indicators defined in the present case as inputs and outputs.

For the purpose of this evaluation, the term “input resources” should be understood as spending or verified expenditure. Output indicator data are used for the analysis of “products achieved” as set out in the Technical Specification.

The subject of this evaluation are the procedures under Priority Axis 3 of OP “Science and Education for Smart Growth” 2014-2020 (OP SESG)<sup>1</sup> aimed directly or indirectly at marginalised groups, including Roma, referred to in the Technical Specification. The third priority axis “Educational environment for active social inclusion” provides funding through the European Social Fund for a total of BGN 229.2 million or 16.99 % of the total budget of the Programme, invested in measures for active inclusion and socio-economic integration.

Priority Axis 3 includes measures under thematic objective 9 "Promoting social inclusion, combating poverty and all forms of discrimination under two investment priorities:

- Investment priority 9i (IP 9i) – Active inclusion, including with a view to promoting equal opportunities and active participation and better employability. The allocation is EUR 22 099 394.50 (ESF).;
- Investment priority 9i (IP 9ii) – Socio-economic integration of marginalised communities such as Roma. The allocation is EUR 77 527 675.50 (ESF).

According to data from the public portal “Information System for Management and Monitoring of EU Funds in Bulgaria 2020”<sup>2</sup> (UMIS), a total of 27 operations have been financed for the period of the evaluation under the PA 3, 15 of which are grant procedures under the Community-led Local Development (CLLD) approach financed under the OP SESG. According to the Technical Specifications for this procurement, four operations are outside the scope of the evaluation, namely: BG05M2OP001-3.018 “Supporting inclusive education”; BG05M2OP001-3.003 “Providing conditions and resources for the construction and development of supportive environment in kindergartens and schools for implementation of inclusive training – Phase 1”; BG05M2OP001-3.019 “Supporting vulnerable groups for access to higher education”; BG05M9OP001-2.056 "Socio-economic integration of vulnerable groups. Integrated measures to improve access to education – Component 2."

The analysis of the evaluated procedures found that only one of them – BG05M2OP001- 3.005 “Active inclusion in the system of pre-school education” included measures under both investment priorities of PA 3. All other operations have programmed activities under Investment Priority 9ii focused on the integration of marginalised communities.

For the evaluation of the efficiency strand, a detailed analysis of the procedures assessed was carried out in terms of the planned, contracted and verified financial means. The analysis of the target, achieved and verified values of the output indicators was carried out for the purpose of the evaluation under the

---

<sup>1</sup> <http://sf.mon.bg/?go=page&pageId=32> - Version 5.0/approved by the EC on 07.05.2021/

<sup>2</sup> <https://2020.eufunds.bg/bg/7/0>

“Efficiency” strand included in the Evaluation Report under the strand. In order to avoid unnecessary repetitions, this report will use only the results of this analysis required for the assessment of the efficiency.

In assessing the results of the analysis carried out, certain limitations and assumptions should be taken into account as regards the data collected:

- According to the Technical Specification, “The evaluation must cover all grant award procedures which, at the time of conclusion of the contract under this procurement, have completed their implementation under Priority Axis 3 or have a critical mass of performance and result indicators implemented – for example, after one academic year from the start of the implementation of the project activities.” Part of the operations under evaluation are still in implementation, another part have been completed, but the final results of the projects implementation have not yet been reported. In this respect, the evaluation of the performance of the indicators and the amount of expenditures verified at the time of drafting this report should not be absolutised;
- Procedure BG05M2OP001-2.011-001 “Support for success” is implemented under two priority axes – Priority Axis 2 and Priority Axis 3. For the purpose of this evaluation, only data on the achievement of the results under Priority Axis 3 have been taken into account;
- Due to the specificity of the activities, in some of the procedures there is a combination of essentially different output indicators, while the funding is set for the project/procedure as a whole. This does not allow the determination of a value per unit of each product (output indicator) in a given procedure. In this regard, and in line with the methodology adopted for calculating the efficiency ratio, only the output indicators related to the participation of target groups were taken into account.

With regards to the expenditures indicator, an analysis was carried out of the changes in the values from the programming phase of the procedures to the implementation stage, respectively verification of the expenditure incurred.

Table 2 Amount of programmed and verified funds under the evaluated procedures as at 30.9.2022

Procedure number	Programmed funds		Contracted funds	Verified expenditures
	The first version	The final version		
BG05M2OP001-3.001	10 000 000.00 BGN	20 000 000.00 BGN	16 320 741,63 BGN	13 284 377.16 BGN
BG05M2OP001-3.002	25 000 000.00 BGN	25 000 000.00 BGN	23 083 403,56 BGN	17 274 529.21 BGN
BG05M2OP001-3.004	25 000 000.00 BGN	19 070 732,00 BGN	19 070 732,00 BGN	11 981 366.40 BGN
BG05M2OP001-3.005	82 500 000.00 BGN	82 500 000.00 BGN	72 136 200.00 BGN	48 520 542.74 BGN
BG05M2OP001-3.017	7 000 000.00 BGN	7 000 000.00 BGN	6 580 069.71 BGN	1 890 155.17 BGN
BG05M2OP001-3.020	15 000 000.00 BGN	15 662 042.93 BGN	5 862 361,91 BGN	252 723.86 BGN
BG05M2OP001-2.011	10 923 698.00 BGN	22 987 530,00 BGN	22 987 529.15 BGN	9 207 643.48 BGN
BG05M9OP001-2.018	5 000 000.00 BGN	20 000 000.00 BGN	14 283 181.85 BGN	12 640 367.31 BGN
CLLD procedures	80 000 000.00 BGN	10 153 634.80 BGN	9 209 266.59 BGN	3 939 739.75 BGN

The source: MCSO, UMIS, MA

The data on the amount of the programmed funds are derived from the Methodology and criteria for selecting the operations under the procedures adopted by the Monitoring Committee under OP SESG and the corresponding changes thereto, published on the website of the Executive Agency. With regard to the CLLD procedures, the amount of programmed funds is based on the 12 Agreements for the implementation of the CLLD approach with funding from the OP SESG. The public module of the UMIS was used as a source of information on the amount of the contracted funds and the amount of the verified funds is based on information requested and provided by the MA of the OP SESG.

The analysis at the **programming stage** of the financial resources of operations shows that, with few exceptions, there are no significant changes from the initially planned budgets. The double increase of the budget under procedure BGO5M20P001-3.001 "Support for pre-school education and training of disadvantaged children" is accompanied by a corresponding increase in the initially set values of the indicators, which means that the balance is respected in the programming of the measures under the operation.

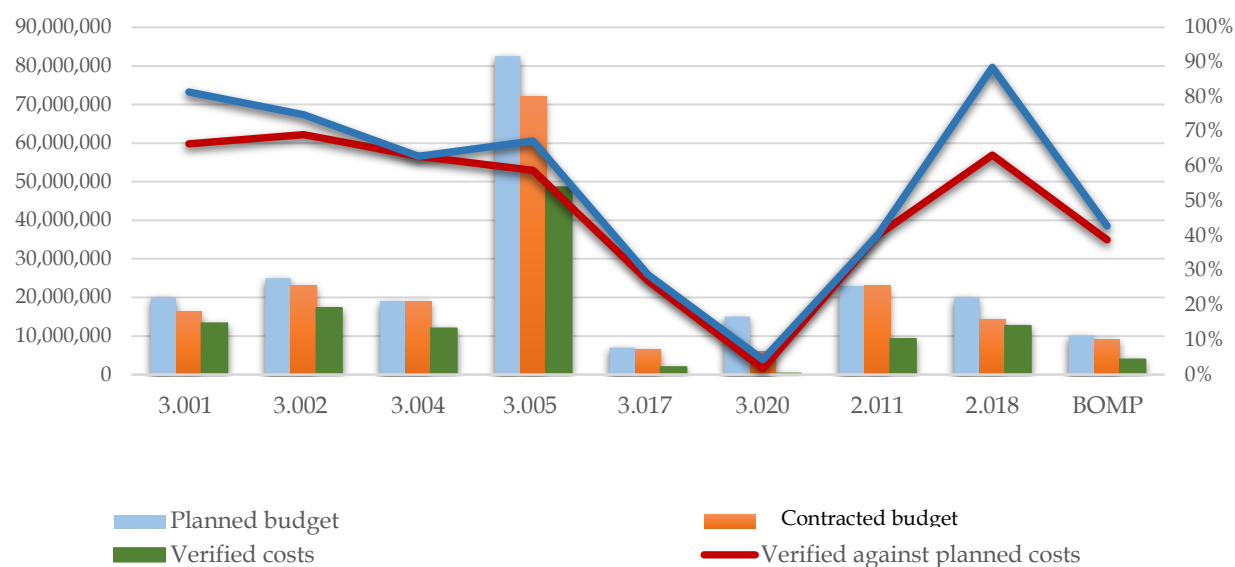
The changes in the budget under procedure BG05M20 P001-2.011 "Support for success" are a consequence of the specificity of the operation, which is programmed under two priority axes – PA 2 and PA 3. With the change of procedure in the MCSO from October 2021, activities under IP 9ii were included, for which funding was set at BGN 10 923 698.00. In May 2022, another change in the MCSO was made, which increased the budget under PA 3 to BGN 22 987 530.00, without this being related to a change in the activities or the values of the indicators, but it is further substantiated.

A significant increase in the initial funding was also observed under procedure BG05M9OP001-2.018 "Socio-economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1. As can be seen from the timeline of MCSO changes, they relate to an increase in the budget, the duration of the measures from 2016-2019 to 2016-2023, as well as a to a change in the operation-specific result indicators. At the same time, the targets for the two components in total of the output indicator "Number of children, students and youths from ethnic minorities (including Roma) involved in educational integration and reintegration measures – 6 000" as well as the result indicator "Number of children, students and youths from ethnic minorities (including Roma) integrated into the education system – 4 800" remain unchanged according to the MCSO, although the argumentation for the change with an increase in the budget in the MCSO is indicated, that for Component 1 only for the approved 52 municipalities, the distribution of the indicators between the two components should not be respected and the output and result indicators, as laid down in the approved criteria, should be only for Component 1. However, this justification is not reflected in the MCSO, there is no separation of indicators between the components, even at a later stage, and the Conditions for Applicants under Component 1 lay down the common indicators for both components. In addition, assuming that the argumentation is followed, it is not clear how the target values for Component 2 of the same MCSO were derived. There is an insufficiently linked increase in funding to the planned results. This statement is supported by the fact that according to the results of the analysis of the achievement of the target values of the indicators, the verified value of the output indicator under the procedure exceeds double the target value, the budget here has been increased fourfold and the planned indicators are increased by only about two fifths, if we follow the logic of the argumentation towards the change. Here is the place to note that this is the first of its kind integrated operation involving measures under three operational programmes (OP RD, OP HRD and OP SESG). In the opinion of the participants in the interviews with representatives of the CCU and the MA of the OP HRD, the procedure presented a serious challenge, both at the programming stage and at the stage of the implementation of the activities. This also explains to some extent the necessary changes in the predefined parameters of the procedure under OP SESG.

The following graph presents the dynamics of change in the values analysed for programmed and contracted budgets, the verified expenditures, as well as the percentage ratios in two sections – verified, compared to programmed expenditures and verified, compared to contracted costs under the evaluated procedures as of 30.9.2022.



Figure 2 Changes in the values of programmed, contracted and verified funds under the evaluated procedures as at 30.09.2022



The results of the analysis of the **negotiated** procedures under assessment do not differ significantly from those at the programming stage. Again, most procedures do not experience significant imbalances. An exception is procedure BG05M2OP001-3.020 “Adult literacy – 2”, in which the percentage of contracted versus planned funds is only 39 %. BG05M2OP001-3.020 “Adult literacy – 2” is programmed as a procedure for awarding a grants through selection of project proposals. From the analysis of the<sup>3</sup> lists published on the website of the Executive Agency Programme Education, it is clear that only two project proposals were not admitted to a technical and financial assessment and approved for funding were 18 project proposals totalling BGN 5 862 361.91. The focus group of representatives of the MC of the OP SESG, held on 30 January 2023, took the view that one of the possible reasons for the lack of a sufficient number of project proposals under the procedure was the requirement for the procedure to apply the rules on de minimis aid (de minimis rule) within the meaning of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (TFEU) to de minimis aid published in Official Journal of the EU L 352 of 24.12.2013 for activities of an economic nature under European and national provisions and case law of the Court of Justice of the European Union. This requirement led to the refusal of potential beneficiaries to participate in the procedure. The analogous procedure BG05M2OP001-3.004 ‘Adult literacy’ in its first phase was programmed as a grant operation with a direct beneficiary – the Ministry of Education, for which the application of a State aid rules does not apply. A similar opinion was expressed in the focus group held on 19.12.2022 with representatives of the MA.

Regardless of the reason, the low percentage of contracted funds, as well as target values of the indicators under the procedure, leads to a risk of failure to achieve the MCSO parameters of the operation.

