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Consultancy Report: AIB/ACDI Needs Assessment Survey - Bulgarian Private Flour Millers

Central and Eastern Europe: Agribusiness Exchange (ABE) Program

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Prepared for:

Agricultural Cooperative Development International
50 F Street, NW, Suite 900
Washington, DC 20001
Phone: 202/638-4661
Fax: 202/626-8726

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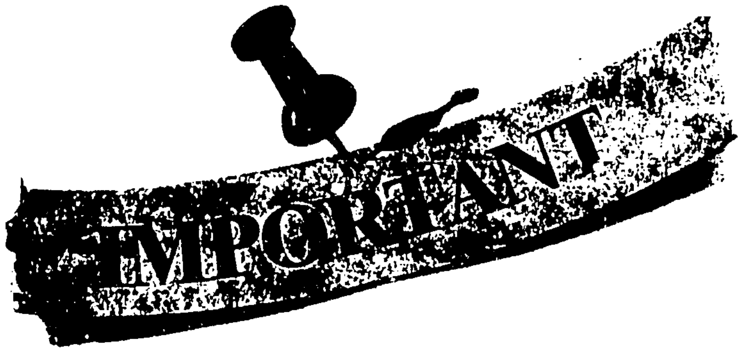

AIB/ACDI
NEEDS ASSESSMENT SURVEY
BULGARIAN PRIVATE FLOUR MILLERS

SECTION ONE

EXECUTIVE SUMMARY

When any individual attempts to print a picture of an "industry", it becomes an interesting interplay of medium, pigment, substratum, and lighting. It is most difficult to portray an accurate representation of a scene wildly rife with contrasts, contradictions, and controversy. Any portrait drawn by this report will necessarily resemble a paint-by-number canvas of the "big picture", rather than either a quick snap shot of fact or weathered old master rendition of true perspective. This survey resembles most a collage of fact and impression, statistic and rumination, as well as personal observation and impression. The format of the task at hand must be to keep the tones as true to original hue as possible, custom blending only the accent shades, while keeping the colors distinctively within the lines defined by the landscape which truly exists, not those forms which a jaundiced eye might wish to slant to a different form.

As approached, the survey project was not undertaken to reinforce any preconceived purpose or viewpoint. While in 1994 a successful joint AIB/ACDI project dealing with Romania's private milling sector was completed, which served perhaps as the springboard for launching this inquiry, the viewpoint of those conducting the survey of Bulgaria's private milling industry was always and remains: "Is the Bulgarian private milling industry in need of, and receptive to a similar training assistance initiative", not "Is there justification for conducting a similar milling program in Bulgaria, based on the Romanian experience". And, most importantly, "Is it reasonable to expect any such undertaking to be rewarding to the emerging cereal grain industry" and. "Logically can the project be implemented efficiently with a reasonable certainty of achieving its self-set goals"?

If these goals are indeed appropriate, then how to most successfully attain their completion becomes the primary purpose of this project.

Following the final seminar phase of the ACDI-AIB Romanian Private Miller Education Initiative of 1994, ACDI requested that AIB's Coordinator of Training Resources, Donald P. Pickering, Jr., conduct a Needs Assessment Survey of the Milling Industry in Bulgaria. This survey was conducted with the collaborative assistance of ACDI's country representative, Veslava Popova.

AIB's experience in the custom design and implementation of specialized training projects for the cereal grain industry during the last 75 years has been the cornerstone of both its activities and reputation. In the evaluation of the Bulgarian Milling Industry, a trio of assessment methods were utilized to correlate the sectors past, present, and foreseeable future practices, procedures and problems, including:

1. On-site AIB staff inspection and interview of a representative sample of industry principles.
2. Distribution of a standardized self-evaluation questionnaire to cross reference common industry concerns with the Bulgarian situation. Such questionnaire was configured with provisions to solicit specific input regarding individual company concerns.
3. Interaction with various domestic and international governmental agencies, non-governmental organizations, trade associations, industry press, and educational service/support groups.

Capsule Survey Overview

Historically and presently, significant differences exist in the cereal grain industries of these two (2) Bulkan neighbors. Bulgaria is considered to be the more agrarian culture of the pair, while Romania seems to be granted the status of a trader society. The relative physical sizes of the countries, along with their similarly proportioned populations, coupled with Romania's more mountainous, cooler climate, are obvious reasons for this cultural circumstance. Both countries have similar access to the Black Sea and Danube.

Both countries, in their post-communist form, are moving to wide scale land reform, with peasant farmers acquiring plots. However, significant amounts of large scale farm operations are yet to be liquidated in Bulgaria. True marketable land titles exist in something less than 10% of the land which has been redistributed in both countries.

The millers interviewed in Bulgaria are more likely to trace their current milling activities to the return of assets seized by the government in the late 1940s, as opposed to the entrepreneurial start of new businesses since the change in government. Although examples of new business are found in Bulgaria, a greater percentage of new mills exist in the Romanian industry with many millers considering their "second" facility presently. Those persons involved in the Bulgarian milling sector appear more likely (through our interviews) to have both longer term practical experience and a family connection to the milling field.

Compounding this less entrepreneurial basis in Bulgaria, are government policies and involvement in multiple levels of the grain industry which tend to limit the freedom of action of the private sector. Cries of "unfair competition", "inappropriate taxation". and "inertia" are louder in Bulgaria than in Romania. While each country's grain industry seems limited by its government's actions and inactions, Romania's millers seem more adept at working around their government's obstacles.

As a "country of traders", Romanians seem more apt to resist the attitude that "grain traders, speculators or merchants rather-than-producers/processors" are injurious to the industry. Obviously, in the volatile market in these countries, unstable economic (and currency) situations, social conscience and social impact must be respected in any attempt to effect change in the milling sector of a bread-based society.

However, the single most glaring difference between the two countries, is that for the past year in Romania the millers have been in a sellers market, while the Bulgarian milling industry has been a "buyers market". Had it not been for apparent shortages of high quality milling wheat, the Bulgarian industry could have experienced serious glut problems this year. Estimates indicate that Bulgaria today possesses flour production capacity of at least 130% of its current needs, and perhaps as much as 300% of its requirements. This one factor, taken in context with the more mature (experienced) nature of Bulgaria's milling industry, mandates any miller training project for Bulgaria be significantly different in content and thrust as compared to our successful program in Romania.

Training Project Opportunities

<u>Managerial Program Portions</u>

Due to serious economic, social and governmental limitations that exist in the "real world" today in Bulgaria, my main concern is that any business operational training activities be geared to "practical", immediate application in the Bulgarian culture. Fiscal resource management, business planning, and marketing are real concerns in the Bulgarian industry as most managers admit they've little formal training in managing a "non-central planned" organization. Financial management (accounting) capabilities seem to be their strongest suit. The most frequently encountered "managerial skill" assistance requests seemed to be in the field of personnel efficiency, which is of course tied to total mill modernization. However, it is not limited to equipment replacing people, but rather utilizes all their resources - financial, physical plant, personnel, etc. - "effectively".

Only people well versed in the cultural, governmental and economic realities of the current situation in Bulgaria will be well received by this basic "old-line" industry.

<u>Technical Program Portions</u>

As the experience level (measured by years in the industry) is significantly higher in Bulgaria versus Romania, the overall format of the course must necessarily be aimed at the "higher level" in the South.

The initial phase of technical training must establish common parameters for all latter stages, but also needs to integrate current Western Europe/American practices for comparative performance purposes. The subject material of the first two Romanian seminars will need to be compressed (with necessary abridgment in lecture presentations, but perhaps not so heavily abridged in the written materials) so as to not "bore" the participants. Also, sufficient "alternative" technology must be presented in the initial phase of training to establish the audience's interest level. This will help maintain the very low attrition level experienced during the Romanian project.

Presently it appears that the latter stages of the technical presentations need to be geared to practical operating scenarios. Benefit-to-cost performance factors must always be maintained as primary in importance.

While initial flour samples from Bulgaria have not yet arrived for laboratory evaluation, it appears that significant technical/quality issues exist between the Romanian and Bulgarian industries. Two (2) worthy of mention are:

1. Ash Standards: The classical definition in Romania for an acceptably "white" color wheat flour would be a flour whose ash content $\leq$ .680%. While numerous operations in Bulgaria were producing straight grade flours only, in the .600% range, significant production of higher grade .500 (whiter) and .700 (darker) grades were quite evident. Also quite evident was the production of quantities of dark (1.0 - 1.125%) flours. These more specific standards, coupled with both the previously mentioned "buyers market" and far more frequently encountered "mill laboratories" (limited by U.S. comparison) in facilities produce a market environment in Bulgaria much more "competitive" than that currently in place in Romania.
2. The wide spread use of "wet" grain cleaning practices with their innate cost and environmental consequences are but the most visible of many significant differences.

Other topics of specific training concerns could include: health and food safety issues, grain standards and commodity trading practices, grain and flour storage facilities, professionalization within the cereal foods industry, equipment modernization, plant lay-out/efficiency, personnel management practices, as well as alternative and value-added mill product development technology.

The design and implementation of an industry improvement program for the Bulgarian milling industry will vary from the program produced in Romania. However, its overall purpose and goals will most likely resemble those of the 1994 Romanian project.

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SECTION TWO

PROJECT SCOPE

The scope of this report must be defined as to which sectors of the private Bulgarian milling industry can be most appropriately addressed for inclusion in any subsequent training initiative.

Not all of the Bulgarian milling industry operates on the same level of production quantity, produces the same quality and range of mill products, or operates on the same basic principle of raw material acquisition.

Four different levels of production seem to be definable in the Bulgarian industry:

1. Small village level mills of limited total output, restituted to family heirs,

2. Mills with capacities of up to one metric ton of grain per hour, most which are operating at below their 24-hour capacity, which have been or are being restituted,

3. Mills with capacities of one to three tons of grain per hour, again with variable rates of full capacity utilization, and which may be of complex ownership.

4. New mills, typically of 1 metric ton per hour grain capacities, while new in their construction, which may or may not have ties to restituted businesses.

Most mills in Bulgaria fall into two categories based upon their mill product types. Approximately half of the country's operations merchandise a single, "straight-grade", of flour (with an ash content of approximately .600%) with an extraction rate typically in the mid-to-upper 60% range (with the residue sold as a bulk animal feed fraction). The remainder merchandise usually two, and sometimes three flour grades (with typical ash levels of .500%, .600%, and .700%) with occasionally a fourth darker flour grade (of an ash content of 1.100 to 1.200%), at similar to higher extraction rates (with the remainder again utilized as bulk feed).

Grain stocks are milled in private operations through two different acquisition schemes:

1. Custom Milling: Milling in which the producer (peasant, private business farm, or farming cooperative) brings grain to the mill for processing into flour to meet their own flour needs, or

2. Commercial Milling: Mill production whereby the mills owner(s) acquire grain for in house production of flour for re-sale purposes.

Most mills appear to practice a combination of both acquisition formats. However, some mills operate exclusively (or nearly so) in either style. Most small village mills are typically custom millers.

The challenge presented by this diverse production platform is obvious, "How do we construct an assistance project which will be meaningful to the entire spectrum of producers?" As the milling industry in Bulgaria is smaller than Romania's, the real challenge will be to both service a large enough segment of operations to make the project worthwhile and yet designate a concise group to ensure the effectiveness of the instructional agenda. Section seven's project recommendations will address this issue.

Exhibit One is the sole trade press reference publication available for study/preparation on the state of the Bulgarian milling industry prior to undertaking the actual in-country survey process.

Exhibit Two was the best societal review and travel guide our reference center had available for study prior to departure.

The vast political changes affecting Bulgaria over the past three years will ultimately change the face of the grain and milling industries in that country. These changes, albeit slow ones, are already becoming evident as witnessed by changes in the Ministry of Agriculture, recently introduced land reform and in the very structure of agriculture itself.

