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**TO: John Wiles, Paul Davis**  
**Project Officers**  
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**Room 6723 EUR/PDP/PD**  
**Washington, D.C. 20523-0071**

**FROM: Margot E. Machol**  
**President**  
**Chesapeake Associates**

**SUBJECT: First Quarterly Progress Report**

- **An implementation plan was prepared, and approved by, AID.**
- **Conversations have been held with a number of economists and government officials about the Institute. At an appropriate point, they will be approached to provide assistance and support, or to visit the Institute to provide training, or to assist in contacts with the appropriate people in organizations which can provide funding. Some of those who have been contacted include: Michael Mussa, Chief Economist at the IMF; Beryl Sprinkel, former Chairman, CEA; Heather Gradison and Alan Meltzer, AEI; Frank Vukmanic, Chairman's office, IDB; Jessica Einhorn, Vice President, Finance, IBRD; John Hauge, DAS Eastern Europe, Treasury; Richard Rahn, President, Novecon; John Peterman, Chief Economist, FTC; Tom Lenard, Heiden Associates; Todd Buccholz and Dianna Furchtgott-Roth, White House; Jim Miller and Dan Oliver, Citizens for a Sound Economy; Arlene Holen, Commissioner, Mine Safety; Susan Woodward, Chief Economist, SEC; Anne Brunsdale, Commissioner, ITC; Frank Bauer and Gary MacDougal, Bulgarian-American Enterprise Fund; and Thomas Gale Moore, Hoover Institution.**
- **Conversations were held with computer experts including John Borden and David Torealba, University of Maryland, and economists, including David Bizer, SEC regarding the specifications required for the equipment to be**

procured. Requests for bids were sent to five computer companies: Intelicom, Comp-USA, Micro-Center, Accel and American PC. Requests for bids were also sent to three non-computer companies: Staples, Office Depot, and Aaron Rents and Sells. Copies of the requests are attached. I have received some responses and have been following up with the other firms.

- I met with the President of the Bulgarian Academy of Sciences, Dr. Jordan Malinowski, and the Executive Director of the New Bulgarian University, Julian Popov, regarding space in their organizations. While neither is perfect, both could be acceptable. I hope to make a final determination within the next couple of weeks.
- A large number of economists in Bulgaria were contacted regarding serving on the staff and the Board of the Institute. I am very pleased that four very prominent, highly-regarded economists have agreed to serve on the Board: Mariana Todorova and Boyan Slavenkov, economist advisers to the President; Rumen Avramov, Vice President of the Agency for Economic Development and Coordination; and Lubomir Christov, Chief Economist of the central bank. I have interviewed four economists for staff positions: Goncho Gantchev, Vassvla Atanassova, Stephan Petranov, and Ivanka Petkova. I have also interviewed two potential office managers: Iskra Pehlivanova and Ludmilla Pryonova. No final determination has been made on any of the staff positions.
- I took my first trip to Bulgaria, November 17 to 21 (see attached trip report). I met with Bulgarian Government officials and U.S. Embassy and AID personnel; interviewed candidates for the staff and Board; and looked at potential office sites. I also made arrangements with an attorney to begin the process for registering the Institute. After considerable discussion with a number of Bulgarians, I decided not to make arrangements with a financial institution until such time as the Institute's offices were formally opened. I have had discussions regarding obtaining telephone service, but have not finalized arrangements, pending final determination of the office location. I also discussed obtaining the required local cost financing items, such as furniture and office supplies; I hope to be able to use some of the furniture from the New Bulgarian University or Academy of Sciences.
- I hope to make progress in hiring a staff person this month and to begin work on the budget, accounting manual, personnel policies, and job descriptions at that time. I hope to procure the equipment this month. I hope to make my second trip to Bulgaria in January to retain additional Board members, hire another staff person, finalize the Institute's bylaws, and hold the first Board meeting.

Trip Report  
Visit to Bulgaria  
November 17--21, 1992

Tuesday, November 17

- Arrived Tuesday afternoon. Met with Andrei Evtimov, Executive Director of Cresta Consulting to discuss schedule.
- Visited Center for Democracy. Met with Ognian Shentov and his staff; also had dinner with them. They would like my Institute to be part of their umbrella organization; I tried to convince them that competition is healthy.