In November 2016, the Monitoring Committee of OP SESG approved the MCSO for procedures “Providing access to quality education in small settlements and in hard-to-reach areas” under the CLLD approach for a total amount of BGN 80 million. In the second call for selection of the LAG and CLLD strategies under the OP SESG, 16 procedures were opened under 12 Agreements for the implementation of the CLLD approach with funding from the OP SESG for a total amount of BGN 10 153 634.80. 9 209 266.59 BGN were contracted.

<sup>3</sup> <https://sf.mon.bg/?go=page&pageId=327>

One of the possible reasons for the derogatory low contracting rate, compared to the pre-set budget framework of BGN 80 million, is the finding described in the Audit Report of the Court of Auditors,<sup>4</sup> namely *"The first reception (from 15.2.2016 to 31 May 2016) is based on an order of the Minister of Agriculture and Food, an invitation to select the LAG and strategies for CLLD under sub-measure 19.2. .... . The call does not include ESF support through the OP SESG, due to the lack of readiness to participate under the approach – an established methodology for technical and financial evaluation and selection criteria for operation "Ensuring access to quality education in small settlements and in hard-to-reach areas."* The report concludes that the availability of financial resources not included in the CLLD strategies under operational programmes compared to the initially foreseen financial resources for inclusion in the strategies is due to: *"the participation of the OP SESG only in the second call for selection of the LAGs and CLLD strategies, due to uncertainty about the application of multi-fund funding under the first call for CLLD 2016 and the absence of criteria approved by the MC of the OP SESG for the selection of CLLD operation."*

Decision of the Monitoring Committee of OP SESG of the 8th meeting, held on 18 May 2018, mandated the MA of the OP SESG to amend by written procedure the MCSO of operation "Ensure access to quality education in small settlements and in hard-to-reach areas" in order to release funds for which no agreements have been concluded for the implementation of CLLD strategies. At the date of issue of this report, no information is available for the conduct of such a written procedure. The Audit Report of the Court of Auditors states that the Managing Authority of the OP SESG provides that in the event of a subsequent amendment of the operational programme, the amount under code 06 "Community-led Local Development Initiatives" of OP SESG is to be reduced in accordance with the financial resources agreed in the CLLD strategies. As can be seen from the latest updated version of the OP<sup>5</sup>SESG, in Table 10: Dimension 4 – Territorial implementation mechanisms under point 2.A.9 'Categories of intervention' of the programme for code 06. "Community-led Local Development Initiatives", the ESF allocations are initially set at EUR 35 058 863,59 (total for CLLD 80 669 620 leva) and have not been revised downwards in line with the decision of the Monitoring Committee and the assurance of the MA.

Funds for the implementation of CLLD strategies are programmed as part of PA 3, IP 9ii. Relocating the unspent resource from them for operations within the same IP does not require a specific change in the OP SESG. In this regard, the MA's failure to undertake the relevant steps for the implementation of the MC decision and amendment of the OP SESG to release funds for which no agreements have been concluded for the implementation of CLLD strategies and update the amount in Table 10: Dimension 4 of the Programme only carries an informational risk.

Despite the low contracting rate for operation "Providing access to quality education in small settlements and in hard-to-reach areas", the level of achievement of the performance indicator compared to the MCSO value is over 56 %, which means that more than half of the planned results have been achieved with less funds.

The two curves in the above graph reflect the ratio of the verified to the correspondingly programmed and contracted amounts of operations at the **implementation stage**. Logically, operations that have completed their implementation report the highest percentage of verified funds against programmed/agreed funds. These are BG05M20P001-3.001 "Support for pre-school education and training of disadvantaged children", BG05M20P001-3.002 "Educational integration of students from ethnic minorities and/or seeking or

---

<sup>4</sup> Audit No 0300201119 "Monitoring and evaluation of the Community-led local development approach" for the period from 1 January 2015 to 31.12.2019

<sup>5</sup> Approved by the EC on 7.5.2021



receiving international protection”, BG05M2OP001-3.004 “Adult literacy – Phase 1” and BG05M9OP001-2.018 “Social and economic integration of vulnerable groups”. Integrated measures to improve access to education – Component 1 (the last procedure has been added to this group for analysis purposes because, although not formally completed, due to the progress and reporting of data could be considered as such). The remaining operations are in implementation at the time of the drafting of this report and, accordingly, conclusions on this element of the evaluation under the Efficiency strand would be premature and inaccurate.

In conclusion, the results of the analysis of the financial implementation and the comparison of the verified expenditure against the programmed and contracted financial resources show that overall the envisaged resource is not fully used, even in the procedures completed. The funds under procedure BG05M9OP001-2.018 “Social and economic integration of vulnerable groups. Integrated measures for improving access to education – Component 1 have been used to the highest extent. Under this procedure the percentage of verified against contracted funds is 88.50 % followed by procedure BG05M2OP001-3.001 “Support for pre-school education and training of disadvantaged children” with 81.40 %. On the other hand, the utilisation rate of the financial resources under the completed procedures, measured as the ratio of the verified funds to the programmed funds, moves in the order of 63 to 69 %.

The lowest absorption rate is under procedure BG05M2OP001-3.020 “Adult literacy – 2” (1.68 % verified against programmed and 4.31 % verified compared to contracted), which although the operation is still in implementation, is a prerequisite for the existence of a risk of failure to achieve the planned values.

The other key indicator for the assessment of efficiency is related to the products achieved. As already stated, in this case the measurement of the products is determined to be carried out by means of output indicators. Given the limitations and assumptions described, the output indicator data related to the participation of target groups will be used for the purpose of calculating the efficiency ratio. One of the operations evaluated, BG05M2OP001-3.020 “Adult literacy – 2” is characterised by the presence of several individual output indicators for the procedure, most of which include the target group involved in the implementation of Activities 1 and 2 and reported through the programme-specific indicator “Persons over 16 (including Roma) involved in literacy courses or courses for mastering the learning content intended for the lower secondary stage of basic education under the OP”. According to the MCSO and the Conditions of Application, only indicator I 2323 “Persons wishing to validate knowledge, skills and competences” may include targeted persons who are not involved in the implementation of Actions 1 and 2. In the absence of sufficient data to limit them, only the number of persons reported under the programme-specific output indicator was used for the purpose of calculating the efficiency ratio. A detailed analysis of the progress in the achievement of the indicators, including those for output, was carried out in the evaluation under the “Effectiveness” strand. In this report, these indicators will be considered through the prism of their relationship with inputs (in this case programmed, contracted and verified funds).

The following table sets out the values of the two indicators for each of the procedures taken into account in the efficiency assessment.

Table 3 Programmed, agreed and verified value of the financial resource and the indicators for execution as of 30.9.2022

Name of the procedure		Programmed Value	Contracted value	Verified value
<b>BG05M20P001-3.001 "Support for pre-school education and preparation of disadvantaged children"</b>				
financial resource in BGN		20 000 000,00	16 320 741,63	13 284 377,16
indicator	Children, students and youths from marginalised communities (including Roma) involved in educational integration and reintegration measures	15 000	10 265	13 752
<b>BG05M20P001-3.002 "Educational integration of pupils from ethnic minorities and/or applicants or beneficiaries of international protection"</b>				
financial resource in BGN		25 000 000,00	23 083 403,56	17 274 529,21
indicator	Children, students and youths from marginalised communities (including Roma) involved in educational integration and reintegration measures	18 750	14 323	16 615
<b>BG05M20P001-3.004 "Adult literacy – Phase 1"</b>				
financial resource in BGN		19 070 732,00	19 070 732,00	11 981 366,40
indicator	Persons over 16 (including Roma) involved in literacy courses or courses for mastering the learning content intended for the lower secondary stage of basic education under the OP	10 000	10 000	10 723
<b>BG05M20P001-3.005 "Active inclusion in the system of pre-school education"</b>				
financial resource in BGN		82 500 000,00	72 136 200,00	48 520 542,74
indicator	Children participating in active inclusion activities in pre-school education (among them children from marginalised communities, including Roma, involved in educational integration and reintegration measures)	50 000	50 000	76 648
<b>BG05M20P001-3.017 "Increasing the capacity of pedagogical specialists to work in a multicultural environment"</b>				
financial resource in BGN		7 000 000,00	6 580 069,71	1 890 155,17
indicator	Educational mediators involved in trainings under the procedure	1 500	219	31
	Pedagogical specialists involved in trainings for work in a multicultural environment	3 600	4 692	2 688
<b>BG05M20P001-3.020 "Adult literacy – 2"</b>				
financial resource in BGN		15 000 000,00	5 862 361,91	252 723,86

indicator	Persons over 16 (including Roma) involved in literacy courses or courses for mastering the learning content intended for the lower secondary stage of basic education under the OP	12 000	4 036	683
<b>BG05M2OP001-2.011-001 "Support for success"</b>				
financial resource in BGN		22 987 530,00	22 987 529,15	9 207 643,48
indicator	Children, students and youths from marginalised communities (including Roma) involved in educational integration and reintegration measures	32 898	32 898	13 407
<b>BG05M9OP001-2.018 "Social and economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1"</b>				
financial resource in BGN		20 000 000,00	14 283 181,85	12 640 367,31
indicator	Children, students and youths from marginalised communities (including Roma) involved in educational integration and reintegration measures	6 000	8 720	12 132
<b>Procedures for granting a grant under the CLLD approach</b>				
financial resource in BGN		10 153 634,80	9 209 266,59	3 939 739,75
indicator	Children, students and youths from marginalised communities (including Roma) involved in educational integration and reintegration measures	7 500	4 670	4 217

Source: MCSO, UMIS, MA

From the point of view of the products achieved in relation to inputs, the efficiency of the procedures is expressed by calculating the efficiency indicator, namely **'Value of the cost of participation of one person in the target group'**. The definition and calculation of this indicator in fact also responds to the evaluation sub-question **4.1.4 "What are the costs of participating in the operation of a person from the target group?"**, included in the Technical Proposal of the Contractor under this procurement. In order not to break the logic of the evaluation under the 'Efficiency' strand, the response to this sub-question is set out in this part of the report.

The following table presents the results of the calculation of the efficiency indicator of the three main stages – programming, contracting and implementation.

Table 4 Value of expenditure for participation of one person from the target group under the evaluated procedures as at 30.9.2022

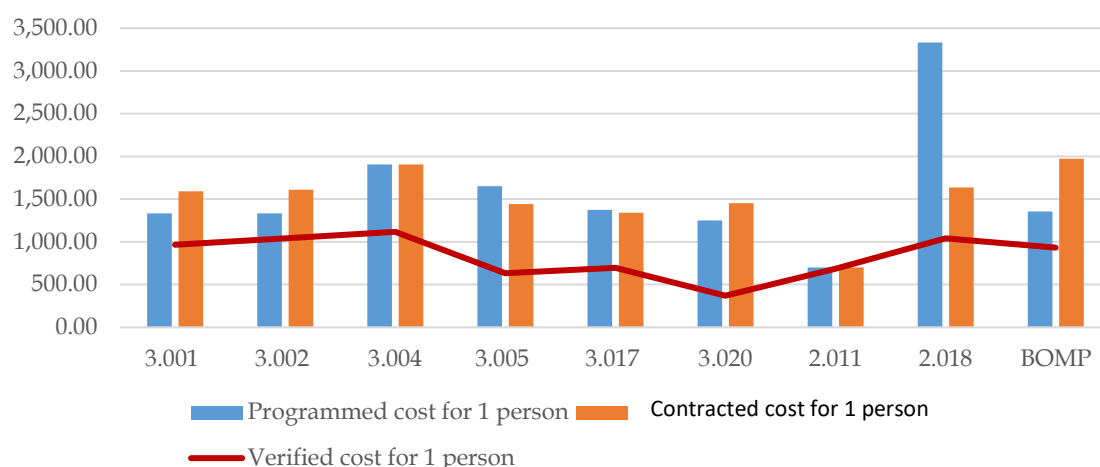
Procedure number	Programmed costs	Agreed costs	Verified costs
BG05M2OP001-3.001	1 333.33 BGN	1 589.94 BGN	966.00 BGN
BG05M2OP001-3.002	1 333.33 BGN	1 611.63 BGN	1 039.69 BGN
BG05M2OP001-3.004	1 907.07 BGN	1 907.07 BGN	1 117.35 BGN
BG05M2OP001-3.005	1 650,00 BGN	1 442.72 BGN	633.03 BGN
BG05M2OP001-3.017	1 372.55 BGN	1 339.86 BGN	695.17 BGN
BG05M2OP001-3.020	1 250,00 BGN	1 452.52 BGN	370.02 BGN
BG05M2OP001-2.011	698.75 BGN	698.75 BGN	686.78 BGN
BG05M9OP001-2.018	3 333.33 BGN	1 637.98 BGN	1 041.90 BGN
CLLD procedures	1 353.82 BGN	1 972.01 BGN	934.23 BGN

Source: own calculations

According to the data, the lowest cost per person of the target group in the completed procedures was achieved under operation BG05M20P001-3.001 “Support for pre-school education and preparation of disadvantaged children” and the highest under procedure BG05M20P001-3.004 “Adult literacy – Phase 1”. Of the procedures that are currently still in implementation, the lowest cost is observed under BG05M20P001-3.020 “Adult literacy – 2”. Here it should be noted that for the procedures for which it is applicable, a uniform cost standard for a child/student per budget year and an estimated number of output indicators, as well as other historical data available for determining unit costs, has been used in the determination of funding. Since 2018, unit costs based on historical data are applied under the OP SESG.

