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Volunteers for Economic Growth Alliance

VOLUNTEERS FOR ECONOMIC GROWTH ALLIANCE BULGARIA BUSINESS AND TRADE DEVELOPMENT (BTD) SEMI-ANNUAL REPORT

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1. OBJECTIVES OF THE VEGA/BTD PROGRAM

The ultimate goal of the VEGA/BTD program is, through demand-driven cooperation with the business support organization (BSO) sector, to mobilize innovative ideas and sound business practices for the purpose of increasing competitiveness, generating jobs and developing sustainable mechanisms for delivery of business services to the private sector.

In addition, VEGA/BTD strives to promote dynamic and efficient public-private policy dialogue through targeted support to the Government of Bulgaria's small and medium enterprise (SME) policy agencies. Areas of emphasis include: SME assistance and promotion activities, investment promotion and development, economic policy reform initiatives, and improved competitiveness, particularly through assistance to industry-specific clusters active in the local economy.

In compliance with USAID/Bulgaria's Strategic Objective 1.3 "Economic Growth and Increased Prosperity", this initiative will create and improve already existing business systems and consultancy mechanisms. These business systems and consultancy mechanisms will engage in the strengthening of small and medium size enterprises that will secure their future sustainability and economic prosperity in the international market after 2007, when Bulgaria is expected to join the European Union (EU).

2. EXECUTIVE SUMMARY

During the first half of 2006, VEGA/BTD delivered projects to 40 BSOs, impacting over 380 Bulgarian businesses through SME trade show participation, EU standards certification processes, facilitation of consultations with potential investors and participation in awareness events with training components. Supported BSOs increased their revenues by \$49,661 and their profitability increased by 17.7% on a semi-annual basis. Eleven new jobs were created and another 98 were sustained. Over 82% of the new jobs created were for females. Twenty-three new products and services were developed and 29 were improved. That led to attracting 156 new members and to serving 110 new clients. Business linkages amounting to \$3,470 were completed and another 40 potential business connections were established. BSO clients conducted 15 consultations with potential investors, resulting in the establishment of over 24 new leads. Over 60 SME clients participated in training offerings conducted by VEGA/BTD-assisted BSOs. Additionally, 134 SMEs were represented at trade shows that BSO representatives were able to attend as a result of VEGA/BTD assistance.

As a result of the newly introduced awareness and outreach activity, the VEGA/BTD project has received broad exposure - through 17 commentaries and interviews in the local newspapers and news agencies - for its most recent disbursement of the third round of Small Grants. On the official launch of the "Authentic Bulgaria" Project, 27 articles and interviews with international consultants Sue Warren and Paulius Kulikauskas were generated.

3. PROGRAM ACTIVITY

A. ONGOING AND COMPLETED PROJECTS

I. Information and Communication Technologies (ICT)

1. **Project:** ICT Service and Quality Certification: Capability Majority Model Intergration (CMMI)

Client: European Software Institute (ESI) Center

Dates: April 2006 – May 2007

Project Summary: The ICT Service and Quality Certification activity is designed to help Bulgarian software and ICT service companies attain the international CMMI certification. Essentially, it ensures that companies have the right systems and processes in place to guarantee quality and enable them to absorb more rapid growth or investment. Co-financed by USAID, ESI will work with at least 12 companies ensuring that at least three get the full CMMI certification and the bulk of the rest reach what is essentially the ¾ mark (IT Mark certification). VEGA/BTD is matching the funding for the certification process contributed by the Regional Competitiveness Initiative (RCI).

Results: ESI has completed the first phase of the project, identifying four Bulgarian companies that are willing and ready to undertake an assessment of their management structure and to go through the complete CMMI process certification. ESI has also confirmed commitment from other companies on receiving a consultancy for the satisfaction of the criteria for the IT Mark. Currently, ESI is preparing individual action plans for each SME participating in the project.

Long-Term Expectations: It is expected that the CMMI Certification will improve the management structure and ultimately increase the revenues, future investment, and partnerships for each company that goes through the process. In addition, the activity will ensure that at least one Bulgarian consultant/BSO is able to attain the status of CMMI-certified assessor. This will lower the costs substantially for future Bulgarian companies that may want the certification, as currently they must hire expensive international consultants to go through the assessment process.