A small country of about 110,993 square km and a population of 8.9 million, Bulgaria has traditionally relied on agriculture as an important sector of its economy. Currently, Bulgaria's agricultural sector provides 12% of the country's total gross domestic product and employs 22% of the active labor force. In comparison, 20 years ago the sector contributed 46% of the G.D.P. and provided 38% of the country's employment.

Slow change marks Bulgarian flour milling

Despite its decline and an exodus from rural to urban areas, agriculture is still a critical sector to the country's economy. In its effort to change from a centrally planned to a market economy, the Bulgarian government views agriculture as a priority area for restructuring and development. Approximately 90% of the country's agricultural area has been organized into socialist agricultural units, but this structure is expected to change significantly in the future. Although major political changes have dramatically affected Bulgaria since late 1989 (including the revocation of the constitutionally guaranteed dominant role of the Communist Party), the basic tenets of agricultural policy have remained in place.

Still founded on centrally planned production, marketing and distribution, the government's objectives, similar to those of the Soviet Union and other C.M.E.A. countries, have been pursued through centrally determined prices, indicative planning targets and physical quotas, and collectivization. Government agencies have, therefore, entirely managed the system, leaving little choice in crop or livestock selection to farmers. Consumers also have had scant choice, for most food products have been in short supply at their given prices.

Until 1990, the government's Commission of Prices, a part of the Ministry of Agriculture, determined both producer and consumer prices of agricultural products, including grain. Therefore, the average cost of production of cereals was the basis for setting producer and consumer prices and the targeted standard of living. As consumer food prices are usually below producer prices and are adjusted for transportation, handling and processing costs, the government must subsidize food. During the spring of 1990, agricultural output prices were changed, falling into three groups: fixed maximum prices, fixed minimum prices and free market prices. Wheat and other grains were determined to fall in the fixed maximum price category, intended to protect domestic staples.

Until last year the central organization for the control of the grain and milling industries, Zumeni Hrani (Grain Foods Association), was responsible for the import, export and distribution of grain, and the determination of the quantity of grain flour mills received. Originally a part of the Ministry of Agriculture, the association was responsible for determining the price of domestic wheat while the government controlled the price of flour.

In late August 1991, the Grain Foods Association was officially eliminated. According to Dencho Penchev, former chief of the organization, this process of decentralization will be costly — now every region (about 30) will have to run its own agency, which will determine each region's grain production and needs.

"The process of coming privatization will bring new solutions — but also new problems — for the flour milling industry," Mr. Penchev said.

He expressed concern that the larger grain-producing regions might sell their production abroad, for example, without considering the domestic needs of areas with weak agriculture.

Mr. Penchev was also concerned about the role of the associations in regard to distribution of imported grain among the regions of the country.

"Now there will be confusion, without the 'center' of the association," he said.

Contrary to Mr. Penchev's views, this decentralization will finally give grain producers the freedom to make decisions, according to Bulgarian agricultural officials. Farmers will now be allowed to manage their crop and benefit from the results, they said.

Another significant change in Bulgaria's agricultural sector occurred in the spring of 1991 when the government instated a land reform law. This involves the return of about 6 million hectares to former owners by 1995. The land reform is designed to recreate small private farms of up to 20 hectares each or up to 30 hectares in mountainous areas. The demand for such farms would depend on the profitability of farming relative to other incomes. Aggregate sectoral output would likely increase under land reform, for private farmers would focus on higher-valued crops and livestock products. Output of lower-valued grain crops, especially wheat and feed grains, would most likely decline. After land reform, a policy of grain self-sufficiency may be unattainable. Therefore, the need for trade liberalization may be expected to increase following land privatization, the outcome of which will greatly affect the situation in the flour milling industry and its development in Bulgaria in the years to come.

By Mariana Kazarova, special to World Grain.

EXHIBIT 1

... Bulgaria produced a total of 7.7 million tonnes of grain, including 4.3 million tonnes of wheat, 1.9 million tonnes of maize and 1.3 million tonnes of barley. Harvested area for wheat, which has remained relatively the same in the past 10 years, generally accounts for half of the grain-producing area. Because of its moderately continental climate, Bulgaria is able to grow wheat in virtually every region of the country except the extreme southwest.

Wheat production increased from 3.6 million tonnes in 1983 to a record 5.4 million tonnes in 1989, with the change entirely attributable to increased yields. Although yields are static at 4.2 tonnes per hectare over the past five years, Bulgaria is technically proficient in the production of small-grain cereals. Foreign Agriculture Organization data show Bulgaria's wheat yields to be generally equal to or above those of other Eastern European countries.

Throughout the past five years, Bulgaria's imports of grain have fluctuated from 400,000 tonnes in 1987 to 100,000 tonnes in 1990.

Transportation of grain from the farm to the mill is via cars and trucks. Because Bulgaria is a small country with a varied landscape (very mountainous with many small villages with little access to main highways), this type of transportation is suitable for short distances. But in many ways it is wasteful because very often the trucks are open and a lot of grain is lost, according to Mr. Penchev.

At the end of the 19th and at the beginning of the 20th century, large numbers of flour mills were built, making flour milling one of Bulgaria's leading industries during this time period. In the 1920s, approximately 12,000 flour mills existed in the country, including several for the export of flour, 450 for the domestic market and 11,500 that were small-scale industrial enterprises. After collectivization took place in the 1940s, there were approximately 8,700 registered flour mills throughout the country.

Currently, 50 flour mills are operated, which satisfy most of the domestic market requirements, with a range of daily rated capacities from 100 tonnes to 750 tonnes. The largest mill is located in Sofia, with a daily rated capacity of 750 tonnes of wheat. The second largest is located in Burgas (at the Black Sea), with a capacity of 500 tonnes per 24 hours. There are also large mills in Blagoevgrad, Cherven Bryag, Pleven, Pazardzhik and Varna with capacities ranging from 200 tonnes to 250 tonnes per day. The remaining mills with lower capacities (100 tonnes to 200 tonnes per 24 hours) are located throughout the country, with almost an even distribution for every district.

All Bulgarian mills work on the three-shift system and produce approximately 85% of the flour needed for the domestic market. In addition, 70 other mills are used for industrial purposes or are owned by farmers for their own use. These two categories of mills feature low capacities, do not work throughout the whole year and most operate only on one shift.

About one-third of the wheat flour produced by the country's flour mills is distributed to bakeries by bulk and two-thirds in bags 50 kg each, both by rail and truck. The majority of Bulgarian bakeries are state-owned and privatization has not yet affected this industry significantly. Most are large wholesale-type bakeries for all major metropolitan areas. For example, Sofia and the surrounding metropolitan areas have three large bakeries to serve a population of about 1.2 million.

The wholesale bakeries typically produce three types of bread: white, whole-wheat and black. The bread, which is not sliced or bagged, is traditionally sold fresh. Over the past five years, the bakeries have begun to produce more varieties of bread. In smaller villages, the bakeries are state-owned, small operations where bread is made by hand.

According to the former Grain Foods Association, several factors will influence the Bulgarian grain and milling industries in the near future. These include the decrease of flour consumption per capita of the population — from 190 kg to 150 kg per year; an increase of percentage of high-quality flour; an increase of the production of whole-grain wheat and rye flour, which could substitute the traditional wheat flour; and the adoption of new grain varieties with better qualities and higher yields.

Previously highly centralized, Bulgaria's agricultural industries are adjusting to a changing economy.

E.B.R.D. to help reform Bulgarian agriculture

The European Bank for Reconstruction and Development (E.B.R.D.), which was established in 1990 to assist Eastern Europe's fledgling private sector, will provide assistance to Bulgaria in implementing a four-part economic reform program that includes modernizing of agriculture as one of its principal thrusts. The new agreement, announced last December, includes a rescheduling of debt, as well as assurances that the Bulgarian government is determined to press ahead on reform.

Ivan Kostov, Bulgaria's finance minister, reached an agreement on a strategy designed to expand the country's private sector through foreign investment. Besides agriculture, the areas affected will include the upgrading of the banking system, developing transport, telecommunications and energy infrastructures as well as the privatizing of the state-owned industrial sector.

In addition, the Bulgarian flour milling industry should witness the building of new mills in the grain-producing regions or in the parts of the country where there are shortages as well as the modernization of existing mills, said Mr. Penchev.

Perhaps the most difficult problem facing the Bulgarian grain and milling industries is the lack of adequate grain supplies at all levels of the industry.

In addition, many factories that build agricultural machinery for the milling and feed industries have been shut down. Now all the machinery has to be imported from abroad, which is complicated by the lack of hard currency.

In Bulgaria, the grain and milling industries are not yet privatized. However, the foundation for such a system has been started. For example, at the moment, the aim is a demonopolization and decentralization of the industry, where survey work is being done to find the former owners of the factories, mills, etc. But the difficulties in the industry are still the obstacle for radical reforms. ■

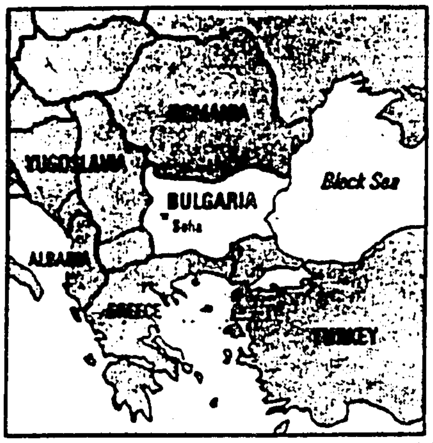


EXHIBIT 2

BULGARIA

Introduction

Bulgaria is emerging from the totalitarian shadows with a potentially brilliant future in tourism. It offers vacationers summer beach holidays on the Black Sea, winter skiing, gorgeous scenery and a series of extraordinary monasteries that dazzle the eye and stir the soul. Service standards, which even under Communism were relatively good, are rapidly improving. The continent-wide process of "De-Communization" has taken firm hold in Bulgaria, and there is a growing private sector eager to earn tourist dollars and hew to Western expectations regarding accommodations, dining and service. The only negative we encountered recently was that some hotels had begun posting ridiculously high hard-currency prices. If these establishments are avoided, however, Bulgaria can provide a high-value vacation.

Bulgaria looks increasingly to the West—fashion shows, heavy-metal rock concerts, a rise in imported goods and an expanding infrastructure reflect a cultural shift. For most of the population, the societal changes hold out the hope for greater choice and opportunity, but as in much Eastern Europe, there has been a steady rise in unemployment and prices. For the time being, the citizenry appears willing to put up with short-term hardships in the hope of better things to come.

Modernization hasn't reached very deeply into the rural areas. The horse and cart is still an important mode of transportation, and the roadsides are still decorated by rustic sights such as shepherds leaning on staffs, guarding their flocks.

The first Bulgarians were Thracians. Macedonians, Celts and Romans conquered the land one after the other; ruins from those civilizations can be seen throughout the country. Barbarians, Slavs, the central-Asian Bulgar tribe and the Ottoman Turks also played considerable roles in Bulgarian history. In fact, the Turks occupied the nation from 1393 to 1878 and are blamed locally for halting the progress of Bulgarian culture—many monasteries were razed during that half millennium. The fact that Russians helped liberate the country from the Turks explains present-day affection for Russia (and animosity toward Turkey). Bulgaria fought on the side of Germany in both World Wars but became a Communist "people's republic" in 1944, when the Red Army swept through on its way to Berlin. The nation was one of the U.S.S.R.'s most reliable satellites during the Cold War years and is still following in Moscow's footsteps—this time, in the direction of reform. Although Bulgarians kept Communists in power for longer than most of their Eastern European neighbors, the government elected in November 1991 had a non-Communist majority. No single party gained sufficient support to govern, so government cabinets have been appointed from a broad political spectrum.