An important part of the analysis is the monitoring of the evolution of the values of the three stages, which is presented in the following graph.

Figure 3 Changes in the cost of the participation of one person from the target group at the programming, contracting and implementation stage as of 30.9.2022



The Lowest cost per person compared to the pre-planned and contracted amount is observed under procedure BG05M20P001-3.005 “Active inclusion in the pre-school education system”, mainly due to the serious overachievement of the set value of the output indicator, with less than planned funds spent. Low cost per person compared to planned was also reported under procedure BG05M20P001-3.020 “Adult literacy – 2”, but here it should be borne in mind that overall the operation has a low rate of implementation at the specified reporting date. The biggest dynamic is observed in operation BG05M9OP001-2.018 “Social and economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1 – mainly due to almost double the value of verified output indicators.

The final result of the efficiency assessment is expressed by *the efficiency factor* presented in two sections: ratio between programmed and verified values of output indicators and inputs and ratio between contracted and verified values of output indicators and inputs according to the following formula:

$$\frac{\text{Programmed costs for participation of 1 person} - \text{Verified costs of 1 person}}{\text{Programmed costs for participation of 1 person}}$$

and

$$\frac{\text{Contracted costs for participation of 1 person} - \text{Verified costs for participation of 1 person}}{\text{Contracted costs for participation of 1 person}}$$

A procedure can be defined as efficient in cases where the efficiency ratio is zero (in the balance between programmed/contracted and achieved costs of one person’s participation) or with a positive value. The

higher the value of the coefficient, the more efficient an operation could be determined. That is, in equal other conditions with less programmed or contracted financial resources the result set have been achieved or exceeded. In cases where the value of the coefficient is low or close to zero, it can be concluded that, other things being equal, the planned result is achieved with expenditures close to the financial resources provided for it. Inefficiencies are observed in cases where the available resource has achieved less than the expected results.

The results of the calculation of the efficiency coefficient in both sections are presented in the following table.

*Table 5 Efficiency Coefficient of the procedures under assessment*

Procedure number	Relative to programmed values	Relative to contracting values
BG05M2OP001-3.001	0,28	0,39
BG05M2OP001-3.002	0,22	0,35
BG05M2OP001-3.004	0,41	0,41
BG05M2OP001-3.005	0,62	0,56
BG05M2OP001-3.017	0,49	0,48
BG05M2OP001-3.020	0,70	0,75
BG05M2OP001-2.011	0,02	0,02
BG05M9OP001-2.018	0,69	0,36
CLLD procedures	0,31	0,53

*Source: own calculations*

On the basis of the results, it can be reasonably concluded that, in general, the procedures subject to this evaluation meet the efficiency criteria to the extent that, other things being equal, the result has been achieved or exceeded by less than the previously planned and agreed financial means. These results can be considered definitive in relation to the procedures that have completed their implementation – BG05M2OP001-3.001 “Support for pre-school education and training of disadvantaged children”, BG05M2OP001-3.002 “Educational integration of students from ethnic minorities and/or seeking or receiving international protection”, BG05M2OP001-3.004 “Adult literacy – Phase 1” and BG05M9OP001-2.018 “Social and economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1”. The data for the other procedures should be accepted on condition and as a provisional photograph of their implementation until the date by which it is accepted to be analysed or 30.9.2022.

#### **4.1.1. Are the flat rates for financing activities for organisation and management of projects financed by the OP SESG adequately defined, the standard scales of the eligible hourly remuneration of the persons employed in connection with the implementation of projects financed by the OP SESG, the standard scales of unit costs?**

Within this evaluation question, an analysis was carried out of the three main types of simplified costs applied in the procedures under assessment, namely:

- Flat rates for financing activities for the organisation and management of projects financed by OP SESG;
- Standard tables for the eligible amount of the hourly remuneration of the persons employed in connection with the implementation of projects financed by the OP SESG;
- Standard scales of unit costs.

#### **Flat rates for financing activities for the organisation and management of projects**

For the purposes of the question whether the flat rates for financing activities for the organisation and management of projects financed by the OP SESG have been adequately defined, an analysis of the compliance of the applied in the procedures subject to evaluation, flat rates for financing activities for organisation and management of projects with the regulatory requirements and the principles set out therein was carried out. The flat rate approach was implemented in accordance with Article 68(b) a flat rate of up to 15 % of eligible direct personnel costs, without requiring the Member State to carry out calculations for determining the applicable rate – for projects with a grant amount below BGN 100 000 and Article 67(1)(d) of Regulation (EU) No 1303/2013 –<sup>6</sup> ‘flat-rate financing determined by applying a percentage to one or more specified categories of costs’ for the other projects. The method for establishing the amounts in the latter case shall be carried out in accordance with paragraph 5(a) of that Article: a fair and verifiable calculation method based on: statistics, other objective information or expert judgement; verified historical data for individual beneficiaries; or the application of the usual cost accounting practices of individual beneficiaries; The limit on amounts under this approach is laid down in Article 68(a) of Regulation (EU) No 1303/2013: a flat rate of up to 25 % of eligible direct costs, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method or a method applied under grant schemes financed entirely by the Member State for a similar type of operation and beneficiary.

At national level, the approach to determining the flat rates is reproduced in Article 55(1)(4) of the Law on the management of European funds under shared management LMEFSM<sup>7</sup> ‘Financing at a flat rate determined by applying a percentage to one or more specified categories of expenditures’ and further developed in Article 5(3)(1) and (4) of Decree No 189 of 28 July 2016 laying down national rules on the eligibility of expenditures under programmes co-financed by the European Structural and Investment Funds for the programming period 2014-2020<sup>8</sup> and Article 8(1) and (2) of that decree.

On the basis of § 7 of the Transitional and Final Provisions of Council of Ministers Decree 189 of 2016, the CMC 253 of 2017<sup>9</sup> subsequently amended 2018 adopted the National Methodology for determining the flat-rate amounts for financing activities for the organisation and management of projects co-financed by the ESIF. The methodology is also in line with the EC guidelines for simplified cost reporting in accordance with the Guideline for Simplified Cost Options (EGESIF\_14-0017<sup>10</sup>). It includes: a detailed description of the

---

<sup>6</sup> <https://eur-lex.europa.eu/legal-content/BG/TXT/?uri=CELEX:32013R1303> - Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No1083/2006

<sup>7</sup> <https://lex.bg/en/laws/ldoc/2136715858> - as last amended, SG No 102 of 23 December 2022. Previous title Law on the management of the resources of the European Structural and Investment Funds (LMEFSM )

<sup>8</sup> <https://lex.bg/bg/laws/ldoc/2136891659>

<sup>9</sup> <https://pris.government.bg> unpublished

<sup>10</sup> <https://ec.europa.eu> - Guidance on Simplified Cost Options



source database to which the proposed calculation method should be applied to determine the specific amount of the flat rate; a calculation method to determine the specific amount of the flat rate and a description of the categories of costs to which the specific amount (percentage) of the flat rate determined by the proposed calculation method should be applied in order to determine the eligible amount of costs for organisation and management. In essence, the application of the methodology should ensure the implementation, compliance and documentation of a correct, fair and verifiable method of calculating flat rates for individual operational programmes based on statistical data or other objective information and verified historical data for individual beneficiaries.

It should be noted here that Regulation (EU) No 1303/2013 deals with the concept of ‘indirect costs’, which is broader than ‘organisation and management costs’.

On the basis of the approved national methodology, the applicable legal framework and the Commission’s guidelines for simplified cost accounting, the MA of the OP SESG adopts the “Methodology for setting a flat rate for financing activities for organisation and management in competitive selection procedures and direct award under Priority Axes 2, 3 and 5 of OP SESG by applying the National Methodology adopted by Decision of the Council of Ministers No 253 of 3 May 2017<sup>11</sup>.” The methodology and the amounts of the flat rate for calculating the eligible costs for organisation and management for four groups of projects (grant amount 100 001-400 000 BGN; BGN 400 001-1 000 000; over BGN 7 million with a concrete beneficiary MES and the participation of many educational institutions; more than BGN 7 million with a concrete beneficiary MES and award of public contracts) were approved by the Head of the MA of the SESG on 5.9.2018 – Report No 80811-606/05.09.2018. With amendments and additions to the Methodology – Section 2a and Section 2b, approved by the Head of the MA of the SESG with a report with work number 2-336/21.02.2020, the amount of the flat rate for calculating the eligible costs for organisation and management of projects was determined by the grant amount of BGN 1 to 7 million and special rules are laid down for calculating the flat rate in some specific cases of projects with a grant amount exceeding BGN 7 million.<sup>12</sup>

When setting the flat rates for groups of beneficiaries in the case of a similar type of operation, the MA should document its actions. Below is a table showing the correlation between the documentation requirements and the available documentation from the application of the methodology adopted by the MA of the OP SESG:

*Table 6 Conformity between the documentation requirements and the sources of information for the application of the Methodology for setting a flat rate for financing activities for organisation and management in competitive selection procedures and direct award under priority axes 2, 3 and 5 of the OP SESG*

The MA shall document at least the following:	Source of information – publicly available
The description of the calculation method, including the main stages of the calculation	The Methodology
The sources of the data used for the analysis and calculation, including an assessment of the relevance of the data in relation to the envisaged operations and an assessment of their quality	The methodology, annexes to the methodology

<sup>11</sup> <https://sf.mon.bg/?go=page&pageId=139>

<sup>12</sup> The title and scope of the Methodology changed in December 2020 in relation to the creation of a new Priority Axis 5. Equal access to school education in crisis, financed by the European Social Fund under the ReactEU mechanism, with report 12-310/09.12.2020

The calculation itself to determine the corresponding value of the flat rate of the amounts to be financed for project organisation and management activities	Annexes to the Methodology
Reasons for selecting the population of projects on the basis of which the flat rate will be determined, including justification of the similarity of projects	The Methodology

According to the National Methodology, OP SESG uses a database of projects from OP HRD 2007-2013, Priority Axis 3 and 4. The projects to be used for the OP SESG are grouped according to the size of the grant in the range groups (stratas).

For projects with a grant of less than BGN 100 000 financed under the OP SESG, a flat rate of 15 % of the eligible direct personnel costs is applied for the calculation of indirect costs.

For the calculation of the flat rate for the financing of projects in the range of BGN 100 001-400 000 and BGN 400 001-1 000 000 was used the complete database of implemented projects, with the adaptation of the data. According to the Methodology and based on the National Methodology, the concept of “organisation and management costs” for these projects should also cover publicity and visualisation costs and audit and accounting services, where applicable. For competitively selected projects, only publicity costs are taken into account, as the actual costs of audit and accounting services (scheduled at that time as direct costs) are negligible.

For the calculation of the flat rate for the financing of projects with a grant amount of more than BGN 7 million, the complete database of implemented projects was used, with the necessary adaptation of the data. According to the Methodology, the concept of organisation and management costs for these projects should also cover publicity and visualisation costs, audit and accounting services costs, the remuneration of directors and accountants of the participating educational institutions in accordance with paragraph 6 of the Additional Provisions of the LMEFSM and the costs of setting up information systems for reporting. In accordance with the nature of the direct actions and the way in which the technical and financial implementation is carried out, projects with a grant amount of more than 7 million are differentiated into 2 groups:

- Projects with a specific beneficiary MES, in the technical and financial implementation of which involve higher education institutions, regional education departments, schools and/or kindergartens (according to § 6 of the Additional Provisions of LMEFSM);
- Projects with a specific beneficiary MES, which are mainly implemented by the DB and cover homogeneous activities or procurement.

For the calculation of the flat rate for financing projects with a grant amount of BGN 1 to 7 million, the complete database of implemented projects was used, with the necessary adaptation of the data. According to the Methodology, the concept of organisation and management costs for these projects should also cover publicity and visualisation costs, audit and accounting costs and the costs of setting up information reporting systems.

Special rules have been introduced for calculating the flat rate applicable to projects with a grant amount exceeding BGN 7 million, when the planned budget for each of the two groups of direct actions (type 1 and type 2) is more than BGN 7 million.