II. Tourism

1. **Project:** Authentic Tourism

Consultants: Paulius Kulikauskas; Susan Warren

Dates: May 2006 – May 2007

Project Summary: The Authentic Tourism activity is designed to help smaller hospitality and tourism providers to develop better tourism products and attract high-value tourists – not the low-value, mass-market tourists, common in the Black Sea resorts. This is done through a better understanding of target markets, creation of a certification and assessment system geared toward the things that matter (e.g. service, hospitality, community integration, local products, knowledge and culture), and a well

designed market strategy. The official government star rating system does not encourage or measure many of the things that are relevant to the smaller, more authentic establishments (restaurants, hotels, etc.), nor does it provide much that is particularly meaningful to the higher-value tourist.

VEGA/BTD plans to execute the project through a series of steps, including:

1. The design and implementation of an Assessment and Certification System for Authentic, sustainable tourism
2. The development and training of certified assessors who can continue the work long after VEGA and USAID have left Bulgaria
3. A marketing and branding campaign that will include:
 - a. The creation of an annual, commercially viable guide to Authentic Tourism providers
 - b. Specialized exhibition at a trade show (probably the alternative tourism trade fair in Hanover, Germany, next February) if funds can be made available from the Ministry of Tourism or EU
 - c. A study tour and familiarization trip (the latter funded by RCI)

For the purpose of developing the overall strategy of the tourism project and the creation of the assessment and certification system, VEGA/BTD is using the services of two international consultants with strong experience in this field and region. One will design the basic structure, content and processes for a sustainable product. The second is an expert in certification and assessment systems who will be responsible for the actual development and implementation of the system, including brief advisory services to the participating providers on how to improve their offering and overall services. This consultant will be paired with local BSOs and consultants to ensure the sustainability of the system.

Long-Term Expectations: VEGA/BTD expects that the Authentic Tourism Project will create awareness among Bulgarian bed and breakfasts (B&Bs) and family hotels on how to use their native authenticity to differentiate themselves from others in the tourism business. The certified hotels and B&Bs will have guaranteed authenticity, unique character, individuality, personalization experience, and will have the highest standards of unobtrusive service and anticipation of guests' needs. The better service and incorporation of local attractions, food, wine, and culture will attract higher value customers and will establish Bulgaria as an ideal tourism destination.

2. Project: Regional Tourism Development and Tourism Marketing Awareness Events

Locations: Gotse Delchev, Berkovitsa

Local Consultants: Innovative Solutions, Media Planet PR Agency, Traditsia, UNDP-Jobs, Ina Masleva

Dates: Gotse Delchev, March 8-10, 2006; Berkovitsa, March 13-15, 2006

Project Summary: In early March, VEGA/BTD in cooperation with the Labor Market Project (LMP) organized two events on regional tourism development and tourism marketing in Berkovitsa, Northwestern Bulgaria and Gotse Delchev, Southwestern Bulgaria. SME owners, local community leaders, artisans, and other tourism-industry representatives took part in interactive workshops and informational sessions. The two

locations were selected based on their demand for training, their potential for local tourism development, as well as their community commitment to host and participate in such events.

The LMP consultant from the United States and the local consultants presented practical workshops using such appropriate tools and techniques as interactive exercises and games to encourage trainees' participation and trigger the generation of new ideas in the community. The informational sessions included "Success Story" presentations of applicable models from other regions in Bulgaria that have developed tourism products. The agenda included additional information on alternative financing opportunities and other relevant donor programs operating in the respective areas.

Results: Thirty-three representatives of small hotels, restaurants, municipalities and regional associations, community leaders, and artisans participated in the event in Gotse Delchev and 36 in Berkovitsa. According to the feedback received from the participants, the events were a great success in terms of satisfying the participants' expectations and engaging them in creative thinking and strategic planning.

Long-Term Expectations: It is expected that as a result of the trainings provided by VEGA/BTD, Gotse Delchev and Berkovitsa will work better as communities and will provide better and more competitive tourism products to a wider target group of tourists.

