

**BULGARIA PILOT COMMUNITY FUND &  
SOCIAL ENTERPRISE PROGRAM**

**SIXTH QUARTERLY REPORT  
January 1 to March 31, 2003  
Submitted to USAID/Bulgaria**

<b>Grantee:</b>	Counterpart International
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<b>Contact:</b>	Arlene Lear, Senior Vice President Division of Civil Society Programs alear@counterpart.org
<b>Collaborating Partner:</b>	3NET Association

**COUNTERPART INTERNATIONAL**

**1200 18<sup>th</sup> Street, N. W.,  
Suite 1100  
Washington, D. C. 20036  
Tel: 202/296-9676  
Fax: 202/296-9679**

**113 Evlogi Georgiev Blvd.  
First Floor, Apt. 6  
Sofia 1504, Bulgaria  
Tel: 359 2 944 1071  
Fax: 359 2 944 7291**

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<b>Executive Summary</b>
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The Sixth Quarter of the Bulgarian Pilot Community Fund and Social Enterprise Program was filled with successful program activities, the call for and submission of an expansion extension proposal and finalization of the agreement with our collaborating partner, 3NET.

Community Fund Chepelare expanded their program into the municipality and the villagers in Bogutevo donated funds and committed in-kind contributions for their community's improvement. The Funds' first project to improve the public lighting of the town was completed, and decisions were made on their future goals.

Community Fund Gabrovo developed an innovative donor incentive program "give a lev, get a gift". The gift is a ceramic coin with the Fund's logo on one side and "one gift for Gabrovo" on the other. Over 2000 gifts were given out for donations of at least 1 lev.

Community Fund Blagoevgrad explored different ways in which they can best serve the community and decided upon an interesting school support program whereby the Community Fund will seek donations and then match funds raised by individual schools for approved projects.

The international conference and Belarus study tour developed by Counterpart Bulgaria and Counterpart Belarus was successful in bringing the two groups together for training on Community Funds, delivered by Jan Surotchak of Slovakia and the US, and in developing a network between the two countries.

The Bulgarian Community Funds also profited from an extensive financial consultancy by Giovanna Sedillo of Global Investment Opportunity. The results of the consultancy will be used to develop further financial training plans for the Funds and to assess their needs.

The Social Enterprises received training and consultancy. The contractual arrangements with BARDA did not serve to provide the best possible service to the organizations; therefore, individual contracts were signed with the Regional Development Agencies. Site visits were made to half of the organizations and the remainder will be visited next quarter.

Counterpart Bulgaria and Nachala met with USAID to seek means of cooperation in delivering loans to the Social Enterprises.

USAID requested that Counterpart submit a proposal for program expansion and extension which will increase the pool of Social Enterprises to 50 and expand the number of Community Funds to 5. The proposal was submitted in March.

3NET, our collaborating partner, was brought on board and immersed in program activities. Their participation in program implementation is already felt as a positive addition and we look forward to developing their capacity enhancement plan.

The quarter was most productive and full of positive energy and results.



<b>Project Purpose</b>
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**To enhance the sustainability of Bulgarian NGOs**

<b>Project Impacts</b>
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### **Community Fund Development**

#### ***Village of Bogutevo Establishes a Named Fund within the Community Fund - Chepelare***

The village of Bogutevo, located 20 km. from Chepelare, has a population of 250; 50% of which are pensioners and 26% are unemployed. A Local Initiative group launched the idea of establishing a Named Fund within the Community Fund - Chepelare with the objective of improving conditions for rural tourism. The idea received wide support from the residents of the village who managed to fundraise 3,000 BGN (1,600 USD) in one month. 95 individuals or 38% of the population donated an average of 3.5 leva.

#### ***Various Professional Groups Support the Fundraising Campaign in Gabrovo***

The first fundraising campaign of Community Fund in Gabrovo reached various professional groups who supported the campaign with individual donations. A key factor for the broad coverage of the campaign was the slogan – “Donate a lev, receive a gift”. The gift, a ceramic coin, is a symbol of the Community Fund and shows appreciation of the individual’s donation. More than 1,300 teachers and doctors made donations. A total of 2,000 coins were distributed during the campaign.

#### ***Community Fund Board Members’ Stories Inspire the Stara Zagora Initiative Group***

The motivation of the Stara Zagora Initiative Group increased visibly after meeting with Board Members of the existing Community Funds. The genuine stories of real people served as an inspiration and proved that human experience is the best motivation.

#### ***Increased Citizen’s Participation Reflected in the Organization of a Mini Public Forum***

The residents of Pavelsko, a village in the Chepelare Municipality, initiated a mini public forum to discuss the needs and priorities of the village. The forum was attended by 40 people who expressed their readiness to open a Named Fund within the Community Fund - Chepelare. As a result of the forum, an Initiative Group was formed with the objective to summarize the ideas for the development of the village of Pavelsko.

### **Social Enterprise Development**

#### ***Community Interested in the Start up of a Social Enterprise***

The Diabetic Union in Burgas officially launched their Social Enterprise on March 1<sup>st</sup> 2003. The opening ceremony for the Diabetic Step Health Center was attended by 100 community leaders including local authorities, businesses, health organizations and the media. Public interest in the Center highlights the importance of popularizing Social Enterprises as the mechanism to increase the sustainability of social service NGOs. In addition, the much publicized opening focused health authorities’ attention on the needs of Diabetics and on Social Enterprises as the mechanism to maintain the balance between the social and economic impact.