Bulgaria, a Balkan nation, has beautiful mountains and valleys, both in the southern and north-central areas, and its coast features both sandy beaches and dramatic rocky areas. Ethnically, most people are descendants of Slavs, although there are considerable Turkish, Greek, Macedonian and Serbian minorities.

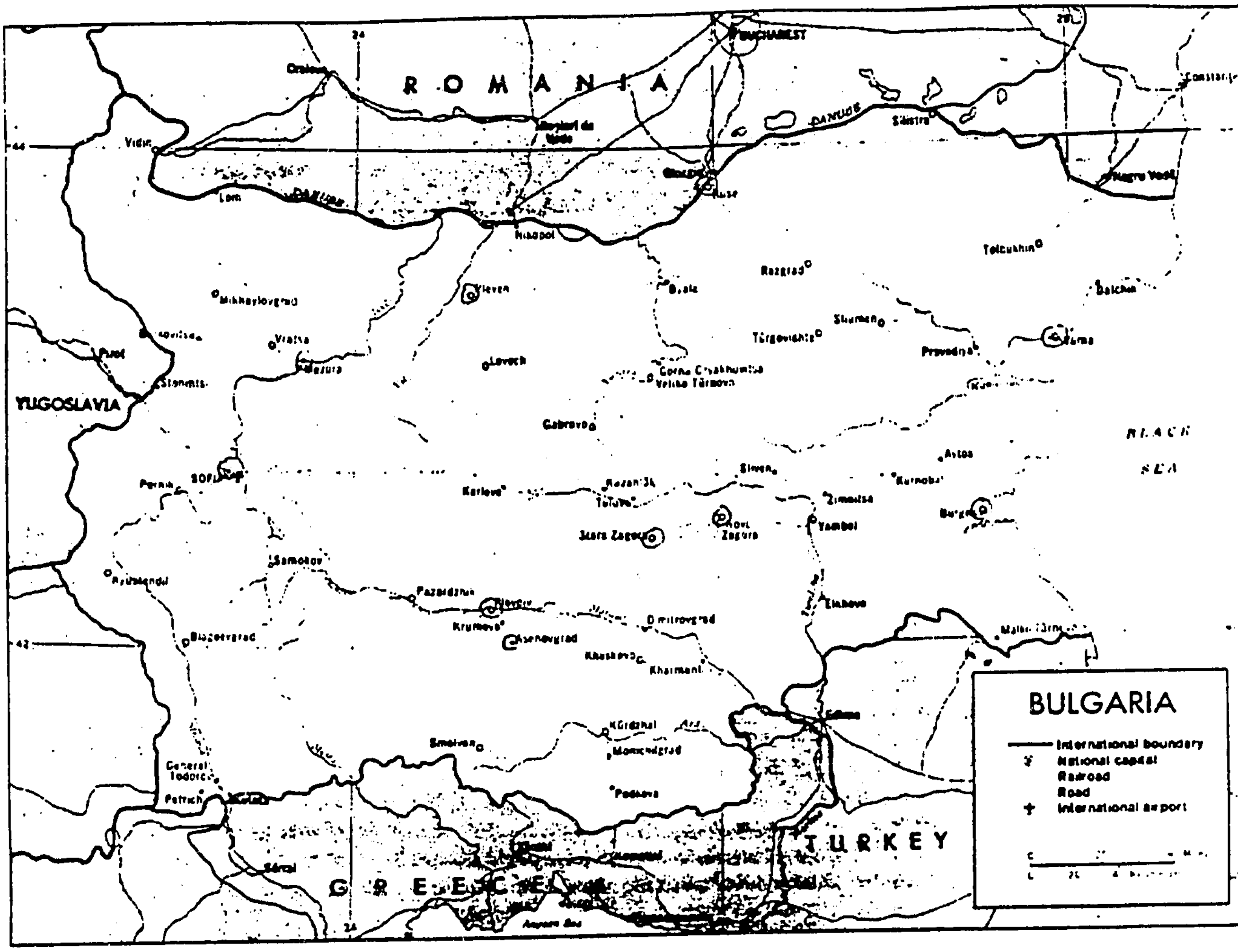
Snapshot

Terrific scenery, Black Sea beaches and water sports, old monasteries and churches, hiking and camping, Roman ruins, skiing, mineral health spas, casinos, quaint villages, folklore, museum towns and cultural events are Bulgaria's chief attractions.

Send those interested in seeing another aspect of Europe than is typically seen and who are slightly on the adventurous side—there's no particular danger, but few Bulgarians speak English. Inexperienced travelers will probably be happiest on tours, and visitors should be aware that they won't find the variety of food that's available in Western Europe.

What to Do There

BANKYA (Bankja)—This spa town is a good way to see how post-Communist Bulgaria is reworking the past: The estate of former Communist ruler Todor Zhivkov is now a first-class spa for visitors. (The spa is one of several in the



country that have been upgraded to Western standards.) Bankya, set in the pretty Lyulin Mountains, also features well-preserved Roman ruins and scenic hiking trails. *10 mi/16 km west of Sofia.*

BELOGRADCHIK—This small town is the gateway to an area of fantastic limestone crags and the ruins of a 17th-century fortress. Near the fortress are paths leading to views of the dramatic terrain. Magoura Cave, 18 mi/29 km away, features prehistoric drawings. Plan a half-day if passing through the area. *70 mi/115 km northwest of Sofia.*

BLACK SEA RESORTS—Many of the resorts along Bulgaria's 200-mi/320-km Black Sea coast offer adequate hotels, restaurants and water-sport facilities at relatively low prices. The overwhelming majority of tourists have traditionally come from the formerly Communist states of Eastern Europe, earning the area the nickname the "Red Riviera." Today, most of the erstwhile East Bloc countries are struggling with their economies, and holidays are not much of a priority. So at least for a few years, the crowds will be smaller than previously, and it should be fairly easy to book accommodations anywhere along the coast. (The resort traffic typically peaks July-August.)

Resorts with names like **Sunny Beach** and **Golden Sands** (Zlatni Pyassitsi) are rather charmless, but the quaint old towns of Sozopol and Nesebar (*see separate paragraphs*) or **Elenite** tend to be less expensive and are easy on the eye. There's a Club Med at **Roussalka**, near the Romanian border. Adventurous travelers might consider packing a tent and joining the many East Europeans staying in campgrounds along the shore. The drive between Varna and Burgas, passing quaint villages, hilly scenery and farms, is recommended, though the most appealing areas of the coast are north of Varna and south of Burgas (the former stretch is prettier, the latter less populated, but unless you have your own car, transportation can be a problem). **Note:** If you're trying to decide whether to visit Bulgarian or Romanian Black Sea resorts, we recommend the ones in Bulgaria. (*See also* Burgas, Nesebar, Sozopol *and* Varna.)

BURGAS—The coastal city of Burgas (pop. 198,000) once was an old Roman fishing village—today it's a major port. We suggest bypassing the new, rather ugly industrial sections of town and concentrating your visit on the old town. The biggest local draw is Burgas' beach, with thermal baths (spas) just to the south. Near the beach, the Sea Gardens (a large park) features several monuments and an immense amphitheater. Burgas' other attractions include a local history museum, numerous parks, churches (be sure to see the Church of the Virgin and the Church of Saints Cyril and Methodius) and monuments (including one marking the communal grave of those who died in the early revolutionary struggles). In the evening, walk down the main boulevard to people-watch or attend a performance at the Puppet Theater or Adriana Budevska Theater. Excursions can be made to Nesebar or Sozopol (*see separate paragraphs*); Sunny Beach or Elenite (see also Black Sea Resorts); **Bolsevik Island** (a monastery and museum in the bay); or the town of **Pomorie** (health spa with mud baths). Although a night's stay can be worthwhile, Burgas can also be explored on a day trip from any one of several nearby resorts. *245 mi/393 km by road east of Sofia.*

ETTUR—The highlight of Ettur is its Ethnographic Village Museum, a long row of authentic 18th- and 19th-century houses relocated from nearby **Gabrovo**. A stream runs through the peaceful wooded site between the houses occupied by Bulgarian craft workers making (and selling) shoes, hats, rugs, belts, jewelry and pottery. A picturesque tavern at the back of the site dispenses the local cuisine and brew. Ettur and the onion-domed votive church at **Shipka** can be seen on the drive from Veliko Turnovo (*see separate paragraph*) to Kazanlak (*see also* Valley of the Roses). Especially scenic is the drive over the 4,285-ft/1,306-m Shipka Pass. *90 mi/145 km northeast of Sofia.*

HISSAR (Hisarja)—Roman ruins beckon history buffs to this town—intriguing Roman walls, gates and statuary are scattered about the place. Other draws include 1,500-year-old Christian basilicas and an excellent museum displaying artifacts found in local excavations. In the summer, attend an open-air theater performance. The local spa, renowned since the time of Solomon, is quite popular. Most visitors see Hissar as a day trip from Plovdiv (*see separate paragraph*), but we think the town rates an overnight stay (or longer, if visiting the spa). *26 mi/42 km north of Plovdiv.*

KOPRIVSHTITSA (Koprivshtica)—A symbol of the "Spirit of '76" and national independence, this picturesque village is preserved intact as a monument to an uprising against the Turks that began on 20 April 1876. The resultant revolution led to war between Turkey and Russia, and, ultimately led to Bulgarian independence. The quaint stone and wood houses line narrow cobblestone streets. Below Koprivshtitsa is the scenic Topolnitza River—above lie verdant hills. Nine houses of the most famous re-volutionaries are now museums and provide visitors with an insight into living conditions of over a century ago. Plan half a day in Koprivshtitsa en route from Sofia to Plovdiv. *71 mi/113 km east of Sofia, 50 mi/79 km northwest of Plovdiv.*

KOTEL—This beautiful old town is known for rug-weaving, woodcarving and a school where folk instruments are made (and played). Kotel is charming—several hours could be spent shopping for rugs and walking the old quarter, where you can see 19th-century wooden houses with balconies—most are now museums. **Zheravna**, 9 mi/14 km away, is similarly quaint. Plan one night in Kotel. *76 mi/122 km northwest of Burgas.*

KYUSTENDIL (Kjustendil)—This ancient Roman town is situated amid beautiful wooded mountains. Once called the "Town of Springs," Kyustendil offers travelers mineral springs, an archaeological museum, art gallery and ruins of a Roman temple. Hikers can spend a day climbing nearby Mount Ruen (7,389 ft/2,252 m). If going for the spa or during the summer, when concerts and plays are performed, plan two nights; otherwise, one day is enough. *59 mi/95 km southwest of Sofia.*

MELNIK—A museum-like town in a rugged mountain region, Melnik is out of the way for many visitors but worth the effort to see. Though most of its ancient buildings were destroyed in a 1913 fire, an interesting history museum and some magnificent architecture remain, showing off stained glass, murals, carved wood, icons and mosaics. Be sure to see the churches of St. Anthony, St. Nicholas and Sts. Peter and Paul. Secular sites include Cincarova House, Pasova House and Kordopoulovata House, the biggest edifice constructed during the Bulgarian renaissance. Nearby are unusual earthen "pyramids" (shaped more like mushrooms) of windblasted sandstone. Note the vineyards; Melnik is known for its fine wines. Close by are Rozhen Monastery, a health spa and hot springs at **Sandanski**. *114 mi/185 km by road south of Sofia.*

NESEBAR—This ancient Black Sea fishing port, a UNESCO World Heritage Site, was built on an island connected to the mainland by a narrow causeway. The town has two main parts: A new section boasting lovely beaches and resorts and an old section with magnificent Byzantine and medieval architecture. The resorts draw large crowds in the

Geostats

Official Name: Republic of Bulgaria.

Visa Info: Passport, but no visa, needed by U.S. citizens for stays of up to 30 days. Passport and visa needed by Canadian citizens (get visa in advance or, for double the normal fee, at the border). Reconfirm with carrier before departure.