III. Investment

1. Project: New Investment Law

Client: Ministry of Economy and Energy and Invest Bulgaria Agency

Consultants: Mark Frazier, Jan Havelka

Dates: June 19 – July 5, 2006

Project Summary: This activity is designed to draft amendments to the existing investment law for Bulgaria and help ensure its passage through the legislative process. Representatives at the Invest Bulgaria Agency (IBA) and the Ministry of Economy and Energy (MEE) who are responsible for developing this law have reviewed similar laws in the region and believe that the most clear and straight-forward one is the Croatian law, while the Czech and Hungarian versions have proven effective at accessing and implementing EU structural funds. VEGA/BTD helped, through the expertise of two international experts, the working group in the Ministry of Economy to review and adapt the Bulgarian law by adding similar incentives and structures, which will ensure the productive use of EU funds.

Results: The international consultants were paired with a local consulting company, and participated together in the working group at the Ministry that is responsible for drafting the amendments to the law. They made recommendations on the format and the actual incentives for investment that were welcomed by the committee. VEGA/BTD brought in two world-class consultants, Mark Frazier, who drafted the first version of Croatia's Investment Law and the Fiscal Impact Assessment that accompanied it, and Jan Havelka, former head of Czech Invest. Currently, the committee is in the process of

requesting an extension of the deadline for completing the amendments, since VEGA's international consultants identified several areas for further work. The Ministry of Economy and Energy is coordinating the adopted recommendations with other ministries before a final decision is made for next steps in the process.

Long-Term Expectations: It is expected that the amendments to the law will be introduced into the Parliament in the Fall, and hopefully accepted by the end of the year.

IV. Other

1. **Project:** Consultancy and Training on Business Planning and Proposal Writing

Local Consultant: Innovative Solutions

Dates: May 23 – June 30, 2006

Project Summary: In May, the Commercial Law Reform Program (CLRP) asked VEGA/BTD to assist three newly formed mediation centers in building their capacity in business planning and proposal writing as an additional attempt to increase their sustainability and to provide institutional development assistance for service improvement. VEGA/BTD used the services of a local consultancy firm, Innovative Solutions, which conducted group trainings with the staff from the three centers in order to develop their business planning and proposal writing skills. The consultants from Innovative Solutions assisted the centers with drafting short and long-term action plans and with scheduling follow-up meetings to evaluate the center's progress with implementing their strategies. The purpose of the training and subsequent tasks distributed was to expand the participants' understanding of the nature and benefits of business planning, to understand their strengths and weaknesses, and therefore, to create a package of complementary and comprehensive measures and next steps, which would ensure high quality results and improve the effectiveness and sustainability of the centers.

Participants:

- Bulgarian Chamber of Commerce and Industry – BCCI
- Stara Zagora Chamber of Commerce and Industry – SZ CCI
- American Chamber of Commerce in Bulgaria - AmCham

Results: Following the review of the business plans created by Innovative Solutions, all mediation centers managed to develop their business plans on time and according to the structure and techniques introduced at the training on June 1. The Mediation Centers representatives learned to estimate their costs and to make forecasts on the basis of the breakeven analysis. All three business plans received from the Mediation Centers have been well structured, clearly written and contained detailed descriptions of the services provided and the advantages of commercial mediation.

Long-Term Expectations: It is expected that based on the strategies for the development of the mediation centers, the long-term MBA EC consultant, who will be working with the three centers starting in September, will help them further improve the services offered and assist them in marketing those services better to the local communities.

2. **Project:** Financial Support for the Printing of a National Revenue Agency Bulletin
Local Contractor: Commit- Slavomir Yonev, ET
Dates: April, 2006- September 2006

Project Summary: The National Revenue Agency (NRA) identified the need for development of a newsletter in the form of a bulletin for internal and external use of in-house professionals and registered professionals throughout the country, working in the sphere of accountancy, mandatory social insurance, and tax payment and collection. As a result of recent changes in structure of the NRA and the upcoming EU accession of Bulgaria, NRA has taken the initiative to: a) ensure and provide easy access to information about changes in laws and commentaries of professional law makers, and, b) create a platform for discussions among the NRA and tax payers. The first issue (which is the final product of this project) will be finalized and delivered in September. The NRA is responsible for determining distribution methods with a revenue model that will ensure the continuance of this publication.