When calculating the flat rate applicable to projects with a grant amount exceeding BGN 7 million, when the planned budget for each of the two activity groups (type 1 and type 2) is more than BGN 7 million, the MA applies the following approach:

1. Assignment of each of the planned direct actions/sub-activities to a type 1 or group of type 2 activities;
2. Establishment of the general budget necessary for the implementation of Type 1 direct actions (these resources are spent by the participating educational institutions);
3. Establishment of the general budget necessary for the implementation of Type 2 direct actions (these funds are spent by the direct beneficiary);
4. Calculation of the flat rate applicable to the individual case under consideration by applying the following formula:  $URICC = (UR1 \times GB1 + UR2 \times GB2) / (GB1 + GB2) \times 100$

Where

FRICC – Flat rate (percentage) applicable to the individual case under consideration

FR1 – Flat rate (percentage) applicable to type 1 projects

GB1 – General budget for the implementation of Type 1 direct actions

FR2 – Flat rate (percentage) applicable to type 2 projects

GB2 – General budget for the implementation of Type 2 direct actions

The calculated value shall be rounded according to the general mathematical principle of rounding to the nearest number. The flat rate shall be calculated ex officio by the evaluation committee upon completion of the technical and financial evaluation on the basis of the approved activities and costs. The flat rate fixed shall be recorded in the administrative contract and shall be applied to the eligible direct costs of the project concerned. The flat rate may also be calculated before the publication of the call for participation, if the conditions for applying for the procedure set out maximum cost limits for Type 1 and Type 2 activities. In this case, the calculations shall take into account the maximum permissible values of the general budget, the budget for Type 1 activities and the budget for Type 2 activities.

Depending on the nature of pending procedures under the OP SESG and after additional arguments recorded in the Conditions of Application, and to ensure that the method for calculating the flat rate is fair, and verifiable, the MA may decide to apply the described approach for calculating the flat rate also in some intermediate cases where:

- ✓ the project includes direct activities of type 1, i.e. activities in the technical and financial implementation of which involve many educational institutions (as partners or under § 6 of the Additional Provisions of LMEFSM);
- ✓ the project includes direct activities of type 2, i.e. homogeneous activities or the award and execution of large public procurements;
- ✓ the total budget required for the implementation of the direct actions type 1 does not exceed BGN 7 million and/or
- ✓ the total budget required for the implementation of type 2 direct actions does not exceed BGN 7 million.

For grant selection procedures under priority axes 2, 3 and 5 of the OP SESG, in accordance with the method set out in the national methodology, the following flat-rate amounts have been set for calculating the eligible costs for project organisation and management:

- BGN 100 001-400 000 grant – flat rate of 12 %

- BGN 400 001-1 000 000 – flat rate of 11 %
- BGN 1 000 001-7 000 000 grant – a flat rate of 10 %

The flat rate shall apply to the eligible direct costs of the project. Flat rates may also be applied in direct award procedures with a concrete beneficiary MES if the grant amount for the participating educational institutions is determined by means of a draft budget drawn up for the specific case and approved in advance by the Managing Authority. The flat rate at the amount of BGN 1 to 7 million is also applicable in direct grant procedures for specific beneficiaries under priority axes 2, 3 and 5 of OP SESG, co-financed by the European Social Fund.

- Over BGN 7 million – a flat rate of 15 %

It shall apply if the following conditions are cumulatively fulfilled: projects with a concrete beneficiary, in the technical and financial implementation of which participate as partners or in accordance with § 6 of the Additional Provisions of LMEFSM higher schools, RIE, schools, kindergartens, other educational institutions; participating educational institutions spend most of the budget allocated to direct actions; the budget for direct actions spent by the specific beneficiary does not exceed BGN 7 million.

- Over BGN 7 million – a flat rate of 3 %

It shall apply if the following conditions are met: projects which are mainly implemented by the direct beneficiary and cover uniform activities or procurement; if educational institutions (as partners or in accordance with § 6 of the Additional Provisions of LMEFSM ) participate in the technical and financial implementation of the project, then the budget for the implementation of the direct activities of the project, spent by the participating educational institutions, shall not exceed BGN 7 million.

- Over BGN 7 million – a flat rate of 3 % to 15 %, which is calculated in accordance with the approach described in the special rules for calculating the flat rate applicable to projects with a grant amount exceeding BGN 7 million.

It shall apply if the following conditions which are cumulatively fulfilled: projects with a direct beneficiary MES, in the technical and financial implementation of which participate as partners or in accordance with § 6 of the Additional Provisions of LMEFSM higher schools, RIE , schools, kindergartens, other educational institutions; the budget for the implementation of the direct activities of the project, spent by the participating educational institutions, exceeds BGN 7 million; the budget for the implementation of the direct activities of the project, spent by the direct beneficiary, exceeds BGN 7 million.

- Over BGN 7 million – a flat rate of 3 % to 15 %, which is calculated in accordance with the approach described in the special rules for calculating the flat rate applicable to projects with a grant amount exceeding BGN 7 million.

It shall apply on an ad hoc basis if the following conditions are cumulatively fulfilled: the Conditions of Application provide further justification for the need to apply this approach in order to ensure that the method for calculating the flat rate is fair, and verifiable; the project includes direct activities of type 1, i.e. activities in the technical and financial implementation of which involve many educational institutions (as partners or under § 6 of the Additional Provisions of LMEFSM ); the project includes direct activities of type 2, i.e. homogeneous activities or the award and execution of large public procurements; the total budget required for the implementation of type 1 direct actions does not exceed BGN 7 million and/or; the total budget required for the implementation of type 2 direct actions does not exceed BGN 7 million.

The flat rate shall apply to the eligible direct costs of the project.

The following are the costs of organisation and management of the procedures under assessment and their percentage:

Table 7 Applicability and flat rate for costs for organisation and management of the procedures under assessment

Procedure	Applicability of a flat rate for organisation and management costs	Percentage
BG05M20P001-3.001 "Support for pre-school education and preparation of disadvantaged children"	Not applicable	Up to 10 % of the total eligible costs.
BG05M20P001-3.002 "Educational integration of students from ethnic minorities and/or seeking or receiving international protection"	Not applicable	Up to 10 % of the total eligible costs.
BG05M20P001-3.004 "Adult literacy – Phase 1"	Not applicable	Up to 6 % of the total eligible costs of the project.
BG05M9OP001-2.018 "Social economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1"	The term "indirect costs" is used. The flat rate is set as a percentage of the direct eligible costs of the project proposal. Depending on the total amount of eligible costs of the project proposal, which is determined as the sum of the total amount of grant under the OP HRD + the total amount of grant under the OP SESG, the amount of the flat rate is determined.	<ul style="list-style-type: none"> <li>– less than BGN 200,000-9 %,</li> <li>– from BGN 200 001-400 000-9 %,</li> <li>– from BGN 400 001-600 000-6 %,</li> <li>– from 600 001-1 000 000 BGN – 7 %.</li> </ul>
BG05M20P001-3.005 "Active inclusion in the system of pre-school education"	Projects with an eligible amount of a grant of over BGN 7 million with a specific beneficiary MES, in the technical and financial implementation of which participate RIE, schools and/or kindergartens – for expenditures for organisation and management, including the costs of information and communication – flat rate according to the Methodology.	Up to 15 % of direct eligible costs.
BG05M20P001-3.017 "Increasing the capacity of pedagogical specialists to work in a multicultural environment"	Indirect costs, including organisation and management costs and information and communication costs – a flat rate according to the Methodology.	<ul style="list-style-type: none"> <li>– Projects up to BGN 400 000-12 % of the direct eligible costs of the project.</li> <li>– Projects over BGN 400 000-11 % of the direct eligible costs of the project.</li> </ul>

BG05M2OP001-2.011 "Support for success"	Projects with an eligible amount of a grant of over BGN 7 million with a concrete beneficiary MES, in the technical and financial implementation of which participate RIE, schools and/or kindergartens – for expenditures for organisation and management, including the costs of information and communication – flat rate according to the Methodology.	Up to 15 % of direct eligible costs.
BG05M2OP001-3.020 "Adult literacy – 2"	Indirect costs, including organisation and management costs and information and communication costs – a flat rate according to the Methodology.	<ul style="list-style-type: none"> <li>– A grant from BGN 250 000 to BGN 400 000-12 % of the eligible direct costs;</li> <li>– A grant from BGN 400 001 to BGN 750 000-11 % of the eligible direct costs;</li> </ul>
Procedures for awarding grants under the CLLD approach with funding under the OP SESG	Indirect costs – flat rate	For a grant below BGN 100 000, 15 % of eligible direct personnel costs or 40 % of eligible direct staff costs, which include all other eligible costs, including indirect costs; for grants from BGN 100 001 to BGN 391 166-12 % of the eligible direct costs.

Based on the documents reviewed and the methodology and approach applied by the MA of the OP SESG, the following conclusions can be drawn:

The flat rates for indirect costs, in this case defined as "organisation and management costs", are defined in accordance with the principles and requirements laid down in Regulation 1303/2013 and the EC Guidelines for simplified cost options (EGESIF\_14-0017). The approach is in line with the requirements of LMEFSM and Decree 189 of 2016. The national methodology for determining the flat-rate amounts for financing activities for the organisation and management of projects co-financed by the ESIF has been implemented by the MA of the OP SESG by means of the "Methodology for setting a flat rate for financing activities for organisation and management in competitive selection procedures and direct award under priority axes 2, 3 and 5 of the OP SESG by applying the National Methodology adopted by Council Decision No 253 of 3 May 2017". The methodology is tailored to the type of beneficiaries, the type of procedures, the way of implementation of projects, a full sample of similar projects and the method of setting a flat rate in the different hypotheses is verifiable. From this point of view, it can be concluded that the flat rates laid down are adequate in so far as they are derived from a method of determination resulting from the application of the applicable legal framework in one of the national methodologies and the EC Guidelines on simplified cost options (EGESIF\_14-0017).

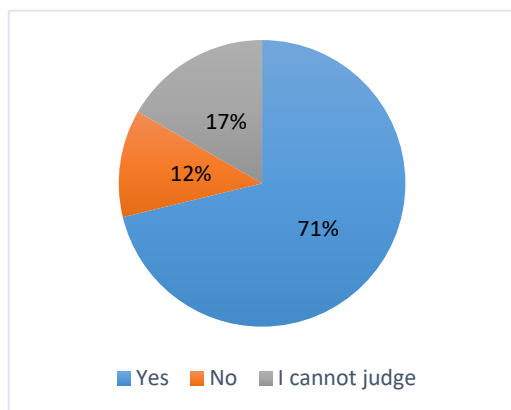
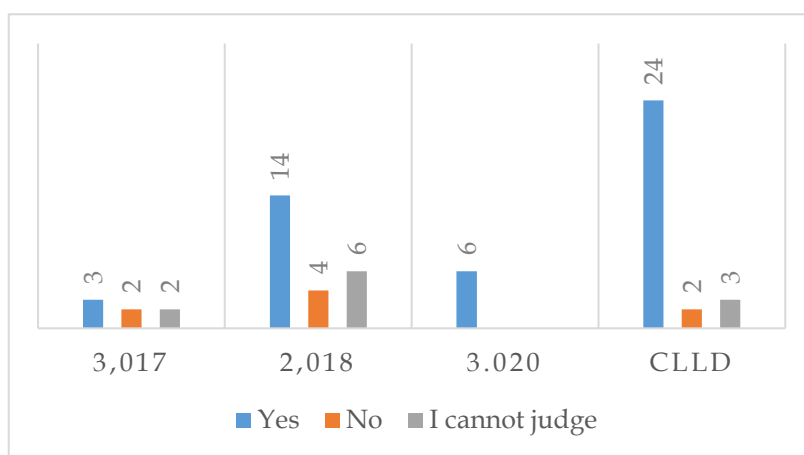


Figure 4 Are the flat rates for financing activities for the organisation and management of projects financed by the OP SESG adequately defined?

In the survey conducted among beneficiaries of the procedures under evaluation, the question “Are the flat rates for financing activities for organisation and management of projects financed by the OP SESG adequately determined?” were answered by representatives of 66 beneficiaries in four of the procedures subject to evaluation. More than 71 % of them consider that the flat rates are adequately defined, more than 12 % think they are not, and a little less than 17 % cannot judge.

Figure 5 Allocation of responses from Figure 4 by procedure



As can be seen from the figure for the distribution of answers by procedure, the largest number of respondents positively answered to the question are beneficiaries implementing projects under the CLLD grant procedure, followed by beneficiaries under procedure BG05M9OP001-2.018 "Social economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1' and BG05M2OP001-

3.020 'Adult literacy – 2'. The largest number of respondents who responded negatively to the question were beneficiaries under procedure BG05M9OP001-2.018 "social economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1. One possible reason could possibly be explained to some extent by the fact that the flat rates under this procedure are lower than the others, in the presence of quite complex activities requiring strong coordination in these projects. This is also reflected in one of the comments of a negatively answering beneficiary: *"High administrative burden, which is linked to the different and many implementation activities of the project."*<sup>13</sup>

Despite the predominant percentage of respondents who consider that the flat rates for financing project organisation and management activities have been adequately defined, there are also some comments mainly related to the level of the rates. For example, a little more specific considerations give the following comments: *"The team that manages the project and is responsible for achieving the set indicators receive very low salaries – amounting to BGN 200. The requirement for the existence of employment contracts is another obstacle to finding a good management team."* and *"During the years, especially in the case of long-term projects (with a period of implementation 2-3 years), the flat rates do not change, which does not allow the costs of organising and managing*

<sup>13</sup> Here, as in other parts of the report, the texts noted in italics and quotes are quotes of the participants in the survey and interviews.