Health Certificates: None required. Contact health authorities for latest information.

Capital: Sofia.

Population: 8,908,000.

Size: 42,823 sq mi/110,911 sq km. About the size of Ohio.

Language: Bulgarian.

Climate: Continental. Coast has milder winters.

Economy: Industry, agriculture, mining, tourism.

Government: Republic.

Relationship with U.S.: Good.

Religions: Bulgarian Orthodoxy, Islam.

Currency: Lev (BGL). 100 stotinki = 1 BGL.

Time Zone: 7 hours ahead of EST.

Telecommunications: Good in cities, adequate elsewhere.

Electricity: 220 volts.

summer, but we believe they are worth enduring in order to see the four monasteries and ten churches (though they're in various states of repair, many offer wonderful frescoes, paintings and sculptures). Small, colorful boats contrast with the narrow quays and worn, ancient walls along the old quarter's waterfront. We found the houses in Nesebar to be quite interesting—the ground-floor walls are constructed of large stones while the second stories are of wood. Some people see Nesebar as a day trip from Burgas, but we suggest an overnight stay. (*See also* Black Sea Resorts *and* Burgas.) *25 mi/40 km by road north of Burgas.*

PLISKA—Pliska was one of the capitals of the first Bulgarian kingdom (AD 681-1018). If traveling between Sofia and Varna, plan to spend a few hours looking at Pliska's forts and historical museum. Related sights are at nearby Preslav (*see separate* paragraph). Between Pliska and Sumen is a turnoff for Madara; on the face of a rock wall near town is the Madara Horseman, a bas-relief dating to the 8th century (visible only from a distance—if you don't have binoculars, don't go out of your way to see it). *248 mi/400 km east of Sofia and 42 mi/68 km west of Varna.*

PLOVDIV—Plovdiv is Bulgaria's second-largest city (pop. 360,000) and one of the few featuring an original medieval town center (called Trimontium by the Romans). We stayed two nights and were sorry we had to leave when we did—the city is magnificent. Within the ancient city (said to be 8,000 years old) lie a number of ruins, including a relatively recently discovered Roman amphitheater (restored after 1977, it seats crowds of 3,000 for summer concerts). Other ancient sites include other Roman ruins (some right on the main pedestrian mall), Macedonian tombs, beautifully designed old houses and excellent museums. Be sure to visit the archaeological and ethnographic museums—the latter sports ornate artwork on the outside. Walk the hilly cobblestone streets of "Old Plovdiv," which has wonderful examples of 19th-century National Revival architecture, galleries and some of the best restaurants in the country. Many local artists sell their work on the street. A permanent puppet theater presents shows, and in May and September, numerous international festivals highlight various performing arts.

About 18 mi/29 km south of Plovdiv is the 11th-century Bachkovo Monastery, with its beautiful churches and murals (look closely at the saints' garments in the central church's frescoes—you'd swear they have texture). Allow half a day for this side trip (go on Sunday morning, if possible, when the atmosphere is most lively). Long day trips can also be taken to Smolyan or the Valley of the Roses (*see separate paragraphs*). Plovdiv is also near Pamporovo (*see also* Skiing). *97 mi/156 km by road southeast of Sofia.*

PRESLAV—If driving to/from Varna, plan to stop about 2 mi/3 km south of the city of Preslav to see ruins from the first Bulgarian kingdom (sculptures, columns and friezes). Nearby is a superb archaeological museum. (*See also* Pliska.) *55 mi/90 km west of Varna.*

RILA MONASTERY (Rilski Manastir)—Situated in a wooded mountainous area is magnificent Rila Monastery. Other monasteries may have more impressive individual frescoes, but the beauty of Rila is in its totality, i.e., its locale, layout and architecture. Founded in 927 but destroyed by fire in 1833, the holy site was rebuilt in the National Revival style. Today it houses beautiful icons, intricately woven carpets and a museum full of treasures, including a silver throne and the life work of Brother Raphael—a wooden cross featuring scenes from the Bible and 1,500 detailed characters, each the size of a grain of rice! The main cathedral itself is a work of art; its portico and inside walls are covered with frescoes. There's also a small museum showing how monks used to live. Often seen as a day trip from Sofia, the Rila area really merits two or three days of sightseeing. The wooded mountains surrounding the monastery are filled with many scenic sights, including glacial lakes, making it a worthy destination for outdoor types (marked trails, escorted treks and chalet accommodations are available for hikers). Near Rila Monastery is picturesque **Kocherinovo**, the "stork village." Legend has it that the town will be blessed with many children as long as its storks keep returning year after year to build their nests on chimney tops or treetops. *40 mi/65 km south of Sofia.*

RUSE (Rousse)—On the Danube River near the Romanian border, Ruse is a pleasant city—in fact, those who've just arrived from Romania will think they've reached heaven. Ruse (pop. 190,000) is a university town with a rich cultural heritage (art gallery, opera house, theater and museum). Excursions can be made to enormous Lipnik Park or the ruins of the 10th-century town of **Cerven**. But the real reason to visit Ruse is to see the nearby Ivanovo Rock Monastery. The monastery, comprising churches, chapels and caves with murals and frescoes, was built between the 12th and 14th centuries high up on the side of the picturesque Roussenki Lom river valley. It's open only to tour groups (if you're traveling independently and your timing is good, you can sign up with a group once you arrive in Ruse). *205 mi/330 km by road northeast of Sofia.*

SKIING—Bulgaria and its many mountains afford excellent—and inexpensive—winter skiing. Four well-equipped resorts are easily accessible from Sofia or Plovdiv. The mountainous areas are also excellent for hiking, offering cool weather in the summer, colorful wildflowers in the spring and enchanting foliage in the fall. Sofia, Plovdiv and Rila Monastery (*see separate paragraphs*) are easy day trips from various resorts. We suggest taking your own ski equipment if at all possible. Bulgaria's ski resorts include the following:

Bansko is in the Pirin Mountains, near the Greek border. It's really like two resorts—its two main centers are separated by pine forests. Skiing is adequate December-April. *60 mi/95 km south of Sofia.*

Borovets, with runs beginning as high as 7,875 ft/2,400 m, is the oldest established ski resort in the country, and its Rila Mountain location adds to its mountain village atmosphere. Borovets has slopes for advanced skiers—World Cup ski events are held there in March of every year. Less challenging ski areas are available, as well. *31 mi/50 km southeast of Sofia.*

Pamporovo, at an altitude of 5,315 ft/1,620 m, is the resort nearest Plovdiv. Seven hotels and a holiday village provide decent accommodations. Pamporovo's alpine-like buildings are set among pine trees on a steep ridge, and many rooms have great views. The resort features runs for all levels of skiers and is a favorite with families. *50 mi/80 km south of Plovdiv.*

Vitosha, located very close to Sofia, consists of three hotels, each with ski lifts, on the snowy flank of Mount Vitosha. The highest complex, Aleko Ski Center, is set at an altitude of 5,900 ft/1,800 m, providing 150 days of schussing a year. *15 mi/24 km south of Sofia.*

SMOLYAN (Smoljan)—This town in the lovely Rhodope Mountains can be seen on a long day trip from Plovdiv, though we recommend an overnight stay. At 3,310 ft/1,009 m, Smolyan is Bulgaria's highest town and is set against a lovely backdrop. The town has a modern museum/theater complex featuring excellent regional ethnographic exhibits, as well as modern and traditional art galleries. The town also offers a planetarium, cooper's market and several good examples of 19th-century National Revival architecture. *105 mi/170 km southeast of Sofia.*

SOFIA—Most visitors begin their tour of Bulgaria in this capital, a 2,200-year-old city (pop. 1,130,000) so rich in history that Roman ruins are part of a downtown department store and the 1,800-year-old Church of St. George (which also served as a Roman bath and a mosque) is in the courtyard of the Sheraton Sofia Hotel Balkan. When the pollution isn't too bad, Mount Vitosha can be seen from downtown. Plan on three nights in Sofia, making certain that one is a Sunday—Sofia church choirs are excellent. If possible, attend services at splendid Alexander Nevsky Cathedral (easily recognized by its 12 gilded domes). Even if you're unable to attend services, be sure to visit the cathedral to examine its beautiful carved marble, friezes and icons (the basement houses a magnificent icon museum).

The main sights of the city are centrally located and easily seen on foot, though it would take at least two days to see it all. An alternative is to take the battered streetcars—they offer an easy and very cheap way around the city (an excellent street plan, showing bus and trolley routes, is available from tourist offices). Reflecting the city's Ottoman heritage, several mosques in the city can be visited—our favorite is Bashi (the archaeological museum is also housed in a former mosque). Other religious sights include the Russian Orthodox Church of St. Nicholas and the recently renovated Church of St. Sofia. Shoppers can drop by the Central Market (colorful food displays) and central CUM department store (now sporting Western European boutiques). Be sure to see the Central Park, Municipal Baths, National Museum of History and the royal palace (very understated—it now houses an art and ethnographic museum and has, in a park behind the palace, a rather strange statuary garden that seems to feature people undergoing one form of bondage or another). Unique to Sofia is an equestrian statue of Russian Czar Alexander II. Bulgarians honor him as a liberator from the Turks (Alexander also freed the Russian serfs). The Mausoleum of Georgi Dimitrov, where the body of the former Communist leader used to be on display, is now closed—the body of "Bulgaria's Lenin" was recently cremated.

Just outside downtown are 900-acre Freedom Park and the National Puppet Theatre. In the evenings, you can see theater, ballet or opera performances at the National Palace of Culture or one of the theaters. Day trips can be made to 14th-century Kremikovtsi Monastery and the 13th-century Boyana Church (located at the bottom of Mount Vitosha, its medieval paintings are some of the best preserved in Eastern Europe). Nearby is the town of **Boyana**, where Todor Zhivkov, the Communist ruler of Bulgaria for 33 years, has been living under house arrest since his overthrow in 1989. Other trips can be taken to Bankya, Hissar or the Rila Monastery (*see separate paragraphs*). **Note:** Street crime has been reported on the increase in Sofia, especially around the big hotels and popular restaurants. Leave valuables in the hotel safe, and use a money belt or under-clothing wallets.

SOZOPOL—This small town on a Black Sea peninsula has a name that means "Town of Refuge"—its harbor has provided shelter for seafarers through the centuries. Sozopol is populated mostly by fisherman, but you'll notice artists sketching the scenery, attracted by the village's setting and stunning church and architecture (some structures date to the 7th century). You'll note that most buildings are two-story structures with shutters and balconies; many of them have elaborate upper floors of weathered timber. Daily boat service to the Ropotamo River makes for a nice excursion during the summer (boat trips farther up the river can be taken from there). Sozopol is also a good jumping-off point for the southern Black Sea coast, which is the prettiest and least developed part (though the atmosphere is changing—there are now a number of small resorts near **Primorsko, 37 mi/59 km south**). South of Sozopol, accommodations are available in **Kavacite** and at the Dyuni Holiday Village (in the "Fishing Village," "Monastery Compound" or "Seaside Settlement"). Private accommodations can also be found in villages south of the Ropotamo River. (*See also* Black Sea Resorts.) *225 mi/365 km east of Sofia.*

SPAS—All kinds of claims are made for the mineral spas that can be found throughout Bulgaria; they're said to relieve asthma, nervous disorders, arthritis, and cardiovascular, kidney and digestive diseases. Most spa hotels are equipped with hydrotherapy and assorted medical treatment installations; many of them have sports facilities also. Visits to Bulgarian spas, however, are generally made upon the medical advice of doctors—the average spa stay and treatment is 20 days! Among the more popular are those in or near Hissar, Kyustendil (*see separate paragraphs*), Bankya (12 mi/19 km west of Sofia), **Momin Prohod** (45 mi/73 km southeast of Sofia) and **Sandanski** (which claims to be the home of Kirk Douglas' ancestors—about 121 mi/195 km south of Sofia and 6 mi/9 km north of Melnik). Rhodope Mountain spas include those at **Devin, Narechen, Velingrad** and **Vurshets**. Along the Black Sea (near Burgas), **Pomorie** and **Sunny Beach** have spas, and near Varna, **Drouzhba** and **Albena** offer facilities.