Expected Results: The NRA will inform VEGA-BTD with written reports about the future results from the newsletter publication and distribution. Such results are connected to an increased rate of tax-payment (due to better informed tax-payers); better enforcement of the laws and newly placed EU restrictions in the areas of accountancy and tax-payment, mandatory social insurance and others.

Long-Term Expectations: Increase the standard of tax revenue-related processes in Bulgaria, educate and prepare citizens and Bulgarian institutions in accordance with competitiveness initiatives in all levels according to EU standards.

B. SMALL GRANTS ASSISTANCE

In May, VEGA/BTD carried out the third round of its Small Grants Program. The Small Grants Fund is intended to support BSOs that plan innovative activities benefiting SMEs, and their SME clients. Twelve companies applied for the grants, nine received funding. The companies that received subsidies operate in the areas of tourism, consulting services, internet and communication technologies, and apparel. The winning projects are in the areas of marketing and market research, new product development, and professional training. For this round, the total amount of financing disbursed is close to \$24,000 while the total cost of the winning projects is close to \$50,000.

VEGA/BTD organized a special award ceremony in which the results of the third round of the Small Grants Program were announced. The winning companies participated in the ceremony, as did members of the Small Grant Committee, media representatives, and Mr. Michael Fritz, USAID Bulgaria Mission Director, who handed the award certificates to the winners.

Below are short descriptions and objectives of the grant-winning projects:

1. **Client:** Aleksander Mitushev FP
Project Name: "Popularization of the Ethnographical area complex- Zlatograd"

Project Description: Creation and implementation of an advertisement campaign promoting current and newly developed tourist initiatives and products in the Zlatograd Ethnographical area.

Project Objectives: The project intends to start an advertising campaign through traditional advertisement forms such as the national electronic media, internet website with informational and reservation system, billboards and other tools that will lead to an increased number of visitors and to a presentation of more and new products offered in Ethnographical area complex Zlatograd.

2. **Client:** Bulgarian Web Association

Project Name: International Web Festival, Albena 2006

Project Description: The International Web Festival in Albena 2006 is an open forum to Bulgarian and international companies and organizations and professionals involved in web design, development, management, marketing and promotion focusing on Southeastern and Central Europe.

Project Objectives: The goal of Bulgarian Web Association is to organize the International Web Festival, Albena 2006. The festival consists a of competition section, a section for seminars and trainings, and web exposition. The result from the Web Festival will be newly established contacts with experts, attraction of new clients, and exchange of information about the latest development in IT.

3. **Client:** TAURUS Consultants

Project Name: Creation and Implementation of Communication Strategy for TAURUS Academia launching

Project Description: Marketing strategy and campaign for a new training product oriented to advertising and marketing professionals.

Project Objectives: The goal of this project is to create and implement the company's new training product - a short training program providing systematized knowledge with an emphasis on Bulgarian practice and foreign experience. The graduates of Taurus Academy will receive certificates for Professional Qualification, recognized by the Ministry of Education.

4. **Client:** Kibela Destinations—Margairta Borisova

Project Name: Development, Marketing and Promotion of Walking Tours and an Agro-Tour in the Area of Coastal Dobrudja, Shabla Municipality, Dobrich region.

Project Description: Development, marketing and promotion of walking tours and an agro-tour in the area of coastal Dobrudzha, Shabla municipality, Dobrich region.

Project Objectives: The goal of the project is to contribute to the exposure of the richness of the area. It will integrate cultural features of the past and present thus

promoting conservation, attract more interest in the area to help build up sustainable tourism in the region, and offer an alternative to current farming activities.

5. Client: Bulgarian Association of Software Companies (BASSCOM)

Project Name: Promotional Catalogue and CD ROM of the Bulgarian Software companies.