*the project to increase in the event of a change in the economic situation – since 2020, the minimal wage has increased 3 times – it has increased from 610 to 780 BGN, i.e. an increase of 27.87 % has been achieved, and the flat rate has remained unchanged.”*

### **Standard tables for the eligible hourly remuneration of persons employed in connection with the implementation of projects.**

To answer this evaluation sub-question, an analysis was carried out to find out whether the determination of the eligible amount of hourly remuneration in the standard tables for the eligible hourly remuneration of persons employed in connection with the implementation of projects complies with the regulatory requirements and the principles set out therein. The approach for determining the eligible amount of hourly remuneration in the standard tables has been implemented in accordance with Regulation (EU) No 1303/2013, Article 67(5)(a): a fair and verifiable calculation method based on: statistics, other objective information or expert judgement; verified historical data for individual beneficiaries; or the application of the usual cost accounting practices of individual beneficiaries and according to the Standard Table of Hourly Rates for projects financed by ESI Funds for the 2007-2013 programming period. For OP SESG has been introduced a Standard Table for the eligible amount of the hourly remuneration of persons employed in connection with the implementation of projects co-financed by the European Social Fund under Priority Axis 2, 3 and 5 of the Operational Programme “Science and Education for Smart Growth”.

The standard table for the eligible hourly remuneration of employees (updated values applicable for the period after 1.9.2018) was approved by the Head of the MA of the SESG on 5.9.2018 – Report No 80811-606/05.09.2018. The title and scope of the Standard Table changed in December 2020 in relation to the creation of a new Priority Axis 5. Equal access to school education in crisis, financed by the ESF under the ReactEU mechanism, with a report with work number 12-310/09.12.2020.

The standard table of hourly rates was established in 2014 on the basis of project implementation data in the previous programming period 2007-2013, taking into account statistical and other objective data from 2013. The Standard Table for the eligible hourly remuneration itself introduces 10 expert positions and 3 levels of professional experience. The hourly rates for the period after 1.9.2018 have been adapted taking into account the changes in the social security expenditures and the increase of the average wages in the respective spheres. In line with the approach adopted, expert positions were first allocated to economic activities for which statistic data are available of the average annual gross wage of employees in the activity concerned, then the updated hourly remunerations in the field of education were calculated, for “Information technology and information services activities”, for “Legal, accounting, architectural and engineering activities, technical testing and analysis; consultancy activities on management” and for “Advertising and veterinary activities; other professional activities”, the calculation being allocated to the three levels of the hourly rate for the relevant expert positions and, at the end of the process, a summary standard table of hourly remunerations applicable for the period after 1.9.2018 was established. For all other items, the applicable hourly rate is calculated in accordance with Article 5(3)(6) of Council of Ministers Decree No 189/2016 by dividing the annual gross wage costs in the accounts for the last year by 1720 hours, in accordance with point 3.2 of the Guideline on Simplified Cost Options of the European Commission (EGESIF\_14-0017). The latter calculation method can also be used for the items listed in the Standard Table. The standard table can also be used for the planning of external services through procurement, and the necessary funds (estimated value) may be based on the remuneration for the necessary staff to carry out the activity, the hourly rate being in accordance with the Standard table of remuneration under the OP SESG, and up to 10 % additional costs (including all other necessary costs such as materials, equipment, rents, etc.) may be added to the calculated means of remuneration.



In so far as the Standard Table itself states ‘The above hourly rates may be applied, both at the application stage, to justify the necessary costs and at the implementation stage if the remuneration costs actually incurred are taken into account’ and from its application, it can be concluded that the use of the Standard Table to justify the necessary costs or to take into account actual remuneration costs cannot be considered as a simplified cost option within the meaning of Regulation (EU) No 1303/2013, Article 67(1)(b) of Regulation (EU) No 1303/2013: standard scale of unit costs. In this regard, the Standard Table will be considered as a document based on the principles set out in Regulation (EU) No 1303/2013, Article 67(5)(a), but not directly linked to the application of simplified cost options.

The method thus established for determining hourly rates corresponds to a combined approach between Article 67(5)(a)(i) and (a)(ii). It is duly documented, verifiable (including the calculations) and creates conditions for correct and equal treatment of the beneficiaries. From this point of view, it can be argued that the amounts of the hourly rates in the Standard Table on the eligible hourly remuneration of persons employed in connection with the implementation of projects co-financed by the European Social Fund under Priority Axis 2, 3 and 5 of the Operational Programme “Science and Education for Smart Growth” are adequately defined.

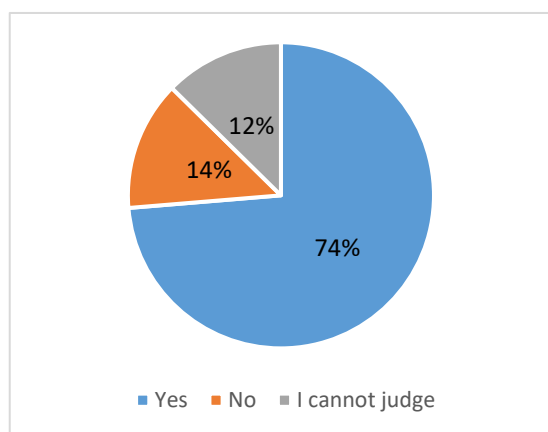


Figure 6 Are the values in the standard tables for the eligible amount of hourly remuneration adequately determined?

In the survey conducted among beneficiaries under the evaluated procedures, the question “Are the values in the standard tables for the eligible hourly remuneration of persons employed in connection with the implementation of projects financed by the OP SESG adequately determined?” were answered by representatives of 95 beneficiaries under five of the procedures. Just under 74 % of them responded positively, slightly below 14 % negative and over 12 % that they could not judge.

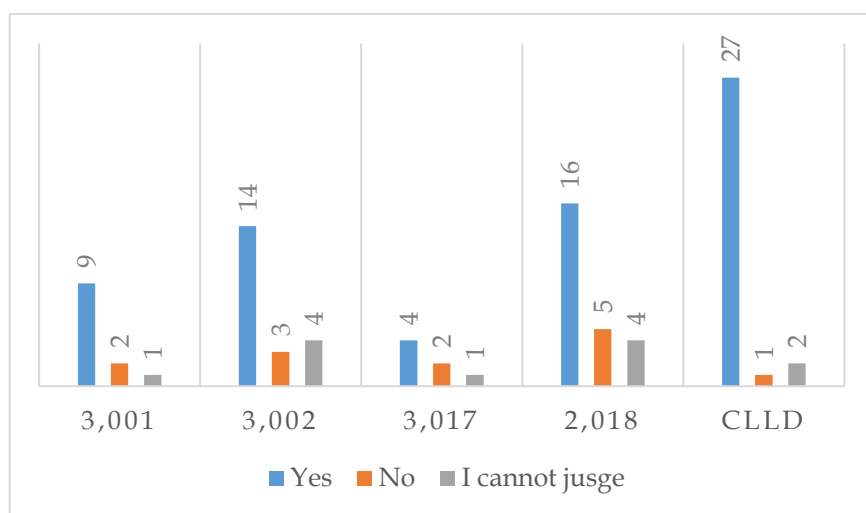


Figure 7 Allocation of the responses from Figure 5 by procedure

The satisfaction with the values set out in the standard table of eligible hourly remuneration is again highest among beneficiaries under CLLD grant procedures.

The comments of the negatively responding beneficiaries can be summarised in two groups: low rates of hourly remuneration, such as “The set values are very low and this

created a problem when recruiting specialists” and “The hour limit for lecturers is also very low and allows only the recruitment of trainers who do not offer high quality and modern training methods. The same trainers have been

training pedagogical professionals for years, offering low prices without a visible result“and a large difference in the hourly rates set between the persons recruited with experience and those without experience, e.g. “The salary margin between individual employees with experience and without experience is large.” and “The hourly rates for teachers are high enough for those with experience and unrealistically low for those without experience.”

#### Standard scales of unit costs.

The answer of this evaluation sub-question is requiring an analysis whether the determination of unit costs complies with the regulatory requirements and the principles set out therein. To the extent that standard scales per unit are specific to individual procedures within the scope of evaluation and far from covering all of them, a list of procedures where such a simplified option is an eligible cost is set out below:

Table 8 Procedures for which the use of a standard scale of unit costs is applicable

Procedure	Use of a standard scale of unit costs
BG05M2OP001-3.005 “Active inclusion in the system of pre-school education”	Standard scale of unit costs under procedure BG05M2OP001-3.005 “Active inclusion in the pre-school education system” and methodology justifying the estimated amounts of costs
BG05M2OP001-3.017 “Increasing the capacity of pedagogical specialists to work in a multicultural environment”	Standard scale of unit costs under procedure BG05M2OP001-3.017 “Increasing the capacity of pedagogical specialists to work in a multicultural environment” and a methodology justifying the estimated amounts of costs
BG05M2OP001-2.011 “Support for success”	Standard scale of unit costs for procedure BG05M2OP001-2.011 “Support for success” and methodology justifying the estimated amounts of costs
BG05M2OP001-3.020 “Adult literacy – 2”	Standard scale of unit costs under procedure BG05M2OP001-3.020 “Adult literacy – 2” and methodology justifying the estimated amounts of costs

In addition, such a possibility is granted as of February 2021 for synchronous distance learning in electronic environments under procedures BG05M2OP001-2.011 and BG05M2OP001-3.005. The possibility of applying a standard scale of unit costs is determined by adding to the existing tables new types of unit costs according to the Standard Table of Unit Costs under procedure BG05M2OP001-2.010 “Qualification of pedagogical specialists” and a methodology justifying the estimated amounts of costs.

The standard scales of unit costs applied are a simplified cost option under Regulation (EU) No 1303/2013, Article 67(1)(b): standard scale of unit costs and Article 55(1)(2) in accordance with the LMEFSM .

*Standard scale of unit costs under procedure BG05M2OP001- 3.005 “Active inclusion in the pre-school education system” and methodology justifying the estimated amounts of costs.*

Unit costs are calculated on the basis of the amounts of costs in Annex XIV with the types of operations and the amount of costs, on the basis of standard scales of unit costs and lump sums in accordance with Article 14(1) of Regulation (EU) No 1304/2013<sup>14</sup> to Commission Delegated Regulation (EU) 2015/2195,<sup>15</sup> in

<sup>14</sup> <https://eur-lex.europa.eu/legal-content/bg/TXT/?uri=CELEX%3A32013R1304> - Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No1081/2006

<sup>15</sup> <https://eur-lex.europa.eu/legal-content/BG/TXT/?uri=CELEX%3A32015R2195> - Commission Delegated Regulation (EU) 2015/2195 of 9 July 2015 supplementing Regulation (EU) No 1304/2013 of the European Parliament and of the Council on the European Social Fund as regards the definition of standard scales of unit costs and lump sums for the reimbursement of expenditure by the Commission to Member States



combination with the methods referred to in Article 67(5) of Regulation (EU) No 1303/2013. The standard table on the eligible hourly remuneration of persons employed in connection with the implementation of projects co-financed by the European Social Fund under Priority Axis 2, 3 and 5 of the Operational Programme on Science and Education for Smart Growth, which is itself determined on the basis of Article 67(5)(a) of Regulation (EU) No 1303/2013 was also used for part of the calculation of the estimated costs. In addition, unit costs are linked to the applicable legislation, the specificity of the beneficiary and the requirements for the activities carried out. The methods used in the methodology are traceable and documented, correct – to the extent that the calculation seems reasonable and fair – to the extent that the approach, albeit specifically geared to costs related to the specific activities, is based on objective and verifiable characteristics of the beneficiary and the operation.

*Standard scale of unit costs under procedure BG05M2OP001-3.017 “Increasing the capacity of pedagogical specialists to work in a multicultural environment” and a methodology justifying the estimated amounts of costs.*

This unit costs are also calculated on the basis of a combination of methods referred to in Article 67(5) of Regulation (EU) No 1303/2013. The standard table on the eligible hourly remuneration of persons employed in connection with the implementation of projects co-financed by the European Social Fund under Priority Axis 2, 3 and 5 of the Operational Programme “Science and Education for Smart Growth”, which is itself determined on the basis of Article 67(5)(a) of Regulation (EU) No 1303/2013 was also used for part of the calculation of the estimated costs. The data sources for the calculations are varied and take into account the specificity of each expenditure according to the activity to which it is bound, the applicable legislation and the characteristics of the beneficiary.