STARA ZAGORA—Inhabited since Thracian times, this city of 122,000 has many historical and recreational sites. If you're in the area, see a nearby spa built on the site of third-century Roman baths, the district museum and a 15th-century mosque. *120 mi/195 km east of Sofia.*

VALLEY OF THE ROSES—Roses dominate both the scenery and local commerce in this region stretching between **Kazanlak** and **Klisura**. Area villages not only export the flowers intact, but they use rosebuds to create medicine, liquor and even jams. Flowers are, in fact, Bulgaria's oldest industry and an important source of foreign currency. Stop and smell the roses May-June, the best blooming time there is. To see pickers at work, be sure to go early in the day—petals must be plucked between dawn and 8 AM, before the dew dries. A rose festival is held in Kazanlak, the Valley's main town, on the first Sunday in June (there's also a rose festival in **Karlovo**). Kazanlak itself doesn't offer much (except, of course, a Museum of Roses), but a magnificent 3rd-century BC Thracian tomb with beautiful frescoes lies nearby (only a full-scale replica is open for viewing—the original is deemed too fragile and is accessible only to scholars). **Shipka**, some 7 mi/12 km north of Kazanlak, boasts a Russian Orthodox church with a stunning gold onion-dome. Northwest of Kazanlak, the Troyan Monastery offers excellent frescoes; closer in, the Dryanovo Monastery also merits a visit. *The valley extends from Klisura, 55 mi/90 km east of Sofia, to Kazanlak, 125 mi/200 km east of the capital.*

VARNA—Varna (pop. 305,000), Bulgaria's largest coastal city, is also its most developed Black Sea resort. All the construction, however, has not done away with its traditional offerings. Varna still has a ruined Roman citadel, two Roman baths, St. Anastasius Orthodox Church, a maritime museum (and aquarium) in the huge seaside gardens facing the beach and an excellent Museum of History and Art. Other museums include a well-preserved building that was the first primary school in Bulgaria and an ethnographic museum in a 19th century National Revival-style mansion. The city's entertainment is the best along the coast, especially during Varna Summer Festival between mid-June and mid-July, when ballet and opera are performed in the open-air theater in the seaside gardens. While there are some beaches, we prefer swimming/sunbathing in villages/towns outside the city (*see also* Black Sea Resorts). Trips can be made north to **Balchik** (another resort) by regular ferry or by hydrofoil south to Nesebar or Burgas (see separate paragraphs). Land excursions include Pobitite Kamuni (a "Stone Forest" of cylindrical rock formations) and the Aladzha Rock Monastery (9 mi/14 km north of Golden Sands). *291 mi/469 km by road east of Sofia.*

VELIKO TURNOVO (Veliko Tarnovo, Trnovo, Turnove)—This charming city in the hills along the Jantra River is one of our favorites. Founded in 1185 in a deep valley, Veliko Turnovo was, 700 years ago, the capital of the second Bulgarian empire, at which time it became a noted center for art, literature and culture. Plan at least two nights to walk the winding cobblestone streets—be sure to look for Georgi Sava Ranovski Street, where you can watch weavers, instrument makers, coppersmiths, potters, woodworkers, coopers, glassblowers and other craftsmen making and selling their wares. There are also dozens of centuries-old churches and several museums, as well as excellent examples of 18th- and 19th-century houses (one, the Nikoli Han Building, is an outstanding example of the National Revival style of architecture). While you're in the area, don't miss a visit to the Momina Krepost Fortress (**Tzarevetz**), a medieval walled town on a hill; much of it has been reconstructed, and its walls and tower are lighted at night. A nearer fortress, **Trapezica**, holds the ruins of 17 churches. Some 20 monasteries dot the surrounding area, the most impressive being Preobrazenski (Transfiguration) Monastery, with four churches. One of them has fascinating frescoes inside and out; another is located near a cemetery and features a charnel house—monks' skulls and bones line the walls of its cellar. If you're up for seeing yet more monasteries, visit two in the nearby village of **Arbanassi**. *120 mi/195 km northeast of Sofia.*

VIDIN—This town of 50,000 lies on the banks of the Danube. Vidin is the site of the medieval Baba Vida Fortress, a district museum, and several churches and mosques of interest. *90 mi/145 km north of Sofia.*

Itinerary

Because most visitors to Bulgaria are unfamiliar with both the language and the country itself, they take escorted tours arranged either by government-run Balkan Holidays or by a North American-based tour company. While the country can be more demanding than many European destinations, it's every bit as safe to tour by rented car as Germany, France, the U.S. or Canada (for the best price, reserve a self-drive car from North America). In fact, experienced travelers who are somewhat flexible might enjoy going it alone; we've had some of our most memorable travel experiences while getting lost in Bulgaria. Though a visitor could easily spend two weeks in Bulgaria and not be bored for a moment, most travelers plan only a week. If that is the case, simply end the following itinerary on Day 7 or 8.

Day 1—Arrive Sofia.
Day 2—Sofia.
Day 3—Sofia; day trip to Rila Monastery by rental car.
Day 4—Drive to Koprivshtitsa, then continue to Plovdiv.
Day 5—Plovdiv.
Day 6—Plovdiv; day trip to Bachkovo Monastery.
Day 7—Drive to Hissar for an overnight stay.
Day 8—If leaving Bulgaria, drive or fly to Sofia for departure. If staying in the country, take a day trip to Smolyan or leave early for Burgas via the Valley of the Roses with a stop at Kazanlak to see the replica of the Thracian tomb.
Day 9—Burgas; day trip to Sozopol.
Day 10—Drive, bus or hydrofoil to Varna with a stop at Nesebar.
Day 11—Varna.

Day 12—Drive to Pliska and Preslav, then on to Veliko Turnovo.
Day 13—Veliko Turnovo.
Day 14—Return to Sofia
Day 15—Depart Bulgaria.

This trip can be lengthened in several ways. An extra day could easily be added to Sofia, Plovdiv, Varna and Veliko Turnovo. Or instead of going to Rila and returning to Sofia, see the monastery then continue south to Milnik or the spa at Sandanski. A day or two later drive to Plovdiv through the Pirin Mountains (via Smolyan and Bansko). Visitors could also add another two days by including Ruse and Ivanovo Rock Monastery between Varna and Veliko Turnovo—or add time for a spa or skiing.

When to Go

Bulgaria's most comfortable temperatures are found mid-May to mid-September, with days in the 70-80s F/23-32 C. The country's climate is influenced by the Mediterranean and Black seas, making for generally mild conditions throughout the country. Summer days rarely get too hot. In the mountains and in the evenings, temperatures are about 10 degrees F/5 C cooler than in the rest of the country, on average. The winter can be bitterly cold, snowy and damp, but health spas are open then and the skiing is good. Be sure to take a sweater, even in the summer, for cool evenings.

Transportation

Balkan-Bulgarian Airlines offers the only direct service to Bulgaria from North America (New York City-Sofia). In addition, Lufthansa and Swissair offer single-carrier service from the U.S.; Lufthansa flies from Canada. Sofia International Airport (SOF) is 6 mi/9 km from the center of town. Domestic air service on Balkan-Bulgarian Airlines links Sofia with the Black Sea resorts near Varna and Burgas. Intercity buses can be crowded; in Sofia, get tickets as far in advance as you can at the combined bus/rail/air ticket office underground at the city's Palace of Culture. Hydrofoils ply the Black Sea coast. Within urban areas, you'll find taxis to be very reasonable—catch them at stands; alternatives for getting to sights include local buses and streetcars (in Sofia) and local escorted sightseeing tours. You can also arrange to go on a cruise on the Danube or the Black Sea. Unless you can read Cyrillic script, we recommend you get a driver/guide with your rental car (make arrangements before leaving home for the best price). Driving has become increasingly less pleasant due to an increase in truck traffic (a result of the problems in the former Yugoslavia, with which Bulgaria shares a border). If you're willing to put up with the trucks and signs in Cyrillic script, you need only concern yourself with an occasional muddy road—and omnipresent speed traps. From October-May, snow tires and a shovel are advisable—Sofia and Detroit share the same latitude. A word about Bulgarian trains: Buy first-class tickets to ensure a comfortable trip and be careful to board the right train in Sofia. Take your own food and water as most trains do not have diner cars. Romantics might enjoy the Istanbul Express, a lower-budget (and lower frills) version of the Orient Express—it still is impressive when you chug into Istanbul in the morning.

Accommodations

Good hotels (three-star or better, by local rating) are available in any mid-sized or larger city (or wherever tourists gather); you'll find several deluxe hotels in Sofia and deluxe resorts along the coast. New on the market are the 40-plus palaces, mansions and villas once reserved exclusively for the Communist elite. Campgrounds, motels and quaint inns are widely distributed; most properties are operated by Interhotel-Balkan Holidays and are well-managed, clean and more than adequate). Local Balkan Holidays offices and hotels can make reservations for any other hotels in the city and also can arrange for you to stay in a Bulgarian home; this can be rewarding, though few of the hosts speak English. It is no longer necessary to register with the police if you arrange to stay in private homes on your own. Accommodations at the ski resorts are adequate, though they could stand further improvements in service standards. (On the other hand, prices there are substantially lower than what you'd pay for similar amenities in Western Europe or North America.)

Health Advisories

There are adequate hospitals and clinics throughout the country; in Sofia, there's even a "Clinic for Foreign Citizens." Sanitary conditions in the fancier city restaurants will usually be much better than in small local ones. Most hot, freshly cooked food should be safe (especially if included on a package tour), but in rural areas wash and peel fresh fruit and raw vegetables, make sure meat is cooked thoroughly and, though the water is reputed to be potable in large cities, we stick with pre-packaged or boiled drinks. Take all prescription medicine needed for the trip. Sofia's smog might bother those with respiratory or sinus problems. Non-smokers beware—it seems as if all Bulgarians smoke (they are the second-largest exporter of cigarettes in the world). The sun can be very strong on the coast, so use sunscreen liberally and wear a hat. Don't forget to take a pair of comfortable walking shoes.

What to Buy

Shop for leather goods, rose oil, carpets, decorated and carved woodwork, kitchenware in beaten copper, colorful embroideries and weavings, brightly colored pottery and ceramics and hand-made jewelry. Milnik wines are well-regarded around the world, as is Bulgarian cognac. Spend an hour or two shopping at the CUM department store in

Sofia to see a wide selection of locally made consumer goods. Stop at Sofia's English-language press (across the street from the Russian Orthodox church); other book (and record) stores can also prove interesting. Do look at the original work of street artists in Sofia and Plovdiv; some of it is quite good, and the prices are very reasonable. For unusual items, look for Mineralsouvenir stores and shops of the Union of Bulgarian Artists. Don't expect anything to be open on Sunday or from 12:30-3 PM Monday-Saturday (stores do stay open until 7 PM). Imported and high-quality goods can be found at government-run Corecom stores, in airports, hotels and border crossings.