Project Description: A catalogue and CD ROM with profiles of the Bulgarian companies producing and integrating software products and services.

Project Objectives: The goal is to do an overall promotion of Bulgarian software industry by putting together a catalogue and CD ROM with profiles of the Bulgarian companies producing and integrating software products and services. This project will lead to higher visibility and better representation in the export-oriented sector, which has a very high added value and is best positioned for high-end job creation.

6. Client: Stanley Comfort Travel Ltd

Project Name: American Society of Travel Agents (ASTA) TheTradeShow-Travel Retailing and Destination Expo- Sep. 10-12, 2004-Orlando, FL, USA

Project Description: Trade show participation – ASTA Trade show, September 10-12, Orlando, FL, USA

Project Objectives: The goals are to increase the exposure of Bulgarian tourism products to traveling professionals and visitors to the Expo, attract US travel agents and meeting planners to Bulgaria, and provide direct access to a market that has provided 15 million tourists on the territory of Europe.

7. Client: "Area Design – P. Petrov" SP

Project Name: Training and Consulting in Industrial Engineering Methods and Practices for Apparel Production Process Optimization

Project Description: Training needs analysis for small family hotels and guesthouses and elaboration of a communication strategy for the realization of a set of training programs for them.

Project Objectives: The goal is to accelerate company growth in sales, exports, and job creation by enhancing the company's productivity and efficiency in apparel manufacturing by 20%. The training will include mid-level management training in production line management, balancing efficiency and time measurements, improving production line lay-out, balancing and synchronization, developing technological documentation, and introducing improved working methods and operations to re-engineer one of the production lines to reduce garment production time and improve line productivity and efficiency.

8. Client: Traditzia- Foundation

Project Name: "The tradition in my home- come and see it"

Project Description: Development of new tourism products in five municipalities in the northwest Bulgaria region: Berkovitsa, Varshets, Georgi Damianovo, Chiprovtsi and Chuprene.

Project Objectives: The goals of the project are to create added value to local traditional crafts through development of new tourist products and diversification of the tourist products in five municipalities through the development of new products and services, to create an opportunity for integrated development of local crafts and tourism, to promote local crafts and traditions, to enhance the development of SME, and to improve the competitiveness of SME in the field of craft development.

9. Client: Agenda Ltd.

Project Name: Training needs analysis for small family hotels and guesthouses and elaboration of a communication strategy for the realization of a set of training programs for them.

Project Description: Provide training for small family hotels and guesthouses owners.

Project Objectives: The goals of the project are to assess the needs for training in small family hotels and guesthouses and to deliver the needed programs for training tourism entrepreneurs and internal HR development. The project will lead to boosting customer satisfaction thus increasing sales and revenue.

C. MBA ENTERPRISE CORPS – YEAR TWO ASSIGNMENTS

In Year Two, VEGA/BTD placed four MBA Enterprise Corps (MBAEC) members in local BSOs to work as long-term business advisors for a 12-month term with the BSOs and their SME clients. MBAEC members carried out a variety of tasks that promote the primary components of the BTD program, including, but not limited to:

- business plan development;
- marketing and sales techniques;
- development of new products/services;
- exploration of trade opportunities/international linkages;
- increasing adoption of grades and standards for quality control;
- facilitation of trainings and workshops throughout the year;

Below are short descriptions of the MBAEC assignments:

1. Association of Apparel and Textile Exporters in Bulgaria (AATEB)

MBAEC Advisor: Paris Childress

Responsibilities:

The assignment for the MBAEC Advisor is to work with the association management on improving and diversifying the services provided to the member companies, as well as to promote the organization and assist in its marketing efforts.

It is expected that the Advisor will work with the members and other companies in the sector to help them improve their operational management, HR policies, production efficiency, and assist them in business planning. The expected outcomes include:

increased competitiveness; expanded market share; and improved efficiency and management.

Duties of the MBAEC Advisor will include:

- Optimization of the Association's activities;
- Assessment of resources and recommendations for outsourcing of some of the activities/services;
- Promotion of the AATEB and its members;
- Assistance in the improvement of communication channels between AATEB, its counterparts and its members;
- Technical assistance/consultancies to member companies on:
 - brand development and proper market positioning;
 - enlargement of market presence and competitiveness; and
 - improved structure and practices of company management aiming at optimal use of available resources.