#### ***Business Trainings Help NGOs to Identify New Market Opportunities***

The “Gavrosh” Association in Varna and the Association of Parents of Children with Cerebral Palsy in Pernik, after attending a series of basic business trainings, discovered that their clients possess the necessary

talents for marketable arts and crafts production. With Counterpart's assistance, these two organizations began the search for advice and consultancy on the possibilities of craft production as income generating activities. Arts and craft production in these two organizations has the double effect of income generation for the NGO and labor therapy and skills development for the clients.

### ***Increased Interest within the NGO Sector towards the Social Enterprise Concept***

The new state policy on social contracting coupled with popularization of the Social Enterprise concept has resulted in increased interest in the model. NGOs across the country are now beginning to consider income generating activities as a real possibility for them to support their mission and program activities. This interest is reflected not only in requests for information, but also in requests to be considered for the next enrollment phase by 6 organizations.

## **Project Activity**

### **Management Overview**

#### ***USAID Portfolio Review***

In January, Counterpart – Bulgaria was invited to a portfolio review by USAID. The Counterpart – Bulgaria Chief of Party and Finance Officer attended the review during which USAID representatives familiarized themselves with the program and the value of its implementation to date.

#### ***Program Extension and Expansion***

In February, the program's USAID CTO called for a meeting with Counterpart and asked that we submit a proposal for an expansion and extension of our current program. The extension will cover an additional 12 months of implementation, and the expansion will increase our program to include a pool of 50 potential Social Enterprises and will increase the number of Community Funds to 5. The requested proposal was submitted to USAID in the middle of March.

#### ***Sub-Grant Agreements***

The sub-grant agreement signed with the Foundation Community Fund Chepelare was amended in February 2003 in order to enhance the scope of work and provide additional funding. The project was successfully completed at the end of March 2003.

Counterpart signed a sub-grant agreement with 3NET Association who were selected as collaborating partners of the Community Fund Program. The sub-grant agreement is for the period February 1<sup>st</sup>, 2003 through September 30<sup>th</sup>, 2005.

#### ***Loan Implementation Procedure and Application Form***

Counterpart Program Staff, following a series of consultations with Counterpart DC, finalized the main tools and documents for the Social Enterprise loans. Loan procedures with implicit stages, roles and responsibilities of the parties involved in managing the loans were developed and will be further discussed and finalized with the Loan Administrator.

### **Finance and Administration**

As per Bulgarian legislation, our accounting consultants Ms Chronika Ltd. prepared the annual financial report of Counterpart – Bulgaria and submitted it to the appropriate tax and statistical authorities. Counterpart also facilitated the preparation of similar annual financial reports for the three Community Funds in Blagoevgrad, Chepelare and Gabrovo.

**Information Technology**

***Counterpart Website***

The Counterpart Bulgaria web page [www.counterpart-bg.org](http://www.counterpart-bg.org) is regularly updated by the Counterpart staff. The web page has been linked to a consolidated list of Counterpart International websites which is published on the Counterpart HQ website (<http://www.counterpart.org/network>). This approach enables interested organizations and individuals to gather information and have access to resources available within Counterpart's network.

**Project Activities by Objective**

***Objective #1: Facilitate the process of community fund development in three communities in Bulgaria.***

Counterpart continued its provision of ongoing capacity building assistance to the Community Funds, which included trainings; technical support; methodological assistance in developing community needs assessment tools and internal documents. 3NET's participation in the program as collaborating partner began with an in-depth introduction to the Community Fund Project; its goals, objectives, achievements and lessons learned. Following the initial introductory phase, 3Net actively participated in planning and provision of support to the Community Funds. The involvement of BCNL and BCAF provided multifaceted support to the Funds and met a variety of local needs.

***Assistance with annual planning***

The first major task of the Community Funds this year was the development of their 2003 annual plan. Counterpart facilitated the process by conducting workshops introducing field-tested tools including annual plan formats and work plan and financial plan matrixes. Counterpart and 3NET reviewed and gave suggestions for the improvement of the plans, after which meetings with the Executive Directors and members of the Managing Boards were held for finalization and approval.

The decision of the annual financial support that Counterpart can provide each Fund was reached based on the development of a comparative matrix by Counterpart's Director of Finance. This support includes organizational development grants and matching funds grants.

***Assistance with the development of a financial system***

Financial planning and development of a sound financial system seemed to be the most challenging task for the nascent Community Funds. Counterpart invited Giovanna Sedillo, an international financial consultant, to assist them in the process. The Consultant participated in the annual plans review meetings followed by 2-day site visits to each Fund. The purpose of the consulting assignment was to enhance the Funds' capacities in the areas of financial planning and management, income generating activities, and organizational strategies for achieving sustainability. The Consultant worked intensively with each Executive Director providing hands-on-training and guidance in financial management utilizing actual programmatic tools. The Consultant also delivered NGO training to the Managing Board. The consultant recommended follow-up training on financial management and cash-flow.

***Methodological assistance with the development of Named Funds regulations***

Counterpart- Bulgaria researched and collected data on the different types of monetary funds (donor-advised vs. unrestricted) managed by Community Foundations in the United States, Russia and Slovakia and provided the results to the Community Funds. BCNL was asked to research the Bulgarian laws related to the development of Named Funds. Based on the information provided, the Funds developed and adopted Named

Funds policies and regulations. Several local donors in Chepelare expressed interest in creating Named Funds within the Community Fund; their ideas and suggestions were considered in finalizing the procedures.