Wednesday, November 18

- 7:30 breakfast with Frank Bauer of the Bulgarian American Enterprise Fund, and the Managing Director of their Sophia office, Searl Vetter.
- 10:00 a.m. meeting with Dr. Jordan Malinowski, President of the Bulgarian Academy of Science and Dincho Krustev, the Director of the Academy's library, regarding space in one of their buildings. Malinowski indicated he would support me but would need a formal request to take to his Board of Directors. He understands the Institute would be completely independent of the Academy; they would like to have access to our books and periodicals.
- Met at 2:30 with Mariana Todorova and Boyan Slavenkov, both economic advisers to the President. Both agreed to be on the Board.
- 4:30 visited Irena Komitova, Director of the Union for Private Economic Enterprise (UPEE). We discussed ways in which the Institute could informally assist UPEE, which is something like our Chamber of Commerce, as they work on laws to aid small businesses. She also showed me a number of resumes for office managers that she had recently gathered during a search she conducted for the EC.

Thursday, November 19

- 8:30 a.m. interviewed Iskra Pehlivanova as a potential office manager.
- 9:30 met with Krassen Stanchev, Director of the Open Society Fund. We discussed possible staff for the Institute; he recommended Georgy Panajotov, who works for Mr. Antonov.
- 11:30 met with Rumen Avramov, Vice President of the Agency for Economic Development and Coordination, who agreed to be on the Board.

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- Renata Indjova, on the Board of the Agency for Privatization, was also supposed to be in the meeting and Rumen indicated she was interested in being a Board member; however, she was ill, and I was unable to meet her during this trip.
- Also in attendance at this meeting was Vessvla Atanassova, their recommendation for the staff, a young woman two years out of college who is a research assistant in the central bank. While she seemed bright and personable, she is also very young and I did not interview her subsequently during this trip.
- Halfway through the meeting we were joined by Ventislav Antonov, President of the Agency for Economic Development and Coordination. We had quite an argument. He claimed to be surprised and upset that the Institute would be taking space from the Academy of Sciences, or the new Bulgarian University and claimed that would eliminate its independence. I challenged him to provide me with better space or to provide me with an impressive person who could work for the Institute, such as Georgy Panajotov. We argued with each other for quite a while; he agreed to think about the level of support he would provide the Institute.
- At 2:00 met with Lubomir Christov, Chief Economist of the Bulgarian National Bank (central bank). He agreed to be on the Board. He also recommended Stephan Petranov for the staff.
- 4:30 met with Gerry Zaar of AID and John Fogarasi of the Foreign Commercial Service to discuss the Institute.
- 6:30 met with Boris Landjev, an attorney recommended by Andre Evtimov. I arranged for him to assist in registering the Institute in Bulgaria, a fairly complex process that requires approved bylaws and a court appearance. He will draft bylaws and send them to me; I would hope to have a Board meeting in January to approve them and begin the formal process, which then will take one to two months.

Friday, November 20

- Saw Ron Utt of Novecon and John Konstander, Embassy Economic Counsellor at breakfast.

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- At 9:00 went with Dincho Krustev to look at the space proposed by the Academy of Sciences. It is quite grim and would need a lot of renovation, but could be acceptable.
- Met at 10:30 with John Struble, the Economic Officer of the U.S. Embassy.
- 12:15 interviewed Stephan Petranov, along with Andre Evtimov, regarding a position on the staff of the Institute. It is not clear when he could begin; I asked him to send me some of his papers.
- 2:00 met with the New Bulgarian University, including Julian Popov, the Executive Director and two assistants, Mikhal Minkov and Carollyne Hutter, an American sponsored for a year by the Open Society Fund. We discussed the benefits of locating the Institute in some of their offices; they are pleased to grant complete independence in turn for having access to some of our speakers.
- Took a taxi at 4:30 to look at the proposed space at the new Bulgarian University. Again, it is grim and requires renovation, although it could be acceptable.
- Met at 7:00 p.m. with Ludmilla Pryonova, a candidate for office manager.
- Spoke for about an hour on the phone with Ivanka Petkova, a potential candidate for the staff. She is very bright and well educated, but her interest runs toward capital markets, banking and finance. She will send me some of her papers.
- To summarize, I was pleased to have four distinguished economists agree to be on the Board. However, I was a bit discouraged about finding the right person to be the Executive Director, clearly the most important thing I have to do. The space possibilities, while not terrific, are acceptable. There is a high level of enthusiasm for the Institute among Bulgarian economists. All agree that it could have an enormously important impact on their policy process.