Accomplishments up-to-date:

Mr. Childress has worked on this assignment and has achieved the following results:

- provided assistance on development of the strategic plan for the organization;
- development and marketing of the web-site of AATEB;
- provided consultations to member organizations on proposal writing.

2. **Jobtiger**

MBAEC Advisor: Julia Daley

Responsibilities:

The Advisor will assist with international marketing, strategic planning and business development. The company has focused on developing a new scheme to expand its business model into similar emerging and developing markets. During the course of the assignment, the Advisor is expected to refine the strategic plan and develop a comprehensive business plan for attracting additional funds either by private equity or Initial Public Offering (IPO).

Some of the desired outcomes of this project are:

- Development of a comprehensive franchising scheme;
- Creation of the necessary documentation;
- Finalized documentation and start-up procedures for selected foreign partners;
- Finalized strategic objectives; and
- a comprehensive business plan for expansion

Accomplishments up-to-date:

Ms. Daley has accomplished the following:

- provided assistance on development of new services
- developed new service business model;
- analyzed some of the current products and services;
- developing franchising documentation.

3. **Sagitta**

MBAEC Advisor: Ryan Lyford

Responsibilities:

The MBAEC Advisor is expected to create a franchising strategy for "Road Runner",

establishing a network in the major cities throughout Bulgaria. "Road Runner" is Bulgaria's first multi-vendor delivery service providing both business-to-business and business-to-consumer delivery services. The business has a number of strategic assets including a proprietary IT system, in-house logistics processes, and a strong staff of professionals. The Advisor is responsible for expanding the geographic reach of these assets.

Specifically, the Advisor is tasked to:

- Acquire an understanding of the legal process and concept of franchising;
- Conduct market analysis on potential locations;
- Identify prospective partners or acquisition targets; and
- Develop a franchise plan and present it to these prospective partners.

Accomplishments up-to-date:

Mr. Lyford has accomplished the following:

- Development of corporate strategy for BG Menue;
- Development of plan for implementation of the strategy;
- Redesign the web page of the company.

4. Serdon Foundation

MBAEC Advisor: Joel Froese

Responsibilities:

During the course of the assignment, the MBAEC Advisor will be concentrating primarily on establishing the effective operation of the Serdon Foundation and completing the business plan for the organization, written by a previous MBAEC Advisor.

Objectives of the project are:

- Work with Counterpart International to continue to develop the Corporate Social Responsibility (CSR) sector in Bulgaria;
- Complete and polish the business plan for the Serdon Foundation;
- Plan an awareness event (such as a CSR conference);
- Strengthen the Central and Eastern European network of CSR consultancies;
- Find partners for Serdon;
- Develop CSR trainings;
- Work to develop the Sedianka concept.

Accomplishments up-to-date:

Mr. Froese has provided the following assistances:

- Revision and expansion of the Serdon Foundation Strategic Plan;
- Revision and expansion of the Sedianka Project Plan;
- Revision of Serdon promotional materials;
- Improvement of the technical and computer skills of Serdon personnel.

4. SPECIAL PROJECTS

As the result of the shift in the focus of the VEGA/BTD program to increase emphasis on Authentic Tourism, ICT, and to a smaller extent Financial Services as primary areas of work, the VEGA/BTD team underwent project management, presentation, and effective communication training to build its capacity to manage effectively the newly planned activities of the program. The two-day training improved the overall quality of team work

among the staff members and presented a good opportunity for enhancing their overall management and presentation skills, which will be crucial in introducing new concepts and ideas to local counterparts over the next several months, and to ask them to take ownership over some of the process. The team learned how to promote these concepts with confidence and convey them with enthusiasm to potential interested parties.

5. SUCCESS STORY

In a bid to set Bulgarian tourism on a new trajectory, VEGA-BTD has started a new initiative called “Authentic Bulgaria”, which, with the cooperation of Bulgarian tourism operators will see the development and implementation of an independent Bulgaria Quality Mark for hospitality providers and a privately managed certification system to attract new higher-value visitors who are seeking quality and original hospitality options.