What to Eat

A wide variety of cuisine can be enjoyed in the country; Sofia features Hungarian, Vietnamese, Cuban, German, Czech, Russian and Japanese restaurants. Pizza places and other fast food restaurants have surfaced as well. But be sure to try the Bulgarian cuisine, which is similar to Greek or Turkish fare (albeit a bit less seasoned). In general, Bulgarian food consists of minced or grilled lamb, beef, veal or pork, pickles, lamb's cheese (hard and soft, fried and cold) and yogurt (made from ewe's milk, it's used in everything from soups to meat toppings). Typical Bulgarian cuisine is served in *mehanas*, specialist restaurants with barbecued meat, game or fish. In the evenings, local restaurants usually double as taverns, filling quickly for music (and, possibly, dancing)—be prepared to share your table. Some nice dishes include *shish kebab*; *shopska*, a salad with cheese; *tarator*, a cold soup of yogurt, chopped cucumber and walnuts; *kavarma*, casseroles of pork or veal, cooked with onions and mushrooms; *sarmi* (stuffed grape or cabbage leaves); stuffed red peppers; and for dessert, *smokina* (featuring a special fig grown in the Milnik region). If you're in a bakery and everyone's drinking what looks to be milk, it's probably *ayran*, a yogurt thinned with water. The local wines can be quite good, and Russian vodka is relatively cheap.

Dos and Don'ts

Do take your plastic—major credit cards are accepted at many hotels, restaurants and shops (unless they're out of forms!)...Don't try to take antiquities (e.g., icons) out of the country—the practice is illegal. (Odds are that if you're offered an "antique," it's probably fraudulent anyway)...Do take a universal sink plug—many places don't provide them (a golf ball works wonderfully). And do take thongs or flip-flop sandals to wear in the washrooms...Don't expect to be able to cash travelers checks easily except in the biggest cities. Instead, carry hard currency in smaller denominations...Do change money at a bank—the black market is no longer a viable option...Do drive cautiously: Police are zealous in stopping drivers for minor offenses and impose fines on the spot...Don't be surprised to find that uniformed officials will accept packs of cigarettes in return for small favors. (Truckers sometimes refer to Bulgaria as "Marlboro Country.")...Do expect horrendous queues when crossing borders, particularly to and from Romania...If you're Canadian, do get your visa in advance—although they can be easily obtained upon arrival, they'll cost twice as much...Do learn the Cyrillic alphabet, especially if driving; few signs have Latin letters, but if you can learn Cyrillic phonics, you'll find you can identify the words for various cities whose names are pronounced the same in both English and Bulgarian. Even if you know the alphabet, however, expect to get lost when your road goes through a city; road signs, when you can find them, can be confusing. To find the town's center, look for signs pointing to the "CEHTPUM" ("Centrum")...Do carry ten-*stotinki* coins with you; public bathrooms are seldom free...Don't drink and drive—*any* trace of alcohol puts you over the legal limit... Do buy city bus and tram tickets at booths before getting on...Do attend one of the various folk-dance performances or a folk-singing concert or a church choir concert (the singing is truly unique)...Do declare cameras, electronics or other goods you take, and don't try to export Bulgarian money. Do keep receipts from major purchases and money exchanges, and don't change much more than you think you'll spend; authorities seem reluctant to convert *leva* back to dollars...Don't expect anyone to speak English; Russian and German are the common second languages...**Tipping:** Do leave small change as a tip—the normal service charge is added to the bill....

Potpourri

Bulgaria's birdwatchers flock to the Srebarna Natural Reserve, home to more than 160 species of birds. The star of the reserve is the endangered Dalmatian pelican...In addition to Ettur and Koprivshtitsa, places considered "museum towns" are **Bozhentsi** (whitewashed houses in a mountain setting) and **Shiroka Luka** (rug weaving, folk-music school in a Rhodope Mountain setting)...Do be aware that in Bulgaria, the head gestures for *yes* and *no* are the exact opposite of what North Americans use (i.e., up and down for no and left to right for yes)...Bulgaria is the fourth largest exporter of wine in the world...Drivers in Bulgaria will often remove their windshield wipers at night as a precaution against theft...Bulgarians (and Eastern Europeans in general) tend to be more formal than North Americans and it is considered impolite to address someone by his first name if you have just met...About 70% of the world's commercially grown roses come from Bulgaria. It takes three tons of rose petals to make 1 quart/liter of attar (rose oil)...When Bulgaria was a province of the Ottoman Empire, churches in Sofia were built half underground—the Turks decreed that their roofs could be no higher than the head of a man on horseback...Even though it was allied with Germany during World War II, Bulgaria successfully defied Hitler by preventing its Jewish communities from being wiped out...15%-20% of U.S. computer viruses have their origin in Bulgaria...History buffs will enjoy the town of **Pleven**, with its Museum of the Liberation of 1877 (commemorating the Russian ouster of the Turks) and a mausoleum containing remains of Romanians and Russians who died liberating Bulgaria...Almost all museums are closed on Monday; many are closed Tuesday as well...Spelunkers are called "potholers" in Bulgaria; the Bulgarian Potholers' Federation has surveyed more than 600 caves...Bulgaria is the legendary birthplace of both Spartacus and Orpheus...The Pirin National Park, in southwestern Bulgaria, comprises a mountain range with 81 peaks over 8,200 ft/2,500 m tall, 175 lakes, 146 plant species, wild goats, bears, wild cats, deer and wolves...In **Gabrovo**, north of Veliko Turnovo, a "House of Humour" features a collection of jocular paintings, sculptures and literary works from all over the world. For those who hanker to hear a stand-up routine in Bulgarian, the town also plays host to various comic festivals...The heavy pollution hanging over the town of **Pernik**, south of Sofia, is the worst we've *ever* seen...Balkan Holidays offers fun courses throughout the country in several aspects of Bulgarian culture: folk dances, crafts (rug weaving, woodcarving, pottery, iron-smithing, and sculpting in clay, stone or marble), icon painting, herb and fruit gathering, cooking and most sports. Other specialty programs are available for hunters, anglers, photographers and hikers...For different dinner entertainment, visit the Bugarska Svatba restaurant in **Drouzhba**, north of Varna—a Bulgarian wedding ritual is re-enacted there. In **Kamchia**, south of Varna, barefoot fire dancers perform at the Nestinari picnic site...The capital isn't pronounced like the woman's name Sophia; rather, the accent is on the first syllable...Casinos are open in Sofia (Vitosha-New Otani Hotel), Varna (Grand Hotel) and at Drouzhba...

Festivals feature roses (*see also* Valley of Roses), music (Sofia, 24 May-20 June; Varna, mid-June to mid-July; Pleven, November; and Ruse, March), song and dance (Golden Sands, the second half of July), pop music (Sunny Beach, June, biannually), folklore (Burgas, late August), ballroom dancing (Burgas, June) and chamber music (Plovdiv, September). Every five years, on 20 January, 3,500 people from throughout the country go to Pernik for a masked costume dance/fertility rite, and on Vinegrower's Day (14 February), vineyards are filled with pickers in national costume. Other days when you might see people in national costume are 1 April and 24 December. In the second half of August, an International Folk Festival is held in Burgas...

Guidebooks to Bulgaria include *Nagel's Encyclopedia-Guide: Bulgaria* (Nagel Publishers), *Eastern Europe on a Shoestring* by David Stanley (Lonely Planet) and *On The Loose in Eastern Europe* (Berkeley Guides/Fodor's Travel Publications)...For more information about the country, contact **Balkan Holidays** at 41 East 42nd Street, Suite 508, New York, NY 10017 or, in Canada, the **Consulate General of Bulgaria**, 65 Overlea Boulevard, Suite 406, Toronto, ON M4H 1P1...**Public holidays** include 1 and 7 January; Orthodox Easter; 1, 2, and 24 May; 9-10 September; and 7 November....

If You're Looking For...

Aladzha Rock Monastery—see Varna
Albena—see Spas
Arbanassi—see Veliko Turnovo
Baba Vida Fortress—see Vidin
Bachkovo Monastery—see Plovdiv
Balchik—see Varna
Bankja—see Bankya
Bansko—see Skiing
Bolsevik Island—see Burgas
Borovets—see Skiing
Boyana—see Sofia
Bozhentsi—see Potpourri
Cerven—see Ruse
Danube River—see Ruse, Vidin
Devin—see Spas
Drouzhba—see Potpourri, Spas
Dryanovo Monastery—see Valley of the Roses
Elenite—see Burgas, Black Sea Resorts
Gabrovo—see Ettur, Potpourri
Golden Sands—see Black Sea Resorts, Potpourri
Hisarja—see Hissar
Jantra River—see Veliko Turnovo
Kamchia—see Potpourri
Karlovo—see Valley of the Roses
Kavacite—see Sozopol
Kazanlak—see Ettur, Valley of the Roses
Kjustendil—see Kyustendil
Klisura—see Valley of the Roses
Kocherinovo—see Rila Monastery
Koprivshtica—see Koprivshtitsa
Kremikovtsi Monastery—see Sofia
Lyulin Mountains—see Bankya
Madara—see Pliska
Momina Krepost Fortress—see Veliko Turnovo
Momin Prohod—see Spas
Mount Ruen—see Kyustendil
Mount Vitosha—see Skiing, Sofia
Narechen—see Spas
Pamporovo—see Plovdiv, Skiing
Pernik—see Potpourri
Pirin Mountains—see Potpourri, Skiing
Pleven—see Potpourri
Pobitite Kamuni—see Varna
Pomorie—see Burgas, Spas
Preobrazenski Monastery—see Veliko Turnovo
Primorsko—see Sozopol
Rhodope Mountains—see Smolyan
Rila Mountain—see Skiing
Rilski Manastir—see Rila Monastery
Ropotamo River—see Sozopol
Roussalka—see Black Sea Resorts
Rousse—see Ruse
Rozhen Monastery—see Melnik
Sandanski—see Melnik, Spas
Shipka—see Ettur, Valley of the Roses
Shipka Pass—see Ettur
Shiroka Luka—see Potpourri
Smoljan—see Smolyan
Sumen—see Pliska
Sunny Beach—see Black Sea Resorts, Burgas, Potpourri, Spas
Topolnitza River—see Koprivshtitsa
Transfiguration Monastery—see Veliko Turnovo
Trapezica—see Veliko Turnovo
Troyan Monastery—see Valley of the Roses
Tzarevetz—see Veliko Turnovo
Veliko Tarnovo—see Veliko Turnovo
Veliko Trnovo—see Veliko Turnovo
Veliko Turnove—see Veliko Turnovo
Velingrad—see Spas
Vitosha—see Skiing
Vurshets—see Spas
Zheravna—see Kotel
Zlatni Pyassitsi—see Black Sea Resorts

AIB/ACDI
NEEDS ASSESSMENT SURVEY
BULGARIAN PRIVATE FLOUR MILLERS

SECTION THREE

BULGARIAN MILLER INTERVIEWS

Interviews were conducted at sixteen mill locations during the two calendar weeks of the Bulgarian survey. Owners, managers (sometimes both) and some support staff were interviewed at length. The interviews were structured around a twenty-five question oral survey developed by ACDI in 1993 which was used as the basis of the Romanian project. An additional fifteen point AIB check list was utilized in reviewing the basic milling format of each firm. The actual interviews were more an open exchange of information, rather than a question and answer session. As might be anticipated, often it was the manner in which a question was answered rather than the specifics of the answer which was most illuminating. Usually most of the interviewees appeared to be quite open in their responses. As in Romania, taken at face value, the average Bulgarian seems more willing to discuss both personal and business financial matters in detail than would the typical American.

While rarely, if ever, were any of the survey forms questions explored in numerical sequence, it was equally as rare that any one questions response require extensive revision when a later question was posed.

Each of the completed interview survey sets is included in this section of the report. A brief individual capsulation of the interviewers impressions of the mills operation precedes each survey. Exhibit 3 shows the wide distribution of survey sites throughout Bulgaria.