***The Payroll Donation Scheme Presented as a valuable fundraising opportunity***

Counterpart invited the Bulgarian Charity Aid Foundation (BCAF) to conduct a one-day payroll donation scheme training to the Executive Directors and Accountants of the Community Funds. The training included a detailed presentation of the legal structure of payroll donations and offered suggestions and examples of payroll donation scheme popularization. Counterpart then assisted the Community Funds in preparation of an information leaflet on payroll donations for inclusion in their donor promotional packs.

***Assistance to newly emerging Community Funds***

The Public Council for Social Activities and Child Protection in Stara Zagora, a coalition of NGOs, local government representatives, and other institutions that have united their efforts to develop a strategy for social development, contacted Counterpart in January 2003 expressing their interest in creating a Community Social Fund to provide financial assistance to civic initiatives in the social sphere. Counterpart attended a familiarization meeting in Stara Zagora and presented the program: its successes, challenges and lessons learned. A Memorandum of Cooperation was signed and Counterpart committed to assist the Public Council in starting a Community Fund. The Public Council, following our methodology, organized the process in a participatory manner with representation from local businesses, local government and the non-profit sector, and applied democratic procedures to the formation of the governing bodies of the Fund. The Public Council initiated the process for selecting the Local Coordinator who will be the contact point for the Initiative Group. Counterpart and 3NET participated in the selection and provided guidelines for the Coordinator's Job Description. A joint planning meeting, conducted between the Initiative Group and representatives of Counterpart and 3NET, resulted in a 3-month plan for Community Fund start-up. Counterpart committed to provide ongoing assistance and training to the newly selected Coordinator and to provide them with an organizational development grant upon registration. Stara Zagora was included as a future Community Fund site in the proposal for program expansion and extension submitted to USAID in March 2003.

***International seminar on Community Funds***

At the end of March 2003, Counterpart organized an international training seminar: "Community Funds – good practices and effective models". The seminar was attended by 18 participants from Belarus; representatives of Counterpart Belarus and members of local communities who have either started the process of Community Funds creation or have expressed interest in doing so. Representatives of the Community Funds in Blagoevgrad, Chepelare and Gabrovo, the newly elected Coordinator of the Initiative Group from Stara Zagora, 3NET representatives and Counterpart Bulgaria Staff also attended the seminar. Jan Surotchak, the consultant, provided a comparative perspective on Community Foundations in the United States and in the CEE region. The seminar covered the topics of endowment building; donor development and fund building; grant-making; donor management; marketing the Community Fund idea and Fund services. The participants from Belarus and Bulgaria shared information and exchanged ideas on how to achieve sustainability. All participants, according to the evaluations, felt that the seminar was an intensive learning and networking opportunity.

***Belarus Study Tour***

Counterpart Bulgaria hosted this study tour at the request of Counterpart Belarus as a follow-up of the TOT on Community Funds conducted in Minsk by Counterpart - Bulgaria Community Fund Program Officer last year. In addition to the training seminar on Community Funds, the agenda for the study tour included a session on the Social Enterprise component of the Bulgaria Pilot Program. The culmination of the experience was the site visit to Community Fund Chepelare during which the Belarus people met with representatives of local government, non-profits and local businesses. The international participants and their Bulgarian colleagues brainstormed ideas for future exchanges and joint activities.

**Community Funds Achievements:****BLAGOEVGRAD*****Organizational development***

Two Support Commissions began work in this quarter: the PR Commission developed promotional materials; the Development Commission was formed and met. After evaluating the Executive Director's job performance, the Managing Board concluded that a person with greater management experience was needed and a new Executive Director was appointed.

***Annual fundraising and grant-making goals***

The Managing Board and the Executive Director developed the annual plan and budget in January. The planning process took into account the priorities formulated by the founders and the citizens who took part in the Public Forum organized by the Fund the previous year. The Fund's plan is to undertake 3 main projects in 2003: 1) improvement of the town swimming pool; 2) project for improvement of the living environment through renovation of a park walkway; 3) project to support local school initiatives.

The Managing Board decided to initiate a process to collect concept papers for civic initiatives that will be evaluated by the Projects Commission and will serve as the basis of future fundraising campaigns.

***Strengthening the relationship between the CF and the Municipality***

The Chair of the Managing Board initiated a meeting with the Mayor and the 3 Vice Mayors of the Municipality to familiarize the Mayor with the Fund's activities and annual objectives, and to attract financial support from the Municipality for the realization of some of these objectives. The Mayor committed to supporting the pilot project, renovation of the town swimming pool, with BGN 15,000.

**CHEPELARE*****Public meeting to determine the annual fundraising goals***

A public meeting, attended by 22 key figures including big local donors, local government representatives and civic activists, was called in January to review the 2002 achievements and to formulate 2003 fundraising goals based on the results of a public survey. The meeting was an excellent example of the participatory decision making process and demonstrated increased trust in the Fund as a mechanism for solving community identified issues. Three primary goals were identified: 1) renovation of the Chitalishte, which was originally built with funds donated by local citizens in 1880; 2) construction of a monument to Dimitar Zlatev, an honorary citizen who passed away in 2002; 3) renovation of the town park. Another important goal determined by the Board is the popularization of the Named Funds and funding of additional projects through such funds.