“Authentic Bulgaria” is being developed by the international tourism consultants Paulius Kulikauskas and Sue Warren, working with more than 22 representatives of the Bulgarian tourism industry.

The Quality Mark will ensure that visitors seeing guesthouses, hotels or family-run establishments carrying the “Authentic Bulgaria” logo, can trust that they are high-quality and authentic establishments.

At the same time as giving a guarantee of quality, the initiative will provide a valuable business tool for providers to improve their professionalism and credibility in the marketplace.

The “Authentic Bulgaria” Quality Mark and certification system will complement the State system of certification which takes minimum standards into account. It will, however, have a much stronger emphasis on the characteristic experiences that authentic tourism provides. Items like hospitality, personalized service, ambience, cuisine and ties to the local community will carry the strongest weight in this assessment system.

At the outset of the project, nearly 70 tourism providers from across Bulgaria have expressed interest in being part of the initiative, in being assessed by independent assessors, and in being approved to carry the Quality Mark. Since the official launch of the project on June 12, many more tourism providers have expressed interest in improving their professionalism and credibility in the marketplace and in attracting higher-value tourists by carrying the Quality Mark. Their commitment to receiving certification of high quality in providing tourism products and services guarantees the attraction of higher-value tourists and improves the image of Bulgaria as an attractive tourism destination.

6. TESTIMONIALS FROM LOCAL COUNTERPARTS

Biotrade Bulgaria

As a result of the consulting assistance received from VEGA/BTD, we are in the process of negotiations with potential customers. We'd like to express our gratitude to VEGA. Respectfully, Nikolay Naydenov, M.D.

eFlag

eFLAG Learning Solutions financial training project, implemented with the support of a little under \$2,000 generated revenue in excess of \$13,000 in its first offering. This impressive return on the investment and leverage of six and a half times on the assistance resources shows the high demand for such training and speaks of its value to client companies. Especially successful was the blended (online/in-class) course in Financial Analysis and Forecasting as well as the new series titled Financial Management for Non-Finance Managers taught over the Internet. The training improved the financial operations of 55 Bulgarian companies. A total of 69 financial managers, planners and accountants from manufacturing, IT services, financial services, and trading companies completed the training and received certificates upon passing the final tests. eFLAG is planning to continue to upgrade and provide new offerings of the program which guarantees a long term effect on the improved competitiveness of Bulgarian companies and industry clusters.

ELC

As a result of VEGA/BTD assistance, ELC participated in the 2007 SIETAR EUROPA Competition. Three companies participated in the bid and ELC won the competition. The participation in this competition will lead to significant increase in revenues for ELC as a result of the numerous business contacts established.

ESI Center Bulgaria

As a result of VEGA/BTD-provided assistance, ESI Center Bulgaria was certified to IT Mark and the way to CMMI certification was paved. CMMI Class B Appraisal and completing CMMI certification have already been planned. In addition, the two local consultants that were paired with the US consultant were able to enhance their qualification, which led to increasing the capabilities of ESI Center Bulgaria to assist Bulgarian SMEs in their efforts to increase their compatibility.

ET Robert Alexandriysky – Global Service

During the period under review, with VEGA/BTD assistance, we were able to issue 16 bulletins, including market analysis, marketing and design information, and more than 100 news items from the world of textiles. All this information is to be available online through the web-site www.tune-in.info. The project plans that the web-site will be developed further with more news in English and Russian. This will make it a starting place for new ideas and smart entrepreneurs, based on the global awareness.

ICT Cluster

During the first half of 2006, the ICT cluster initiated, implemented, or took part in the following activities or events with VEGA/BTD assistance or influence:

During the period January – March 2006, ICT Cluster submitted another project proposal to the British Embassy, with the aim to support SMEs from other sectors of the economy through innovative IT solutions. (There was no direct impact from VEGA/BTD assistance, however, the cooperation with VEGA was instrumental for this activity.) During the same period, the ICT Cluster implemented a project financed by VEGA/BTD.