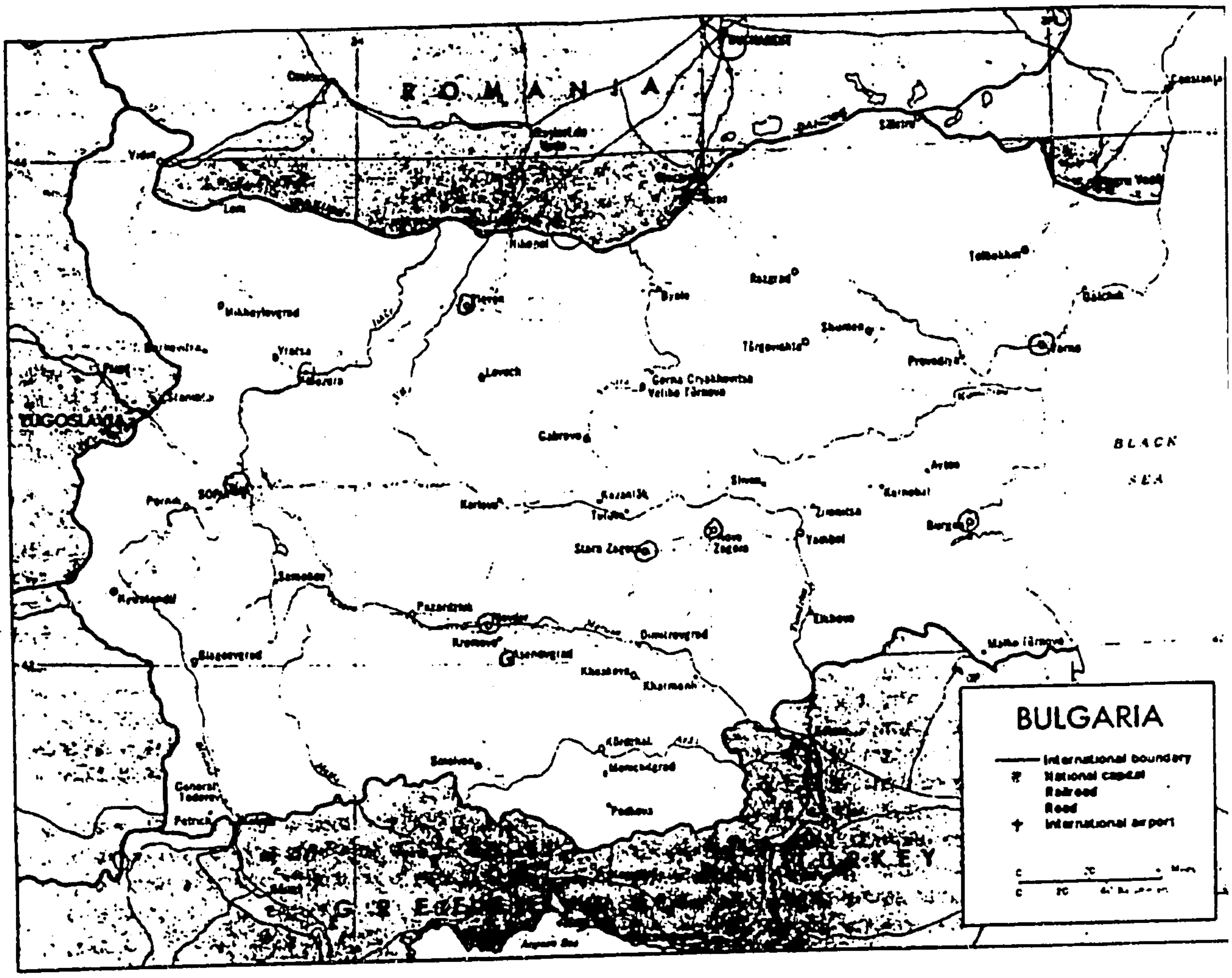
Three sets of flour samples were acquired at different mills of varying production size. One sample at a moderate size village mill (Visit #4), a second at an average size restituted mill which was in direct competition with a large state owned mill (Visit #10), and a final sample was acquired during our last mill visit (#16), the largest private mill of our tour. When these samples are cleared through export control and U.S. Customs, they will be analyzed to see how closely they conform to the mills stated specifications. These initial flour test results will also help clarify the parameters of the flour analysis program to be undertaken during this project.

This upcoming projects countrywide flour profile will present an opportunity to establish a baseline study from which to later help evaluate this programs impact. A similar base line flour quality study was completed in May 1994 for Romania. Comparison of both studies may be helpful in the final design of the last Bulgarian training seminar.

Any subsequent follow-up impact study in Romania, and later, after the proposed training project in Bulgaria, certainly should consider acquisition of post-training actual mill product(s) for comparative qualitative study. While limited scope, single-shot product analysis is far from fully accurate in its representation of the quality status throughout the industry on a day-in/day-out basis, the overall trends as plotted by the laboratory analytical procedures will hopefully be as illuminating as was the first Romanian industry comparisons.

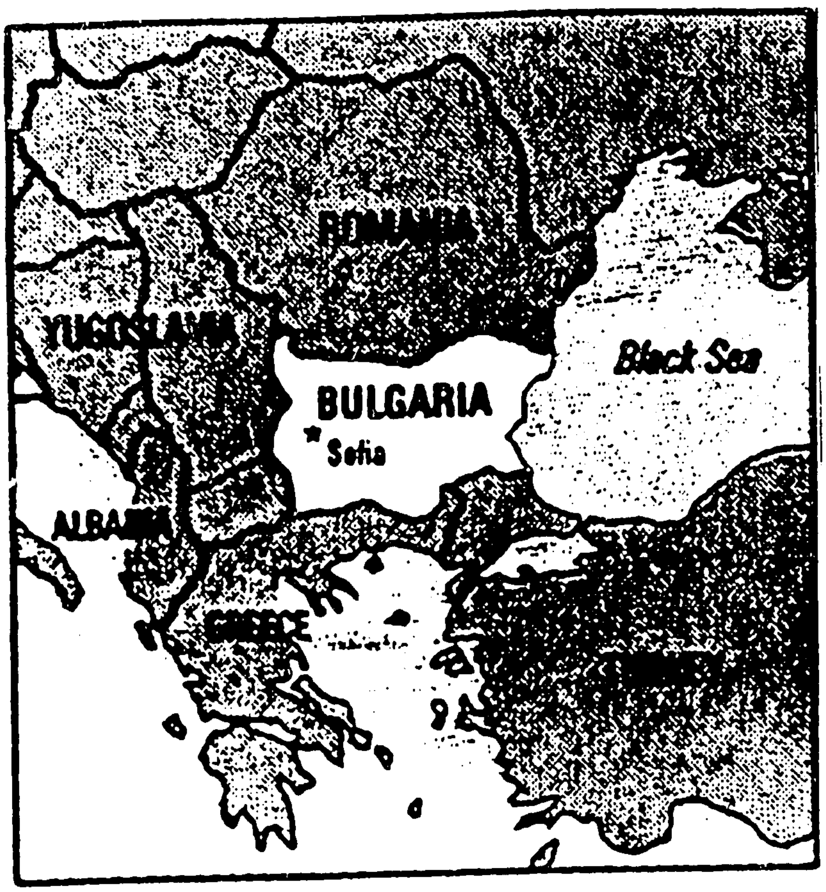
Additional exhibits from two companies that were interviewed during this survey are included within this report section. A 1-kilogram home consumer flour package (Exhibit 4) from mill #13 is enclosed. Packaging, both for home sales and in general, may well be an important subject to address in the later phases of the projects agenda. Exhibit #5 illustrates our 14th mills aggressive marketing strategy. This company owns several bakeries. To build consumer loyalty and secure market share (thereby stabilizing both mill and bakery production), the company distributes the exhibited coupon sheet. These sheets are <u>given</u> to local pensioners who are then entitled to one free loaf of bread daily, thirty days/month. Several thousand free loaves are distributed at the companies bakeries daily. Of course, <u>often</u>, these retired individuals may require more than this one free daily loaf, either for themselves or the other working members of their extended families for whom they often shop during the work days (as they have the time to "brave the queues, etc."). Such a strategy, while not favored by some in the country, certainly demonstrates an appreciation of "marketing". Exhibit 6 is a brochure which reviews only some of this firms diverse business activities.

EXHIBIT 3



WEEK 1

WEEK 2



AIB/ACDI
NEEDS ASSESSMENT SURVEY
BULGARIAN PRIVATE FLOUR MILLERS

SECTION FOUR

SELF-EVALUATION SURVEY RESULTS

This numerical ranking form has been utilized a number of times by AIB in surveying the needs of various sectors of the cereal grain industry. It's distribution in Bulgaria was meant to assist in the establishment of a common ground of interest from which appropriate assistance/training topics could be selected. Comparison of this survey with the on-site miller practices interviews will also aid in ensuring that the selected training topics are presented at an appropriate level of technical expertise.

While the relative interest levels associated with the various issues should have an effect on the content of any proposed assistance project, they should not be used as the sole or even primary screening agent to determine an initiatives approach.

Low survey rankings do not preclude an area's inclusion into a particular training program. Nor do "Very Important" ratings ensure a slot in an individual programs design. Strongly positive or negative reactions to individual survey topics may, however, affect the positioning of any topic within a training series.

Relatively unimportant topics may be viewed as "old hat" to the audience, but through other evaluation criteria it may appear that the subject matter is only boring because certain viewpoints have not been adequately explored, or that a newly emerging technology may not be fully appreciated as having new solutions to old problems. These subjects must be explored by the trainers with special emphasis on motivation during their presentation. Equally possible reasons for subjects receiving low interest ratings may be a so-called disenchantment factor. This lack of expressed interest usually arises from a sense of frustration. Some problem areas exist that nearly everyone believe to be beyond solution and which many may therefore believe are simply best "forgotten". Here again, a positive, fresh approach by the instructor may offer an alternative which literally can "make-all-the-difference-in-the-world".

Conversely, not all subjects of highly rated importance may be able to be addressed within the mandate of a particular project. While commonalty of importance is an important feature measured by this survey, such common interest levels may best be looked upon as "how easily" an audience may simply be enraptured by a particular subjects "buzz word" implications.

Within each project there are certain "nuts and bolts" portions which are essential to the format and success of the project. Whether the audience appears positive or negative in their preconception of such topics necessity, the survey responses may be used by the projects trainers to appropriately approach the vital areas inclusion within the program.

All too often various tangent subjects are included in training agendas initially as "teasers" or "hot topics", just to ease a programs promotion. Given the tight time periods forecast for this project, the "real" importance of such "features" must be carefully weighed.

So, while commonalty of importance is the most significant factor measured by this instrument, its results are best used to confirm other indicators for the need of inclusion of various subjects within the training venture.

Three other purposes are also served by the distribution of this standardized "self-evaluation" survey.

First, this examination is not meant to directly compare a "supposed superior" American industry to the manufacturing base of international clients. But rather to become aware of the commonalties and differences that exist between the interview audience and the programs presenters viewpoints.

Second, the distribution of the same form to international clients as would be used domestically helps ensure that the interviews are not conducted based on preconceived biased notions of the interviewer that "other people" may, should, or will differ from an American in their perception of a topic's relative importance.

Lastly, while the percentage of voluntary return of such self-examinations rarely, if ever, is 100%, both unusually high or low return rates may be taken as a subjective judgment on the relative value the client may place on the project as a whole. Without repeated prompting or an orchestrated industry response about 25 to 30 percent of past interviewees would typically return their forms fully completed.

While the forms were only distributed to a small statistical base during the survey tour (in one of the sixteen visits the owner did not keep the prearranged appointment) responses were forthcoming from four firms (see Exhibit(s) 9).

Of the data compiled from these forms (refer to the accompanying table and composite rankings) several interesting factors are especially noteworthy.

Within the twenty-seven (27) questions posed to the Bulgarian millers were inquiries on eight separate issue areas:

1) Profit

2) Maintenance

3) Personnel

4) Safety

5) Training

6) Marketing

7) Quality

8) Sanitation

The various issues were to be judged as to their relative importance to the respondent from 1- "Very Important", through 2- "Important" and 3- "Somewhat Important", to 4- "Not Important".