***Popularization of the Named Funds***

The Executive Director and the Managing Board organized public meetings in two municipality villages, Bogutevo and Pavelsko, to popularize the Named Funds concept. The goal of these meetings was to encourage residents to raise funds for civic initiatives that will benefit their village, and to have the Fund manage their funds and assist them with implementation of their goals. The concept was accepted with enthusiasm; villagers from Bogutevo formed and Initiative Group and applied for the creation of a Named Fund to support the development of Bogutevo.

Chepelare donors were also interested in the idea of creating Named Funds to support public causes that meet their interests.

***Expanding the scope of the streetlights project***

In January BGN 4,000 were raised for additional work on the street light project. New lamps were installed at the entrance of the municipality facing the Pamporovo resort, and attractive front lights were installed on public buildings. The successful completion of the pilot activity was very important for increasing trust in the Community Fund.

***Success in attracting external resources for renovation of the town park***

The Fund developed and submitted a proposal the Foundation for Local Government Reform (FLGR) for renovation of the town park with a cost of BGN 15,000. The Fund aims to increase the impact of the FLGR project by combining local and external resources; they have received a commitment for BGN 8,000 from the municipality, and plan to raise an additional BGN 4,000 from citizens and businesses.

**GABROVO*****Annual fundraising and grant-making goals***

The Managing Board and the Executive Director developed the annual plan in accordance with the priorities drawn from the 2002 Public Forum. Three primary fundraising goals were identified: 1) finalization of the pilot campaign for renovation of the ICU at the regional hospital and renovation of the premises for a cancer screening center; 2) a school support project; 3) a project for improving the living environment whose specific goal is yet to be determined. The Fund committed to large-scale civic engagement in the realization of its project goals, and to providing ongoing feedback to local donors.

***The campaign “Give one Lev – get one gift”***

The Community Fund employed innovation in attracting more donors to their pilot campaign: ceramic coins with the slogan “one gift for Gabrovo” on one side and the Community Fund logo on the other. These gifts were distributed to people who donated at least 1 Lev to the campaign. The initiative was widely popularized by local media and collection posts were set up in front of the Fund’s office, at the municipal administration building and at schools and companies. In one month the Fund distributed over 2,000 “gifts”. Local NGOs, especially the Association of Employers, the Women’s Charity Association “Mother’s Care” and the YMCA who provided Volunteers, supported the Fund by popularizing the “gifts” and by collecting donations.

***Received support from Local Government for the pilot fundraising campaign***

Local Government committed BGN 50,000 to support the pilot project, which in the minds of local people will increase the credibility of the Community Fund and provide the impetus for local donors to contribute.

***Volunteer starts work as office assistant on full-time basis***

In March, the recently retired Mr. Todor Petrov, a member of the Initiative Group, began volunteering at the Fund on a full-time basis. Mr. Petrov has many contacts in the business sector and has been of great assistance to the Executive Director in identifying and contacting donors.

***The Community Fund manages the funds of other local groups***

An Initiative Group for the restoration of an historical chapel that was destroyed during communism asked for assistance in managing the collected donations. A special bank account was opened for that purpose and the Fund assisted the Initiative Group in mobilizing local resources.

***Popularization of the Fund***

The Community Fund established permanent relationships with all local media, and managed to negotiate reduced prices with a local printer for printing promotional materials, which resulted in over 500 BGN in in-kind contributions for popularization of the Fund during the past 3 months.

**Objective #2: Assist in the development of Social Enterprises throughout Bulgaria**

The main objectives of the Social Enterprise component during this quarter were:

- To conduct a strategic review meeting of Social Enterprises
- To continue the process of Social Enterprise capacity building by organizing a series of trainings following the first year training plan, and by providing technical assistance through one-on-one consultations.

**Strategic Review Meeting**

A strategic review meeting was called to review the current situation and the progress of the Social Enterprises, to discuss major challenges and the performance of the regional consultants and, based on the preceding activities, define next steps.

A SWOT analysis was conducted and was followed by in-depth analytical discussions structured around 6 major points: clear Social Enterprise idea; active participation in trainings and utilization of consultants; improvement of organization's capacity; human resources; stage of development of the enterprise; major problems identified by the consultant, to fully understand the situation of each organization.

Based on the discussions, the Social Enterprises were divided into three categories: 6 NGOs have high potential to be successful in implementing their Social Enterprise idea; 9 NGOs have uncertainties, but with assistance there is the possibility for successful startup; 8 NGOs do not have the capacity to start a Social Enterprise at this time. We also defined our next steps (attachment).

The performance, active participation and conceptual understanding of the consultants are a key ingredient to the success of the Social Enterprises. A matrix classifying the Social Enterprises and the individual BARDA consultants was developed and evaluated. Based on the evaluations we met with the consultants during the site visits and discussed their work with the organizations. The consultants expressed their concerns that the organizations do not devote enough time and efforts to developing their Social Enterprise ideas.

**Training workshops*****Costing, Pricing and Financial Management***

In February, a 3-day training on Costing, Pricing and Financial Management was organized. The objective of the training was to enhance the participants' understanding and knowledge of costing and pricing and to thus improve their business planning capacities. During the training event, BCNL presented information on legislative amendments regarding taxes and social services, as well as changes in the Labor Code, the State Social Security Budget Law and other legal issues which affect the activities of the Social Enterprises.

Twenty six (26) Social Enterprise representatives, divided into advanced and basic levels, participated in the training, which was delivered by Ivanka Hristovich, a free lance consultant. The workshop consisted of lectures followed by group work that coupled the learned information with concrete examples from the participants' Social Enterprises. The participants learned the process and stages of financial planning, its specific characteristics and importance.