*Standard scale of unit costs under procedure BG05M2OP001-2.011 ‘Support for success’ and methodology justifying the estimated amounts of costs*

In this case, as in the case of procedure BG05M2OP001-3.005, unit costs were calculated on the basis of the amounts of costs in Annex XIV with the types of operations and the amount of costs, on the basis of standard scales of unit costs and lump sums in accordance with Article 14(1) of Regulation (EU) No 1304/2013 to Commission Delegated Regulation (EU) 2015/2195, in combination with the methods referred to in Article 67(5) of Regulation (EU) No 1303/2013. The standard table on the eligible hourly remuneration of persons employed in connection with the implementation of projects co-financed by the European Social Fund under Priority Axis 2, 3 and 5 of the Operational Programme “Science and Education for Smart Growth”, which is itself determined on the basis of Article 67(5)(a) of Regulation (EU) No 1303/2013, was also used for part of the calculation of the estimated costs. In addition, unit costs are linked to the applicable legislation, the specificity of the beneficiary and the requirements for the activities carried out. The methods used in the methodology are traceable and documented, correct – to the extent that the calculation seems reasonable and fair – to the extent that the approach, albeit specifically geared to costs related to the specific activities, is based on objective and verifiable characteristics of the beneficiary and the operation.

*Standard scale of unit costs under procedure BG05M2OP001-3.020 “Adult literacy – 2” and methodology justifying the estimated amounts of costs*

Unit costs have been calculated in accordance with Article 67(5)(a) of Regulation (EU) No 1303/2013 on the basis of statistical data or other objective information summarising the implementation of two similar projects in the past: project BG051PO001-4.3.01-0001 “New chance for success”, financed under Operational Programme “Human Resources Development 2007-2013” – launched in March 2011 and ended October 2015 and project BG05M2OP001-3.004-0001 “A new chance for success”, funded under Operational Programme “Science and Education for Smart Growth 2014-2020” – launched on 21.9.2016 and ended on 31 January 2020. The rules applied in the implementation of the two above projects are the same and are

determined by an instruction issued by the Minister of Education and Science. The calculations take into account the latest available data on costs incurred and verified in the implementation of project BG05M2OP001-3.004-0001. The estimated average costs are adjusted taking into account changes in labour costs, based on statistical data. The method used in the methodology is traceable and documented, correct – to the extent that the calculation appears to be justified and fair – in so far as the approach, albeit specifically geared to costs related to the specific activities, is based on objective and verifiable characteristics of the beneficiary and the operation.

*Standard scale of unit costs under procedure BG05M2OP001-2.010 “Qualification of pedagogical specialists” and methodology justifying the estimated amounts of costs*

This standard scale of unit costs is included in the scope of the assessment in relation to the applicability of part of the derived cost amounts for procedures BG05M2OP001-2.011 and BG05M2OP001-3.005. In particular, these are: training for upskilling without physical presence, for which 1 qualification credit has been awarded, training for upskilling without physical presence, for which 2 qualification credits have been awarded and training for upskilling without physical presence, for which 3 qualification credits have been awarded.

Unit costs are calculated on the basis of a combination of methods referred to in Article 67(5) of Regulation (EU) No 1303/2013. The standard table on the eligible hourly remuneration of persons employed in connection with the implementation of projects co-financed by the European Social Fund under Priority Axis 2, 3 and 5 of the Operational Programme “Science and Education for Smart Growth”, which is itself determined on the basis of Article 67(5)(a) of Regulation (EU) No 1303/2013, was also used for part of the calculation of the estimated costs. The data sources for the calculations are varied and take into account the specificity of each expenditure according to the activity to which it is bound, the applicable legislation and the characteristics of the beneficiary. The table was subject to indexation due to a significant increase in wages in the education sector. The amendments to Articles 49, 60 and 89 of Regulation No 15/2019, published<sup>16</sup> in the State Gazette No 101 of 27 November 2020, allow the attendance part of the training to be carried out by means of synchronous distance training in an electronic environment. As a result of this change, changes are also made to the Standard Table, enabling synchronous distance learning in an electronic environment.

From the above, it can be concluded that the Standard scales of unit costs examined and the methodologies justifying the derived amounts of costs rely on a variety of data sources, taking into account the specificity of each expenditure according to the activity, and similar data are used to determine similar costs where is possible. They use a variety of methods, but similar for the determination of similar costs, as an example is the convertibility of the derived amounts of costs into one with the methods and data used between different projects (Procedures BG05M2OP001-2.011 and BG05M2OP001-3.005 to use parts of the Standard scale of unit costs under procedure BG05M2OP001-2.010). The calculations are reasonable and as close to the reality as possible. The approaches taken, albeit in some cases specific to the expenditures related to specific activities, are based on objective and verifiable characteristics of the beneficiary and the operation. The methods applied are duly documented in the relevant Standard scale of unit costs, which includes at least: the description of the calculation method, including the main stages of the calculation; the sources of the data used for the analysis and calculation, including an assessment of the relevance of the data in

---

<sup>16</sup> <https://lex.bg/bg/laws/ldoc/2137195301> - Ordinance No 15 of 22 July 2019 on the status and professional development of teachers, directors and other pedagogical professionals

relation to the envisaged operations and an assessment of their quality; the calculation itself to determine the corresponding value of the simplified cost option.

On this basis, it can be assumed that, where applicable, the principles of Article 67(5)(a) of Regulation (EU) No 1303/2013 have been complied with and in other cases the relevant requirements of Regulation (EU) No 1303/2013 and Regulation (EU) No 1304/2013 and the Guidelines on simplified cost options of the European Commission (EGESIF\_14-0017) are complied with. The provisions of the LMEFSM and Council of Ministers Decree 189 of 2016 are aligned. From this point of view, it can be assumed that the amounts of costs in the Standard scales of unit costs are adequately defined.

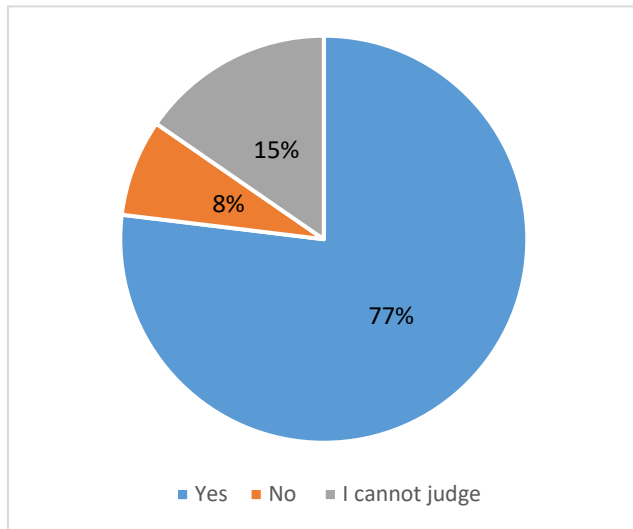


Figure 8 Are the values in the standard scales of unit costs adequately determined?

In the survey conducted among beneficiaries under two of the procedures subject of evaluation, the question “Are the values in the standard scales of unit costs adequately determined?” was answered by representatives of 13 beneficiaries in two of the procedures assessed. Just under 77 % responded positively, slightly below 8 % negative and just over 15 % that they could not judge.

The data from interviews with representatives of the DB MES indicate that “*simplified costs definitely facilitate the reporting mechanism*” and, in terms of the adequacy of their determination, that the values in

the standard scales of unit costs are adequately defined over the time of their determination. In the current situation, due to the rising inflation in not all the cases the unit costs are acceptable. Under BG05M2OP001-3.005 the amount of unit costs was acceptable for the activities carried out at the start of the project, but is no longer considered as such. E.g. “*the costs of training of pedagogical specialists are not adequate to what can actually be provided as quality face-to-face training*”.

Data from the MC focus group indicate that the application of simplified cost options is considered to be significant progress in reducing the administrative burden for beneficiaries and, on the other hand, speeding up verification and payments. As regards the adequacy of their determination, it was shared that at least part of the determined unit costs is already considered inadequate to the current conditions, e.g. where hotel accommodation is included, where unit costs for lecture hours are foreseen, etc. The reason is the increase in prices due to inflation.

Data from the focus group with representatives of the MA indicate that the application of simplified cost options leads to a reduced burden of work at the verification stage for checking job reports, the overall information on the employment relationship of the given person, job descriptions, hourly rates. Checks which, if simplified cost options are not applied, are extremely slowing down the workflows as they involve processing a lot of additional information and hence delaying verification. The application of simplified cost options is considered an exceptional facilitation and leads to a shortening of the verification period. This allows the MA to focus efforts on more on-the-spot checks and to focus more on “*implementation alone and results achieved from the given activities rather than on the expenditures*”. Representatives of the MA acknowledge that following the initial difficulties for beneficiaries resulting from the new cost reporting line following the introduction of simplified cost options with the first such procedures, this approach has

led to a significant reduction in the administrative burden for the beneficiaries. With regards to the adequacy of their determination, it was noted that the expenditures are updated periodically (with each new procedure).

#### **4.1.2. Findings, conclusions and recommendations on the use of simplified cost options under the OP SESG**

Based on the analyses carried out and the study carried out on the three groups of simplified cost options, the main findings, conclusions and recommendations are summarised in this point of the evaluation report under the Efficiency strand. According to the requirements of the Contracting Authority, the findings, conclusions and recommendations should be described in a table at the end of the report in the respective direction, the findings, conclusions and recommendations set out in this point are also included in the table at the end of the Report.

##### **Findings:**

When determining and subtracting the amounts of simplified cost options under OP SESG, the principles, where applicable, or the requirements of Regulation (EU) No 1303/2013, as well as the Guidelines for simplified cost options of the European Commission (EGESIF\_14-0017) are respected. The approach is also in line with the national legislation. Where data are used, they are statistical, other objective information or verified historical data for individual beneficiaries. The cost categories covered by simplified cost options are exhaustively described. The calculation methods used are documented and seem justified.

While in a number of cases separate approaches have been introduced for different assumptions of implementation of operations (e.g. flat rates for organisation and management costs and standard scales of unit cost), justification based on the type of beneficiary (including partners if foreseen), type of operation, mode of implementation and, if applicable, specific regulatory requirements for the relevant cost-generating activities is available.

The flat rates for financing organisation and management activities are defined as a percentage of direct costs and, in one case, as a percentage of direct personnel costs. The approach has been updated with the addition of new application hypotheses from February 2020.

Overall, over 70 % of the beneficiaries who participated in the survey conducted and answered questions related to the adequacy of simplified cost options answered positively. Only around 12 % and 8 % are the negatively answered respondents in relation to the two types of simplified cost options. With regard to the Standard Table for the eligible hourly remuneration of persons employed in connection with the implementation of projects, the negative replies are around 14 %. Positive on the similar questions raised during the interviews were also the reactions of the representatives of the Ministry of Education, in their capacity as a direct beneficiary under the evaluated procedures. This shows a rather good perception by the beneficiaries of the simplified cost options introduced by the MA of the OP SESG, as well as the amounts set.

In the context of the survey, some of the beneficiaries identified difficulties in applying simplified cost options due to increased inflation and increased costs.

##### **Conclusions**

The approaches and methods for determining the rates and amounts of simplified cost options have been established in accordance with the principles, where applicable, and the requirements of Regulation (EU) No 1303/2013 as well as the European Commission's Guidelines on Simplified Cost Options (EGESIF\_14-

0017). Is also taken into consideration the applicable national legislation. Based on this, it can be argued that the rates and the amount of simplified cost options are adequately defined.

In addition, difficulties have been identified under projects resulting from a lack of update of some of the amounts set out in simplified cost options against the background of rising inflation and rising costs. There are comments in this direction from beneficiaries under the evaluated procedures participating in the survey conducted. There are also comments from beneficiaries on the way unit costs are formed for hourly remuneration.

To the extent that, for BG05M2OP001-3.20, the last open procedure within the evaluation scope and the future procedures under the Education Programme have been established a mechanism enabling a periodic assessment during the implementation of projects pursuant to Article 184 of Regulation (EU, Euratom) 2018/1046 and a timely update of the amounts set out in standard scales of unit costs in the event of significant changes in market prices and other relevant circumstances, it can be concluded that the MA has taken the necessary action to overcome those difficulties.

## Recommendations

No recommendations

### 4.1.3. Comparative analysis of the cost efficiency of similar products under the covered procedures.

To answer this evaluation question, an analysis of the procedures under assessment was carried out in terms of the similarity between the different procedures, focusing on the main objectives and results to be achieved with their implementation.

As a result of the analysis carried out, several pairs of procedures with similar products were identified, with products referring to the defined performance indicators.