Branding, Positioning and Promotion: During the period January – March 2006, the ICT Cluster assisted the presentation of Bulgarian IT industry at the International CeBIT 2006 exhibit in Hanover. (The cooperation with VEGA was instrumental for this initiative.) The ICT Cluster developed a unified calendar for the BG ICT Industry, available at : <http://calendar.ictalent.bg/>. (There was no direct impact from VEGA/BTD assistance, but the cooperation with VEGA was instrumental for this activity.)

The ICT Cluster is continuing the work on the organization's web site. (VEGA's role in this process is limited to the development of the strategic objectives of the Cluster with the assistance of the VEGA consultant.)

Icygen

As a whole, we are satisfied with the assistance provided by VEGA/BTD and the consultant. It was instrumental in providing us with an outside expert opinion on our activities. It helped the company elaborate on a U.S. market penetration strategy for our BLUEVIZIA product line, which consists of a SME marketing software tool to be exclusively offered through e-commerce. The plan is being currently implemented.

JobTiger

The MBAEC Advisor assignment is focused on furthering different elements of the project for development of a new website, which is currently under technical construction. Apart from this main assignment, the MBAEC Advisor is working on the analysis and improvement of the existing online products, as well as on the development of franchising documentation for the existing products.

The work on the franchising scheme for expanding the company's business model into similar emerging and developing markets is the main focus of the MBAEC Advisor assignment. A tight deliverables and corresponding deadlines schedule for the franchising scheme has been prepared and implementation has started. Currently, a comparison of the competition in different marketplaces is in the preparation phase.

RSTU

The seminar conducted with VEGA assistance was instrumental in enhancing the skills of the participants in the marketing and sales of IT products and services as well as in the development of successful marketing strategies. The qualification and experience of the presenter, Mr. Boot, were extremely helpful in acquainting participants with the U.S. market for IT products and with the existing possibilities for Bulgarian producers that are seeking potential partners or clients in the U.S. The consultations and presentations of Mr. Boot were extremely helpful for the participating companies in their long term strategic planning.

RSTU's role of co-organizer of the event was extremely helpful in improving the image of the organization and its establishment as a professional organization in the Bulgarian IT sector.

The event became the foundation for a series of meetings aimed at establishing RSTU as an organization catering to the professional needs of BG SMEs from the IT sector.

Tourism Association Northwest Balkan

According to participants in the Marketing and Advertising for the Tourism Sector event, the interaction with the tourism consultants was very useful. Since most of the participants represented start-ups and this was their first exposure to professionals in the field, the practical guidance they received was extremely timely. The information they received on the different types and possibilities for financing of tourism projects was very helpful to most of the participants. Some of them have already developed new ideas for their future activities.

Appendix A - VEGA/BTD Monitoring and Evaluation Plan-Summary

**VEGA – BDT Semi-Annual M&E Report
 Period covered: January 1 – June 30, 2006
 Contribution to Targets Table**

I. Job Creation & Improved Economic Performance			
Performance Indicator	Annual Target	Semi – Annual Results	Fulfillment of Annual Target
1. Increase in BSO revenues	12% increase	\$49,661	N/A
2. Increase in BSO profitability	5% increase	17.7%	N/A
3. Increase in BSO employment	8% increase	Jobs Created - 11 Jobs Sustained - 98	N/A
4. Increase in the number of BSO clients / members who are using new/improved products or services	5 / BSO / year	New members – 156 New Clients - 110	New members – 78% New Clients – 55%
II. Investment & Trade Indicators			
Performance Indicator	Annual Target	Semi – Annual Results	Fulfillment of Annual Target
5. Number of investment / trade linkages, JV, etc. established	5 linkages completed	1 established 40 potential *	20%
6. Value of investment / trade linkages established	\$2,000,000	\$3,470	0.17%
III. Quality Assurance & Certification Indicators			
Performance Indicator	Annual Target	Semi – Annual Results	Fulfillment of Annual Target
7. Number of SMEs Benefiting from BSO services in the certification process	3 / BSO / year	60	50%