The training evaluations indicate that the participants were satisfied with the training.

**Individual Business Consultations and Additional Social Enterprise Support*****BARDA Consultations***

As a result of the Regional Development Agency consultants' complaints about BARDA and our own observations, we analyzed their performance and lack of coordination with the regional consultants and the effect this has on the quality of services provided to the Social Enterprises. Previous attempts to rectify the situation did not have positive results and we were therefore compelled to cancel the contract.

After cancellation of the BARDA contract, and upon analysis of the current method of training and consultation delivery, a decision was reached to sign individual contracts with each consultant and/or training provider rather than the current overarching contractual agreement with BARDA. This quarter, 192 out of a possible 690 hours of individual business consultations were provided to the 23 Social Enterprises. There are several reasons for the limited number of consultation hours: 14 organizations have a clear idea of their Social Enterprise and take advantage of the consultations; 4 are strong organizations that are only interested in the trainings and do not take advantage of the one-on-one consultations; many of the organizations are so occupied with their main activities that they lack the time to devote to development and implementation of their Social Enterprise idea; and some of the smaller organizations that are a "one man show" do not have the human resources. Additionally, the consultants report that the organizations do not take advantage of the consultations. BARDA's failure to meet the terms of their contract with the consultants reflected on their motivation to provide services. The individual contracts will eliminate the consultant related issues, and site visits to the organizations will serve to encourage the Social Enterprises to take advantage of the consultations.

***Finding a new Training and Technical Assistance partner organization***

A meeting with Integra was called to discuss possible partnership and mutual cooperation. Their social mission and focus are a perfect fit with our Social Enterprise program and they are interested in working with us. In January they launched a Micro Enterprise Development Program for Disadvantaged Women through which they manage and service small loans of up to USD1,500. They are open and eager for mutual activities and we will make every effort to utilize their capacities and skills.

***Counterpart Resource Library on SEs***

A list of all Social Enterprise resources available at the Counterpart – Bulgaria office was developed and made available to all interested parties. The list includes electronic materials, hard copies, books, publications, research and web-pages.

***Monitoring Site Visits***

It was determined during the strategic meeting that the organizations need additional monitoring, especially in view of the inadequate participation of the consultants; therefore the program team visited 10 of the 23 organizations this quarter and the remaining 13 will be visited next quarter. The site visits gave us the opportunity to monitor and evaluate the progress of the NGOs in regards to their Social Enterprise ideas, and their training and technical assistance needs. As a result of the information gathered during the visit we organized a Human Resource Management training for organizations which need these specific skills.

***Social Enterprise Loan Fund***

Counterpart-Bulgaria continued to work on the loan procedures and documents. The loan application form and general loan conditions and procedures were developed and finalized in coordination with Counterpart Headquarters. BCNL will check the legal issues related to the documents and the loans.

Counterpart-Bulgaria took steps towards selecting the Loan Administrator. A meeting was held between Nachala, USAID and Counterpart to discuss the possibilities of cooperation. The Loan Administrator role and responsibilities were clearly laid out and forwarded to Nachala for their Board's review and consideration in deciding whether or not they are interested in being the Loan Administrator.

***Belarus group training session***

As per the request from Belarus, a Social Enterprise component was included in their study tour program. The training session had the following structure:

- BCNL delivered a short presentation of the Legal framework of non profit organizations
- Social Enterprise Program Officer delivered a presentation containing the program overview and described the objectives and methodology and explained the Social Enterprise concept
- Representatives of 5 NGOs participating in our program presented their Social Enterprise idea and its implementation. The presenters shared their experience and challenges and gave advice for organizations that want to start a Social Enterprise.

### **Objective #3: Enhance the capacity of 3NET Association to support Community Funds throughout Bulgaria.**

#### ***Sub grant agreement with 3NET***

On February 1<sup>st</sup> the sub grant agreement with 3NET went into effect following USAID's approval. The agreement outlines the process of strengthening 3NET's capacity to be the support organization for Community Funds throughout Bulgaria through active participation in the overall implementation of the program and through capacity enhancement activities.

#### ***New skills set developed within 3NET staff***

The elaboration of 3NET's role as co-implementer of the Community Funds Program required a clear understanding of Community Funds by the 3NET staff. This process led to recognition and acceptance of partnership as the main enhancement tool and the following activities impacted progress towards the objective:

- Introduction to the Community Fund program
- Understanding Counterpart's operational system; a clear picture of our policies and procedures as they relate to our partners, i.e. planning and reporting
- Establishment of communication mechanisms with Counterpart
- Complete immersion into the day-to-day implementation: planning, coordinating, reporting, experiencing the mixed team approach
- Expansion of their network working with Counterpart's partner organizations and strengthening its existing partnerships with BCNL and BCAF
- Increase in their understanding of Community Funds through participation in Counterpart's seminar "Community Funds - good practices and effective models"
- Establishing new contacts and acquiring knowledge of NGOs in Belarus through participation in Counterparts seminar "Community Funds – good practices and effective models".

#### ***Introduction to Counterpart methodology for Community Funds Development***

Counterpart Program Staff applied a learn-by-doing approach to bring 3NET on board and provided them with an overview of the three established Community Funds. 3NET was informed in detail of Counterpart's vision and understanding of Community Funds development in Bulgaria and was involved in the day-to-day operation and exchange of ideas and information with the Counterpart team. 3NET's participation in program implementation was included in Counterpart's new Community Funds brochure, which they assisted in developing.