Table 9 Criteria for determining similarity in procedures BG05M2OP001-3.004 and BG05M2OP001-3.020

The Criteria	Comparability
Duration of time	partial
Territorial scope	full
Way of implementation	non-comparability
The target group	full
Eligible activities	partial
Eligible costs	partial
Result Indicators	to a large extent
Planned Budget in BGN	the partial
Agreed budget in BGN	non-comparability
Cost of 1 person	partial
Applicability of simplified cost options	non-comparability

For the two procedures analysed, the specific performance indicator for OP SESG was defined, namely "Persons over 16 (including Roma) involved in literacy courses or courses for mastering the learning content intended for the lower secondary stage of basic education under the OP". The procedures are aimed at educating adults.

The same objectives of the procedures also prejudice the full or partial similarity of most of these additional comparability criteria. Three of the criteria show a discrepancy in parameters, which also has a significant impact on cost efficiency.

Procedure BG05M2OP001-3.004 “Adult literacy – Phase 1” was implemented through a procedure for direct negotiation with a direct beneficiary – Ministry of Education, while the chosen approach for implementing procedure BG05M2OP001-3.020 “Adult literacy – 2” is a competitive selection of project proposals. As a consequence of the application of the two approaches, the percentage of the agreed funds against planned funds differs significantly, in the first case it is 100 % and in the second case 39 %. It should be clarified here that the Phase 1 procedure has undergone a change in the budget of BGN 25 million initially adopted by the MC, reducing it to BGN 19 070 732, as agreed subsequently. On the other hand, the approved budget under procedure BG05M2OP001-3.020 “Adult literacy – 2” amounting to BGN 15 million has not been amended, with the agreed funds under the procedure being BGN 5 862 361,91.

The possible reasons for this difference are described in point 4.1 of this report.

For procedure BG05M2OP001-3.004, no simplified cost options have been applied and fixed percentages have been set for organisation and management costs respectively up to 6 % of the total eligible costs of the project and 1 % for information and publicity costs. Under procedure BG05M2OP001-3.020, a standard scale per unit for direct costs and a flat rate for indirect costs were applied.

In the end, the agreed costs for the participation of one person from the target groups did not differ significantly, as under procedure BG05M2OP001-3.004 it was BGN 1 907.07 and under procedure BG05M2OP001-3.020 – BGN 1 452.52. It should be noted here that the book value under the first procedure is close to the one contracted under the second procedure, namely BGN 1 415.07. Procedure BG05M2OP001-3.020 is still in implementation and therefore no reasonable conclusions on the efficiency of the implementation of its measures can be drawn.

The other pair of procedures aimed at similar products are BG05M2OP001-3.001 “Support for pre-school education and preparation of disadvantaged children” and BG05M2OP001-3.005 “Active inclusion in the pre-school education system”, the interventions of which are focused on children from vulnerable groups, parents and teachers.

*Table 10 Criteria for determining similarity in procedures BG05M2OP001-3.001 and BG05M2OP001-3.005*

The Criteria	Comparability
Duration of time	partial
Territorial scope	full
Way of implementation	non-comparability
The target group	to a large extent
Eligible activities	partial
Eligible costs	partial
Result Indicators	partial
Planned Budget in BGN	non-comparability
Agreed budget in BGN	non-comparability
Cost of 1 person	partial
Applicability of simplified cost options	non-comparability

Here, as with the first group of procedures analysed, the way of implementation of the procedures is different – procedure BG05M2OP001-3.001 was implemented through a procedure for the selection of project proposals and the other BG05M2OP001-3.005 by direct negotiation with a direct beneficiary – the Ministry of Education. The difference in the amount of funding determined for the two procedures is also significant – BGN 20 million, of which BGN 16 320 741.63 contracted under BG05M2OP001- 3.001 and contracted BGN 72 136 200.00 out of BGN 82 500 000.00 under BG05M2OP001-3.005.



The comparative analysis of unit costs between the two procedures shows identical dynamics between programmed, contracted and reporting values. The verified values of the expenditure for participation per person are significantly lower than the planned ones – BGN 966.00 against BGN 1 333.33 for BG05M20P001-3.001 and BGN 633.03 against BGN 1 650.00 for BG05M20P001-3.005. In both cases, more than the contracted output indicators were achieved with less than the contracted funds. In this sense, both procedures can be defined as economical and efficient. Another question is whether these results are not due to insufficient precision at the programming stage of operations in the sense of overestimating the planned budget or underestimating the target values of the indicators against realistic values based on an in-depth preliminary analysis

The third pair of procedures with a similar product, for which a comparative cost analysis has been carried out, include measures aimed at students from vulnerable groups at risk of dropping out of the education system, parents and pedagogical specialists – BG05M20P001-3.002 “Educational integration of students from ethnic minorities and/or seeking or receiving international protection” and BG05M20P001-2.011 “Support for success”.

*Table 11 Criteria for determining similarity in procedures BG05M20P001-3.002 and BG05M20P001-2.011*

The Criteria	Comparability
Duration of time	partial
Territorial scope	full
Way of implementation	non-comparability
The target group	to a large extent
Eligible activities	partial
Eligible costs	partial
Result Indicators	partial
Planned Budget in BGN	partial
Agreed budget in BGN	partial
Cost of 1 person	non-comparability
Applicability of simplified cost options	non-comparability

And the third pair of procedures analysed is characterised by a different approach to the implementation of operations – BG05M20P001-3.002 was implemented through an open procedure for the selection of project proposals and BG05M20P001-2.011 through direct grant with a direct beneficiary – the Ministry of Education.

Characteristic to note from the analysis of the cost efficiency of these procedures is that with almost identical amounts of the planned funds – BGN 25 million under BG05M20P001 -3.002 and nearly BGN 23 million under BG05M20P001 -2.011, the target values of the output indicators differ significantly – 18 750 students and young people from marginalised communities (including Roma) involved in educational integration and reintegration measures under BG05M20P001-3.002, compared to 32 898 under BG05M20P001- 2.011, that is to say almost double the number. On this basis, it could be concluded that procedure BG05M20P001-2.011 was programmed to a greater degree of cost efficiency – BGN 698.75 per unit of product versus BGN 1 333.33 under BG05M20P001-3.002. In the analysis of the implementation of the parameters set for the two efficiency indicators, changes in the ratios were observed. For example, with 69 % of the planned funding under procedure BG05M20P001-3.002 more than 88 % of the target values of the output indicator were achieved and the verified value of expenditure per participant in the target group was reduced to BGN 1 039.69. That is to say, the procedure has been implemented in a more efficient way than the planned

values. Such a change is not observed in procedure BG05M2OP001-2.011, for which the reporting values at present do not differ materially from the planned ones.

Relative similarity can also be inferred from procedures BG05M9OP001 -2.018 "Social and economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1" and procedures for awarding grants under the CLLD approach. Both types of procedures are characterised by a high complexity of implementation – Procedure BG05M9OP001 -2.018 is implemented through the application of an integrated approach under two OPs –OP HRD and OP SESG, while the procedures for awarding grants under the CLLD approach are implemented through the application of an integrated territorial approach.

*Table 12 Criteria for determining similarity under procedures BG05M9OP001-2.018 and CLLD*

The Criteria	Comparability
Duration of time	partial
Territorial scope	partial
Way of implementation	non-comparability
The target group	to a large extent
Eligible activities	partial
Eligible costs	partial
Result Indicators	partial
Planned Budget in BGN	non-comparability
Agreed budget in BGN	partial
Cost of 1 person	partial
Applicability of simplified cost options	partial

Characteristic of both procedures is the specifics of the way of implementation. Procedure BG05M9OP001-2.018 was programmed as direct provision with beneficiaries municipalities/regions of municipalities/with updated municipal plans for Roma integration for the period 2015-2020, in accordance with the National Strategy for Roma Integration 2012-2020. The CLLD procedures are programmed for implementation through selection of projects in compliance to a CLLD strategy implemented by the LAG/FLAG, agreed with the MA of the SESG and with approved conditions for application, including specific criteria set out in the approved CLLD strategies, in accordance with the guidelines of the MA.

Unlike the other procedures under assessment the procedure BG05M9OP001- 2.018 and those under the CLLD approach are implemented at local level. The scope of procedure BG05M9OP001-2.018 is the territory of municipalities with updated municipal plans for Roma integration for the period 2015-2020, in accordance with the National Strategy for Roma Integration 2012-2020, which have approved conceptual concepts, after pre-selection by the CCU. The CLLD approach procedures are implemented in the territories eligible under Article 4 of Council of Ministers Decree No 161/2016. – the LAG/FLAG territories approved for implementation of CLLD strategies.

The comparative analysis of the planned value of one person from the target group is irrelevant due to the fact that the planned funds under the CLLD procedures have not been updated following the agreements concluded to implement CLLD strategies towards a reduction. A detailed analysis in this regard is carried out and described in point 4.1 of this report.

The values of the contracted and verified expenditures per person from the target group under the two procedures are quite similar, according to procedure BG05M9OP001-2.018 they are BGN 1 637.98 and BGN 1 041.90, and for CLLD procedures 1 972.01 BGN and BGN 934.23 respectively. As evidenced by the data,



the procedures for submitting the grant under the CLLD approach are characterised by a higher degree of efficiency compared to procedure BG05M9OP001-2.018.

As a result of the comparative analysis of the cost efficiency of similar products under the covered procedures, it can be concluded that under the programming of similar measures were used the both approaches to implementation - direct negotiation with a direct beneficiary and selection of project proposals. The analysis of the different approaches does not justify direct impact of the choice of how procedures are implemented on cost efficiency.

#### **4.1.4. What are the costs of participating in the operation of a targeted person?**

The answer to that question is in the answer to Question 4.1 ‘What is the cost efficiency of those procedures, measured as a ratio between inputs and products achieved?’ as part of the efficiency assessment methodology.

## **V. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **5.1. Proposed methods and approach to reflect conclusions and recommendations**

The presentation of the conclusions and recommendations in this report is based on an analysis that clearly shows causal links. The conclusions of the evaluation are based on the following elements:

- A condition assessed by a criterion is a fact (or several facts) that the Contractor has established (actual status). This objective reality has been established by carrying out various evaluation procedures and is supported by evidence.
- Reason — the reason for the discrepancy between the criterion and the condition will be identified and indicated (why the difference exists). The reason is the link, supported by evidence, between the observed unacceptable state and the desired state.

The conclusions derive directly from the analyses and the recommendations are based on conclusions. With regards to the quality of the recommendations, we have followed the following quality elements:

- the recommendations are specific, i.e. specify exactly what, how and by whom it should be carried out;
- the recommendations shall be understandable, clear and unambiguous;
- the recommendations are motivated;
- the recommendations are addressed (proposing a specific vision of the responsibilities of the relevant implementing institutions);
- provide an indication of the possible period of application;
- specify the target groups to which information is to be disseminated and the appropriate channels of communication;
- propose a methodology and approach to reflect in the applicable procedures and processes that the MA of OP SESG uses in the management and implementation of the Programme and/or in its change.

During the preparation of this evaluation the following requirements set out in the technical specification of the Contracting Authority are met:

- 1) Accordance to the needs: Adequate addressing the need for information formulated by the Contracting Authority;
- 2) Appropriate scope: Careful examination of the rationale of the Programme, its products, results and impact, interaction with other policies and unexpected effects;
- 3) Openness of the process: Identification of all stakeholders; involving stakeholders and target groups in the preparation of the evaluation and in the discussion of results to take account of different perspectives;
- 4) Reliability of data: Primary and secondary data collected are appropriate and reliable in view of their expected use and analysis;
- 5) Depth of analysis: Quantitative and qualitative data are analysed in accordance with established practices and in a way that provides relevant answers to all evaluation questions;
- 6) Plausible and well-founded results: The conclusions and results are logical and justified in terms of data analysis and interpretation, including appropriate explanations and hypotheses;
- 7) Impartial conclusions: The soundness and impartiality of the conclusions and recommendations of the evaluation;
- 8) Clear and credible report: The report shall describe the context and purpose and the organisation and results of the evaluation in such a way that the information provided is easily understandable and verifiable;
- 9) Objective and applicable conclusions and recommendations: The findings stem from the evaluation analysis; the conclusions stem from the findings made; the recommendations made are relevant to the findings and conclusions; the evaluation provides useful recommendations for the Contracting Authority and other stakeholders, and they are applicable in practice and are sufficiently detailed and clear to be implemented.

## **5.2. Findings, conclusions and recommendations**

As required by the Technical Specification, findings, conclusions and recommendations are structured in the following table.