In addition, representatives of 3NET were involved in the process of identifying potential locations for expansion of the Community Fund program and were members of the assessment team formed by Counterpart. They were actively involved, both logistically and participatory, in the international training seminar "Community Funds - good practices and effective models" organized by Counterpart – Bulgaria.

### **Objective #4: Document and disseminate lessons learned and best practices for Community Funds and Social Enterprises.**

***A Case Study from Counterpart Program in Bulgaria Presented at an International Conference***

In February 2003, the Program Director attended an international conference on fundraising in Budapest, organized by the Civil Society Development Foundation - Hungary and Resource Alliance – United Kingdom. The conference was attended by 190 participants from 30 countries and focused on new fundraising trends and approaches in the CEE countries. The only Bulgarian case study at the conference was from the Community Fund in Chepelare “How to put a city in a new light” presented by Counterpart – Bulgaria. All participants were impressed with the success of the Community Fund - Chepelare in mobilizing the community to financially support initiatives that create long lasting changes.

***Counterpart Brochure on Community Funds***

In March, Counterpart – Bulgaria with the active participation of 3NET developed a new brochure to serve as a marketing tool for the project. Published in both English and Bulgarian, the brochure gives an overview of the project scope, objectives and methodology. The brochure contains a short profile of the three Community Funds with a description of their first projects and contact information. 1000 copies were printed and are currently being distributed to promote the model applied by Counterpart – Bulgaria in establishing Community Funds.

***Counterpart Awarded for Innovative Practices by Foundation for Local Government Reform***

Counterpart – Bulgaria presented the community fund and social enterprise models at a conference organized by FLGR and attended by 80 organizations and was recognized as an innovative implementer in applying worldwide models for improving the public environment in Bulgaria. The awarded innovative practices have been widely distributed to all Bulgarian municipalities, NGOs and central governmental institutions.

<b>Coordination and Cooperation</b>
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Counterpart International – Bulgaria conducted a series of meetings with other donors and support organizations in order to learn about their programs and exchange ideas for future coordination and cooperation. Listed below are some of the organizations:

***World Learning***

During the past quarter, the staff of Counterpart - Bulgaria continued active cooperation with World Learning in investigating different training opportunities for our partner organizations. In January Counterpart – Bulgaria submitted a training request for a Study Tour to the USA for representatives of the Community Funds participating in the program. The Training request was approved by USAID and the Study Tour will take place in June 2003. In addition, during the past quarter there were two training events for Counterpart supported organizations that were provided by World Learning: “Information and communication technology training for marginalized groups” (for 6 Social Enterprises that are developing IT training centers) and “Partnership for Local Development” (for representatives of the three Community Funds).

***JOBS Project Partners Meeting***

In March, Counterpart – Bulgaria Program Director was invited to participate in a JOBS Project Partners Meeting along with representatives from 27 development agencies, donors and partner organizations. The objective of the meeting was to present JOBS current strategy in Bulgaria and to explore possible areas of cooperation. JOBS future strategy includes the establishment of 10 new business centers; enhancing the effectiveness of JOBS centers network; institutionalization of the network by establishing a JOBS Association; development of special initiatives for vulnerable labor market groups (youth, Roma, military, women, disabled), textile, alternative agriculture, tourism, furniture, handicrafts and herbs.

***Department for International Development (DFID)***

Counterpart - Bulgaria Program Director and our Volunteer met with representatives of DFID within the British Embassy to present Counterpart's activities in Bulgaria and to discuss possible ways of cooperation in the social field. DFID programs in Bulgaria are focused on improving the public sector, strengthening capacity at regional and municipal levels, and strengthening civil society to reduce social exclusion. DFID representatives agreed that Counterpart's approach to building the capacity of NGOs for income-generating activities is focused on one of the largest gaps in the sector: lack of managerial capacity (especially lack of understanding of cost benefit analysis). DFID is interested in an integrated approach to the NGOs, combining resources from different donors and/or programs. Another opportunity is the Small Grant Scheme that may provide additional support to the NGOs that want to develop a viable Social Enterprise.

***Bulgarian Charity Aid Foundation***

During the quarter, Counterpart staff organized a series of meetings with BCAF to discuss possibilities for collaboration in implementing the pilot program for Community Funds in Bulgaria. As a result of a productive brainstorming session between both program teams, an outline of a work plan with joint activities was developed. It was agreed that both organization are working in the same field of interest and that we can combine efforts and resources in raising the public's awareness of philanthropy. Another sign for fruitful cooperation was the opportunity to publish a Community Fund Chepelare success story in BCAF's newsletter.

***Bulgarian Center for Non-profit Law***

During the quarter, Counterpart staff organized a series of meetings with BCNL to discuss possibilities for collaboration in implementing the Pilot program for Community Funds and Social Enterprises in Bulgaria. As a result of the meetings a work plan for joint activities was developed with an emphasis on expanding their involvement in program activities and utilizing BCNL's expertise in the field of social services and NGO legislation more effectively. Another field in which BCNL will be actively involved is in research and design of an advocacy campaign aimed at improving the conditions for the development of Community Funds and Social Enterprises in Bulgaria.

***Individuals and Organizations***

- Gail Sprinkle, Peace Corps Volunteer, Economic Development Consultant in Pleven  
Gail Sprinkle, a Volunteer based in Pleven met with the Chief of Party and Program Director to discuss opportunities for her involvement in the Social Enterprise Project. She has considerable experience in business development and can provide invaluable expertise and advice for the Social Enterprise in Pleven. Another important skill set is her experience in training and managing volunteers. She can provide training on how to run a volunteer program for the staff of the three Community Funds.
- Irene Porges, Peace Corps Volunteer, Economic Development Consultant in Teteven  
Irene Porges, a Volunteer based in Teteven met with the Chief of Party and Program Director to discuss opportunities for her to assist Social Enterprises. Although her experience in business development is vast, we are particularly interested in her arts and crafts expertise: product development, marketing and exporting of crafts products. She has a deep understanding of crafts marketing and can provide invaluable advice to the organizations that want to develop crafts as an income-generating activity.
- Jivka Nikolova, Executive Director, Agency for Regional Development and Business Center Vidin  
In an effort to further popularize the model of Social Enterprises, the Program Director met with the Executive Director of the leading business support organization in the Northwest Region (currently there are no NGOs from the region participating in the Social Enterprise Project). As this region is considered "less developed with limited resources", Counterpart – Bulgaria will make efforts to include NGOs from the region in the program expansion. The main source for trends in NGO and business development is

the Agency for Regional Development and they have expressed interest in popularizing working models for Social Enterprises that can provoke local NGOs to be innovative and pro-active.

### ***Discussion Forums, Conferences and Public Meetings***

- Peace Corps In Service Training, 21 January 2003  
The Chief of Party was invited to present Counterpart's program to the new group of Community Development Volunteers at their In Service Training. As a result of this presentation, 2 Volunteers are now assisting the Social Enterprise Program in business development and arts and crafts development and marketing.
- US Ambassador Reception for the Director of the United States Peace Corps, February 7, 2003  
The Chief of Party was invited to the Residence for a reception in honor of the Director of the United States Peace Corps. Important contacts were made with Volunteers that are interested in assisting our program.
- Radio Forum "Alternative Mechanisms to Finance Public Services" 11 March 2003  
The Program Director participated in a discussion on national radio for alternative mechanisms to finance public services with an emphasis on services for marginalized groups. During the radio forum, the Social Enterprises model was presented as an opportunity for NGOs to increase their financial sustainability through income-generating activities. Counterpart Program Director used the opportunity to promote Counterpart's activities in Bulgaria by presenting real examples of operational Social Enterprises. Furthermore, she presented Social Enterprises as an emerging field and as a mechanism for NGOs to support socially disadvantaged groups through income-generating activities.
- Official Opening of Day Care Center for Children with Cerebral Palsy in Pernik 24 January 2003  
Counterpart – Bulgaria staff participated in a ceremony for the official opening of a Day Care Center for Children with Cerebral Palsy in Pernik which was organized by one of the organizations included in Social Enterprise Project. The event was attended by a number of international organizations – partners of the NGO, local authorities and institutions and children with cerebral palsy and their parents. Mrs. Zorka Parvanova, the wife of the President of Bulgaria participated and inaugurated the Day Care in Pernik. Counterpart staff donated some small presents for the children during the charity concert.
- Training Workshop on "Development of Local Networks and Partnerships for Community Development", Stara Zagora, January 2003  
In January, the Community Funds Program Officer along with representatives of the Community Funds Managing Boards and Executive Directors took part in a training seminar organized by World Learning. The topic was "Development of local networks and partnerships for community development". The training brought together Community Funds, Telecenters, other NGOs and local government representatives from around the country.

The training enhanced the representatives of the Funds' skills in developing partnerships with local government, other NGOs and businesses that will contribute to community development. The training topics were fully in line with the long-term strategy of the Community Funds to become the focal points for cross-sector partnerships in the communities in which they work. Topics covered included: methods and tools for community needs assessment; SWOT analysis; identifying areas of overlapping interest for the 3 sectors; information about Bulgarian and international community development programs; familiarization with local examples of effective cross-sector partnerships. Last, but not least, the participants created new contacts and planned future exchanges.

- Training Workshop on “Information and Communication Technology Training for Disadvantaged Groups” March 2003  
The Social Enterprise Program Officer participated in a 5 day training workshop organized by the Center for Independent Living and funded by World Learning in Gabrovo from 4 – 9 March, 2003. Participants in the training included representatives from 6 Social Enterprises and 10 Telecenters. The objectives of the training were to help Telecenters and Social Enterprises with their IT activities and to encourage and facilitate connections and partnerships between them. The long term effect of the training was: new or improved services and/or training for disadvantaged and under represented groups.
- Conference on “Improvement of Public Services”, Sofia 26 – 27 March 2003  
Counterpart – Bulgaria Program Director participated in a conference organized by Foundation for Local Government Reform with the financial support of Open Society Institute and USAID. The objective was to present innovative practices and approaches in the social sector that will lead to an improvement of public services. Participants in the conference were representatives of municipalities, national institutions and non-governmental organizations working in the social sector. After the presentation of the Pilot Program for Community Funds and Social Enterprises, some of the participants expressed an interest to receive more information and to apply the models in their communities.