Table 13 Findings, conclusions, and recommendations under the Efficiency Division

NO. – NO.	The Findings	Reference to the analyses in the report	Conclusions/Conclusions	Recommendations
1.	The procedures subject to this evaluation meet the efficiency criteria to the extent that, other things being equal, with less than the pre-defined or contracted financial resources the result set have been achieved or exceeded. These results may be considered as final in respect of the procedures which have completed their implementation. The data for the other procedures should be accepted on condition and as a provisional photograph of their implementation until the date by which it is accepted to be analysed or 30.9.2022.	<b>point 4.1.</b>	The procedures subject to this evaluation meet the efficiency criteria to the extent that, other things being equal, with less than the pre-defined or contracted financial resources the result set have been achieved or exceeded.	No recommendation

2.	<p>Procedure BG05M9OP001-2.018 "Social and economic integration of vulnerable groups. Integrated measures to improve access to education – Component 1 – a change towards an increase in the budget has been made without this being linked to a proportionate or sufficiently justified change in the activities or values of the indicators. Given that this is the first of its kind integrated operation covering measures under three operational programmes (OP RD, OP HRD and OP SESG), which, in the opinion of representatives of the CCU and MA of the OP HRD, poses a serious challenge, both in terms of planning and implementation of the measures, it can be assumed that the initial parameters of the procedure under the OP SESG did not reflect the real needs, which also required changes to the MCSO.</p>	point 4.1.	<p>The lack of a well-justified and activity-related increase in funding is an indication of insufficient ex ante analysis of the intervention to ensure that the real needs of the target groups are met. This is also supported by the results achieved under the procedure, which go well beyond what is planned.</p>	<p>In future planning of operations, especially involving complexity and diversity of activities and measures, the MA shall ensure that the programming of operations is preceded by a precise analysis ensuring that the envisaged financial resource is linked to the objectives, activities and indicators set.</p>
3.	<p>In November 2016, the Monitoring Committee of OP SESG approved the MCSO for procedures "Providing access to quality education in small settlements and in hard-to-reach areas" under the CLLD approach for a total amount of BGN 80 million. In the second call for selection of the LAG and CLLD strategies under the OP SESG, 15 procedures were opened and only BGN 8.7 million contracted.</p> <p>Decision of the Monitoring Committee of OP SESG of 8<sup>th</sup> meeting held on 18 May 2018 mandated the MA of OP SESG to amend by written procedure the operation "Ensuring access to quality education in small settlements and in hard-to-reach areas" in order to release funds for which no agreements have been concluded for implementation of CLLD strategies. At the date of issue of this report, no information is available to be conducted such a written procedure. The Audit Report of the Court</p>	point 4.1.	<p>The funds for the implementation of CLLD strategies are programmed as part of PA 3, IP 9ii. Relocating the unspent resource from them for operations within the same IP does not require a specific change in the OP SESG. In this regard, the MA's failure to undertake the relevant steps for the implementation of the MC</p>	<p>Although, according to the MA, the unspent resources to finance the implementation of CLLD strategies have been reallocated, it is advisable for the MA to assess whether to submit a written</p>

	<p>of Auditors states that the Managing Authority of the OP SESG provides that in the event of a subsequent amendment of the operational programme, the amount under code 06 "Community-led Local Development Initiatives" of the OP SESG will be reduced in accordance with the financial resources agreed in the CLLD strategies. As can be seen from the latest updated version of the OP SESG, in Table 10: Dimension 4 – Territorial implementation mechanisms under point 2.A.9 "Categories of intervention" of the Programme for code 06. "Community-led Local Development Initiatives" provided for by the ESF are initially set at EUR 35 058 863,59 (total for CLLD 80 669 620 leva) and have not been updated downwards, in line with the decision of the Monitoring Committee and the assurance of the MA.</p>		<p>Decision and the amendment of the OP SESG to release funds for which no agreements have been concluded for the implementation of CLLD strategies and the update of the amount in Table 10: Dimension 4 of the Programme only carries an informational risk.</p>	<p>procedure to the MC to modify the MCSO of the operation "Ensure access to quality education in small settlements and in hard-to-reach areas".</p>
4.	<p>When determining and subtracting the amounts of simplified cost options under OP SESG, the principles, where applicable or the requirements of Regulation (EU) No 1303/2013, as well as the Guidelines for simplified cost options of the European Commission (EGESIF_14-0017) are respected. The approach is also in line with the national legislation. Where data are used, they are statistical, other objective information or verified historical data for individual beneficiaries. The cost categories covered by simplified cost options are exhaustively described. The calculation methods used are documented and seem justified.</p> <p>While in a number of cases separate approaches have been introduced for different assumptions of implementation of operations (e.g. flat rates for organisation and management costs and standard scales of unit cost), justification based on the type of beneficiary (including partners if foreseen), type of operation, mode of implementation and, if applicable, specific regulatory requirements for the relevant cost-generating activities is available.</p>	4.1.1 and 4.1.2.	<p>The approaches and methods for determining the rates and amounts of simplified cost options have been established in accordance with the principles, where applicable and the requirements of Regulation (EU) No 1303/2013, as well as the European Commission's Guidelines on Simplified Cost Options (EGESIF_14-0017). The approach is also in line with the national legislation. Based on this, it can be argued that the rates and the amount of simplified cost options are adequately defined.</p>	No recommendation
5.	<p>Difficulties have been identified under projects resulting from a lack of update of some of the amounts set out in simplified cost options against the background of rising inflation and rising costs. There are comments in this direction from beneficiaries under the evaluated procedures</p>	4.1.1 and 4.1.2.	<p>Difficulties have been identified under projects resulting from a lack of update of some of the</p>	No recommendation

	<p>participating in the survey conducted. There are also comments from beneficiaries on the way unit costs are formed for hourly remuneration.</p>		<p>amounts set out in simplified cost options against the background of rising inflation and rising costs. To the extent that, for BG05M2OP001-3.20, the last open procedure of the evaluation scope and the future procedures under the Education Programme has been established a mechanism allowing a periodic assessment during the implementation of projects pursuant to Article 184 of Regulation (EU, Euratom) 2018/1046 and a timely update of the amounts set out in standard scales of unit costs in the event of significant changes in market prices and other relevant circumstances, it can be concluded that the MA has taken the necessary action to overcome those difficulties.</p>	
--	--	--	--	--



## USED LITERATURE

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006;
- Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006;
- Commission Implementing Regulation (EU) 2015/207 of 20 January 2015 laying down detailed rules for the implementation of Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for progress report, submission of information on a major project, joint action plan, implementation reports under the Investment for growth and jobs goal, management declaration, audit strategy, audit opinion and annual control report, as well as a cost-benefit analysis methodology and, in accordance with Regulation (EU) No 1299/2013 of the European Parliament and of the Council, as regards the model implementation reports for the European territorial cooperation goal;
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (the Financial Regulation);
- Commission Delegated Regulation (EU) 2015/2195 of 9 July 2015 supplementing Regulation (EU) No 1304/2013 of the European Parliament and of the Council on the European Social Fund as regards the definition of standard scales of unit costs and lump sums for the reimbursement of expenditure by the Commission to the Member States;
- Guidance Document on Evaluation Plans, Terms of Reference for Impact Evaluations, Guidance on Quality Management of External Evaluations, European Commission, (February 2015) – Guidance Document on Evaluation Plans, Terms of Reference for Impact Assessments, Guidance on Quality Management of External Evaluations, European Commission (February 2015);
- EVALSED: The resource for the evaluation of Socio-Economic Development; EVALSED Sourcebook: Method and Techniques – European Commission Guidelines for the Assessment of Socio-Economic Development;
- Monitoring and Evaluation of European Cohesion Policy – Guidance documents for ESF, 2018 – Guidance documents for ESF, 2018;
- Guidance on Simplified Cost Options – Guidance on Simplified Cost Options
- Law on the management of European funds under shared management;
- Pre-school and school education law;
- Ordinance on Inclusive Education;
- Council of Ministers Decree No 100 of 8.6.2018 establishing and functioning a mechanism for the joint work of institutions for the inclusion and inclusion in the education system of children and pupils of compulsory pre-school and school age;
- Regulation on the financing of institutions in the system of pre-school and school education;

- Regulation No 15 of 22 July 2019 on the status and professional development of teachers, directors and other pedagogical specialists;
- Council of Ministers Decree No 161 of 4 July 2016 laying down rules for coordination between the managing authorities of the programmes and the LAGs and the Fisheries Local Action Groups in relation to the implementation of the Community-led Local Development approach for the period 2014-2020;
- Council of Ministers Decree No 162 of 5 July 2016 laying down detailed rules for the award of grants under the programmes financed by the European Structural and Investment Funds for the period 2014-2020;
- Council of Ministers Decree No 189 of 28 July 2016 laying down national rules for eligibility of expenditure under programmes co-financed by the European Structural and Investment Funds for the programming period 2014-2020;
- Public portal of the UMIS2020 system;
- Official statistics from NSI, Eurostat, etc.;
- European Social Scoreboard – The Social Scoreboard of the European Pillar of Social Rights;
- Studies, information and documents provided by the MA of the OPSPIS – Methodologies and Criteria for the selection of operations, Packages for application under the procedures announced under the OPSESG and annexes thereto, Instructions to beneficiaries;
- Iapo website – <http://opnoir.bg/>;
- Website of the Single Information Portal of the European Structural and Investment Funds – <https://www.eufunds.bg/>;
- On-site visits, interviews and polls to gather information;
- A Europe 2020 strategy for smart, sustainable and inclusive growth;
- National Development Programme Bulgaria 2020;
- Operational Programme “Science and Education for Smart Growth” 2014-2020;
- Partnership Agreement of the Republic of Bulgaria outlining the assistance from the European Structural and Investment Funds for the period 2014-2020;
- The National Reform Programme, the Council specific recommendations for the education sector 2015-2021;
- Strategy for effective implementation of information and communication technologies in education and science of the Republic of Bulgaria (2014-2020);
- National Strategy for the Promotion and Improvement of Literacy (2014-2020);
- National strategy for the development of pedagogical staff;
- National Strategy for Lifelong Learning 2014-2020;
- A strategy to reduce early leavers from education (2013-2020);
- Strategy for educational integration of children and pupils from ethnic minorities (2015-2020);
- National Strategy for Roma Integration of the Republic of Bulgaria (2012-2020);
- Draft National Strategy for Roma Equality, Inclusion and Participation 2021-2030;
- The Strategic Framework for the Development of Education, Training and Learning in the Republic of Bulgaria (2021-2030).

## APPLICATIONS

**Annex 1** – Methodology for conducting a survey of beneficiaries' views on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma under Priority Axis 3 "Educational Environment for Active Social Inclusion" of Operational Programme "Science and Education for Smart Growth" 2014-2020

**Annex 2** – Questionnaire to study the views of beneficiaries on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma, under Priority Axis 3 "Educational Environment for Active Social Inclusion" of Operational Programme "Science and Education for Smart Growth" 2014-2020

**Annex 3** – Results of an online survey of beneficiaries

**Annex 4** – Methodology for carrying out a study, through an interview with specific beneficiaries under Priority Axis 3 "Educational Environment for Active Social Inclusion" of Operational Programme "Science and Education for Smart Growth" 2014-2020, on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma

**Annex 5** – Main questions for conducting an interview for the opinion of project management participants with MES beneficiary on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma, under Priority Axis 3 "Educational Environment for Active Social Inclusion" under Operational Programme "Science and Education for Smart Growth" 2014-2020

**Annex 6** – Scenario of an interview with representatives of the project management teams with MES beneficiary (project BG05M2OP001-2.011-C04 "Support for success")

**Annex 7** – Scenario of an interview with representatives of the project management teams with MES beneficiary (project BG05M2OP001-3.005-0004-C03 "Active inclusion in the system of pre-school education" and project BG05M2OP001-3.004-0001-C04 "New chance for success")

**Annex 8** – Key questions for conducting an interview on the CLLD approach on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma, under Priority Axis 3 "Educational Environment for Active Social Inclusion" under Operational Programme "Science and Education for Smart Growth" 2014-2020

**Annex 9** – Scenario of an interview with representatives of the MA on the CLLD approach

**Annex 10** – Methodology for carrying out a study, through a discussion in a Stakeholder Focus Group on Priority Axis 3 "Educational Environment for Active Social Inclusion" of Operational Programme "Science and Education for Smart Growth" 2014-2020, on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma

**Annex 11** – Main issues for conducting a focus group to study the opinion of members of the OPSPIS on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma, under Priority Axis 3 "Educational Environment for Active Social Inclusion" under Operational Programme "Science and Education for Smart Growth" 2014-2020

**Annex 12** – Scenario of a focus group with representatives of the CN of the OP SESG

**Annex 13** – Main issues for conducting a focus group to study the opinion of representatives of the MA of OPSPIS on the effectiveness, efficiency and impact of procedures directed directly or indirectly at marginalised groups such as Roma, under Priority Axis 3 “Educational environment for active social inclusion” under Operational Programme “Science and Education for Smart Growth” 2014-2020

**Annex 14** – Scenario of a focus group with representatives of the MA of OP NSES

**Annex 15** – Scenario of an interview with representatives of the CDC

**Annex 16** – Scenario of an interview with representatives of the MA of OPHRD