### ***International Cooperation***

- The 9<sup>TH</sup> Central and Eastern European Fundraising Workshop Budapest, February 6 – 9, 2003  
In February 2003, upon invitation from the Civil Society Development Foundation - Hungary, Counterpart-Bulgaria Program Director participated in a fundraising workshop with more than 190 participants from 30 countries. There were intensive parallel workshop sessions focused on different aspects of fundraising – corporate fundraising, community fundraising, organizing events, endowments and major gifts, raising money from individuals, etc. The most valuable part of the workshop was the direct contact with international experts in fundraising and pioneers from Central and Eastern Europe.
- “How to Start a Newsletter and Make it Work” Workshop Maastricht, Holland - February 19-20, 2003  
In February Counterpart-Bulgaria Administrative Assistant participated in a workshop organized by the European Journalism Center and supported by the Dutch Ministry of Education, Culture and Science. This two-day, intensive workshop introduced participants to the fundamentals of creating an effective newsletter for their target audience. Participants were taught the basics of QuarkXPress, the print design software used by experts throughout the world. Through practical exercises, they worked in teams to develop mock newsletters, using the principles taught in class. An important part of the training was the practical experience in developing effective promotional materials and the exchange of interesting approaches and ideas.

### **Leveraging**

All Community Funds managed to attract non-financial contributions in the form of voluntary labor, discounts for production of promotional materials and free media coverage of their activities. Community Fund - Gabrovo was most successful in developing relationships with service providers who offer discount prices: they received free business cards for the Managing Board and the Executive Director; free newspaper publications and one full-time volunteer working at the Fund’s office. Community Fund - Chepelare’s Managing Board members serve as an example of in-kind donors to the Fund: materials and equipment to be used by the office staff; free web site design and maintenance. The total amount of non-financial contribution by the three Community Funds is over BGN 2,500 for this quarter.

### ***Physical Assets***

- Chepelare – A member of the Managing Board of CF Chepelare donated a voice recorder for the activities of the fund. The estimated cost of the equipment is 200 BGN.

### **Volunteers**

- Counterpart - During this quarter, an international volunteer joined the team of Counterpart - Bulgaria. She is devoting an average of 6 hours of voluntary work per week and complements the existing team. She provides support to both Community Funds and Social Enterprises mainly in the following areas: development of marketing materials, Internet research on different topics, establishing contact with interested organizations, designing letters and invitations.
- Gabrovo – 10 new volunteers joined the work of the Community Fund; most of them are students from the local schools. Additionally, 2 permanent volunteers, both retired professionals, are working on a voluntarily basis for the Community Fund. The estimated cost of the voluntarily services is 200 BGN.

### **Services**

- Chepelare – The Community Fund in Chepelare negotiated with a local IT specialist for free web design and updating. Also, they received free design services for their promotional materials. The estimated cost of the service is 1000 BGN.

### **Access to Publicity**

- Blagoevgrad – The Community Fund in Blagoevgrad has developed a strong partnership with the most widely read newspaper in the city. The local newspaper, “Struma”, provided a discount for publishing Community Fund information. Also the promotional materials of the fund were developed at a discounted price. The estimated cost is 180 BGN.
- Gabrovo – The Community Fund in Gabrovo attracted local media and a printing house as partners. Both are providing discounts for their services – printing of media publications and design of promotional materials. All the promotional material developed for the start-up process of the Community Fund was with a discount. The estimated savings is 500 BGN.

<b>Lessons Learned</b>
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## **Community Fund Development**

### ***Combining the Roles of Donor and Technical Support Requires a Balanced Approach and Specific Skills***

Counterpart faced the challenge of being simultaneously a donor and a technical support organization to the Community Funds. The successful implementation of both roles requires a very balanced approach that reinforces certain performance standards, and at the same time leaves enough room for the Fund to independently decide upon the best methods to reach their desired goals. Counterpart assisted the Community Funds in identifying possible fundraising goals for the year, but the final decision was taken by their Managing Boards. At the same time, Counterpart developed a set of criteria to approve projects for matching funding, and relayed these to the Community Funds.

### ***Bringing New Partners on the Board through Learning by Doing***

Counterpart undertook the learn-by-doing approach in bringing 3NET onboard as a co-implementing organization. Immediately after the initial familiarization meeting, 3NET was involved in joint planning and activities implementation. Site visits helped them acquire a better picture of the pilot communities, and at the same time provided Counterpart with an outsider’s perspective on the current status of the Community Funds. The joint work of 3NET and Counterpart staffs proved to be the best way of introducing the co-implementing partner to the project.

**Social Enterprise Development*****Effective Coordination of Technical Assistance throughout the Country is Dependent on the Effectiveness of BARDA Network***

Counterpart – Bulgaria’s experience with BARDA in coordinating the provision of one-on-one consultations to the Social Enterprises showed that when there are internal shortfalls in the service provider’s network they have a direct affect on the quality of services provided. In order to alleviate the problem of poor coordination within the BARDA network, Counterpart changed the process and contracted directly with the regional business support organizations. In this way, at the cost of dealing with individual business consultants instead of centralized communication through BARDA, better quality and efficiency of business consultancy is being delivered.

***Monitoring Visits are Very Important in Order to Get Hands-on Experience for the Progress of the Social Enterprises***

After the strategic review meeting for the progress of the Social Enterprises that took place in January 2003, Counterpart Program Staff realized that additional monitoring of the organizations was necessary and started a series of site visits. An important objective of the monitoring visits was to assess the impact of the training modules for basic business skills and the effectiveness of the technical assistance provided by Counterpart. Another objective of the visits was to help some of the organizations clarify their Social Enterprise idea and elaborate an action plan with next steps. A big advantage for Counterpart Program Staff was the personal contact and getting real feedback on their progress in developing their Social Enterprise.