One may easily argue the "relative" merits of any data acquisition system, but the purpose within this survey is not to rate the degree of keen interest on any individual issue or area of study, but rather to establish within the germane issues the "relative" importance of one subject vs. others.

By tallying the numerical rankings of importance each respondent indicated on individual questions, it was possible to achieve an "Average Score"–an objective rating of each of the twenty-seven questions relative importance. By calculating a composite of these "Average Scores" within each of the eight issue areas, a somewhat subjective view may be drawn as to the respondents interest level on various generic operational areas, as an "Average Importance Index" (Avg. Imp.).

Of the eight operational issue areas a moderate range of relative importance was noted:

				(Avg. Imp.)		Issue Area
(Most Important)	A.		-	1.63	-	Maintenance
	B.		-	1.80	-	Personnel
	C.	Tie	-	1.88	-	Profit
	D.		-	1.88	-	Safety
	E.		-	2.19	-	Quality
	F.		-	2.27	-	Sanitation
	G.		-	2.50	-	Training
(Least Important)	H.		-	2.69	-	Marketing

While "nut and bolt" maintenance questions are always prime industrial interest areas, their relative importance was not dramatically higher than the more abstract "profit" issues. This small statistical sample makes any true computation of "standard deviation" nearly meaningless, so again it must be emphasized that the ranking of the degree of importance indicated by the survey is paramount in considering of training project design, not the "exact" rating.

Surprising to some here was the relatively high importance placed on personnel issues. It is of special note that Question 15: "Teach manager How to Manage and Supervise Employees", while achieving along with three other questions (#'s 1, 2, & 4) the lowest ("most important") average score of 1.50, it was universally selected as the single most important of seven issues ranked in the composite review by all the respondents (only 3 of the 4 forms had the final section of their surveys completed). Only one of the three listed another of these "most important" issues in the rankings, that being Question 2 rated in fifth place on one form.

Surprising to some here at AIB was the relatively high importance placed on personnel issues. It is noteworthy that question 15 of the survey, "Teach managers how to manage and supervise employees," achieved along with three other questions (#'s 1, 2, and 4) the lowest ("Most Important") average score of 1.50. Question 15 was universally selected as the single most important of seven issues rated in the Ranking Composite by all the respondents (only 3 of the 4 forms had the final section of their surveys completed). Only one of these three surveys listed another of the 1.50-rated "Most Important" issues in the Ranking Composite, that being question 2 rated in fifth place on one form.

Only the issue areas dealing with training and marketing drew any "Not Important" rankings. However, no single issue was rated as totally unimportant by the group. Therefore, it is only by the subjective viewing of the face-to-face miller interviews, coupled with the analysis of these objective surveys that the "true" importance of many of these issues be truly measured.

The following survey points are worthy of review:

A) Questions 15 and 25 received the ratings of greatest importance (most #1 rankings).

B) Questions 1 and 2 received the same average score importance (1.50), but with consistently higher scores (no #3 rankings).

C) Question 4 was the only area receiving the same "positive" ranking by all respondents.

D) Questions 13, 20, and 1 were the only areas which received "not important" ratings ("4's").

E) Questions 13 and 20 received the overall least "positive" ranking.

Ranking: 1 Very Important
2 Somewhat Important
3 Important
4 Not Important

Question #	Issue Areas	(Avg. Imp.)	Total Points	Average Score	Composite Rankings			
					1	2	3	4
	Profit	(1.88)						
1			6	1.50	2	2		
14			9	2.25		3	1	
	Maintenance	(1.63)						
2			6	1.50	2	2		
3			7	1.75	1	3		
	Personnel	(1.80)						
4			8	2.00		4		
15			6	1.50	3		1	
24			8	2.00	1	2	1	
25			6	1.50	3		1	
27			*6	2.00	1	1	1	
	Safety	(1.88)						
5			7	1.75		3	1	
10			8	2.00	1	2	1	
	Training	(2.50)						
7			9	2.25	1	1	2	
19			9	2.25		2	1	1
20			13	3.25		1	1	2
26			9	2.25	1	1	2	
	Marketing	(2.69)						
8			*7	2.33		2	1	
17			10	2.50	1		3	
18			13	3.25		1		3
	Quality	(2.19)						
9			10	2.50		2	2	
12			9	2.25	1	1	2	
16			9	2.25		3	1	
23			7	1.75	2	1	1	
	Sanitation	(2.27)						
11			8	2.00	1	2	1	
13			9	2.25	1	1	2	
21			10	2.50		2	2	
22			*7	2.33		2	1	

*Only 3 responses received

Note: lower numerical scores indicates higher relative importance, where 1.00 is the "most" important

Most Important Issue Ranking Composite

Issues Order of Importance	Question #, by 3 Respondents A.	B.	C.
#1	15	15/17	15
#2	13		24
#3		12/23	25
#4			
#5		2	
#6		10	
#7		26	

EXHIBIT 7

Please Check: Owner or manager ☐ Hourly Employee ☐
Supervisor ☐ Allied Personnel ☐

Survey Form

IDENTIFYING NEEDS FOR OPERATION OF SUCCESSFUL CEREAL FOODS PROCESSING FACILITIES

Instructions: Please complete this survey form by rating each of the identified needs and checking the correct box.

1 - VERY IMPORTANT 2 - IMPORTANT
3 - SOMEWHAT IMPORTANT 4 - NOT IMPORTANT

	1	2	3	4
1. Develop an understanding in each employee the business aspect of running a plant and the meaning of the word "profit."	☐	☐	☐	☐
2. Establish a preventive maintenance program and teach employees the proper method of maintaining the equipment.	☐	☐	☐	☐
3. Develop a standard of sanitation and cleaning procedure for each plant.	☐	☐	☐	☐
4. Develop an orientation program for employees at all levels outlining their responsibilities.	☐	☐	☐	☐
5. Outline safety procedures for every piece of equipment in the plant.	☐	☐	☐	☐
6. Develop a procedure of operation for all automated equipment and teach employees the proper use of each machine.	☐	☐	☐	☐
7. Designate within the company who is responsible for developing and implementing a training program for the successful operation of the plant.	☐	☐	☐	☐
8. Teach employees the importance of customer relations and the affect it can have on current and future business.	☐	☐	☐	☐
9. Teach employees the proper production techniques for producing quality products.	☐	☐	☐	☐
10. Develop in each employee the proper attitude toward safety and the importance of practicing proper safety procedures.	☐	☐	☐	☐
11. Teach employees the proper sanitation procedures to follow when working in a food processing plant.	☐	☐	☐	☐
12. Teach employees the importance of quality control and their role in maintaining quality.	☐	☐	☐	☐
13. Develop proper ingredient storage and handling techniques that would include proper sanitation standards, rodent and insect control.	☐	☐	☐	☐

6SEMPRO-SURVEY#3-1090mw

	1	2	3	4
14. Develop an appreciation in each employee the economics of producing products and the expense of waste.	☐	☐	☐	☐
15. Teach managers "How to Manage and Supervise Employees."	☐	☐	☐	☐
16. Work toward standardizing the proper procedure for producing each product sold.	☐	☐	☐	☐
17. Develop a marketing and promotional plan for the year.	☐	☐	☐	☐
18. Develop a procedure for packaging finished products for the customer.	☐	☐	☐	☐
19. Establish a resource center in each plant with up-to-date training materials available.	☐	☐	☐	☐
20. Develop programs and acquire audio-visual equipment for group and individualized instruction.	☐	☐	☐	☐
21. Develop a list of chemicals and cleaning compounds that are approved for food processing plants.	☐	☐	☐	☐
22. Develop instructional programs on the proper use of chemicals and cleaning compounds used for food processing plants.	☐	☐	☐	☐
23. Develop a standardized procedure for ordering ingredients, supplies and equipment.	☐	☐	☐	☐
24. Establish a hiring procedure for the selection of new employees.	☐	☐	☐	☐
25. Develop a procedure for appraising employee performance.	☐	☐	☐	☐
26. Develop an "on-going" training program for managers, supervisors and potential supervisors.	☐	☐	☐	☐
27. Develop an employee manual outlining company policies and procedures.	☐	☐	☐	☐

•Please list other needs you feel exist and rate their importance as on previous items.

____

____

Examine those items rated very important and rank 1 through 7 those you consider the most important, with 1 being most important.

Rank:	Item #
1	_____
2	_____
3	_____
4	_____
5	_____
6	_____

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TEAMWORK

AIB/ACDI
NEEDS ASSESSMENT SURVEY
BULGARIAN PRIVATE FLOUR MILLERS

SECTION FIVE

SUPPORT ORGANIZATION INPUT

To ensure the maximum efficacy possible in any collaborative distance training program all parties to the project must approach the activity in true partnership. However, among the cooperating entities there must exist a well established chain of command, accompanied by a clearly defined set of goals and responsibilities.

In the conduct of this survey, interfaces were established between ACDI's local representatives and AIB staff with the following agencies:

- A) United States Agency for International Development (USAID)
- B) Foreign Agriculture Service of the United States Department of Agriculture (USDA-FAS)
- C) Bulgarian Ministry of Agriculture
- D) General Union of the Bulgarian Industry, Union of Private Industrial Enterprises-Flour Milling Section (Exhibit 9)
- E) Volunteers in Overseas Cooperative Assistance (VOCA)
- F) Union of Private Bakers

In the future cooperation with all of these groups will be most valuable. While the assistance program is strictly limited to private enterprises, an open line of communication needs to be maintained with the appropriate Bulgarian governmental authorities. The representatives of the Bulgarian Ministry of Agriculture were open and helpful. During our mill visits an opening to the Bulgarian Ministry of Labor and Social Care, in the person of Mr. Stoyan Roussen, owner of the Dounay OOD Flour Mill in Nova Zagora was established. Mr. Roussen has a long family history in the milling industry and professionally has worked in the Ministry on projects dealing with public safety and health issues as well as industrial sanitation.

As in the Romanian project, it has been suggested the good offices of the Peace Corps be utilized to secure advisors/course instructors for the business and management topics to be covered in any subsequent training venture with the private millers in Bulgaria.

A proposal to fully integrate VOCA American advisors on-site in individual mills has been advanced. Such advisors will prove invaluable to the long term success of their Bulgarian counterparts. Having the advantage of being able to work on-site for extended periods, these volunteers can provide unique one-on-one solutions to specific programs. Their individual advice on mill equipment modifications, practical processing adaptations, and business operations can be essential to the Bulgarian maximal utilization of this educational venture's possibilities.

The American Institute of Baking and it's staff stand ready to cooperate with ACDI and it's partners in developing further proposals for collaborative training assistance to the private milling industry in Bulgaria.

AIB/ACDI
NEEDS ASSESSMENT SURVEY
BULGARIAN PRIVATE FLOUR MILLERS

SECTION SIX

POST-FIELD INTERVIEW CONCLUSIONS

As this report is being finalized, any number of post-field visit impressions and fleeting reflections vie to cloud the minds eye obscuring the broad vista observed during the Bulgarian survey visits of the "Big Picture" of private milling. Perhaps the best way to remain objective in relating this interviewers conclusions is to again follow our trail through the Bulgarian countryside back to the individual mills and the millers themselves.

[The sage advice, "A picture's worth a thousand words" is still viable in concept. A photo index of some selected fifty-odd snapshots accompanies this report as I took it on myself to take photographs of each mill visit. I make no claim to any skill a photographer and utilized an automatic 35mm zoom data-backed pocket camera. These photos were taken as much to later refresh my memory as to document the survey process. Photos were taken at each mill location. Unfortunately, one roll of film was apparently "fogged" by airport x-ray equipment, so no photos are available of the visits to mills #'s 3, 4, and 5. A photo ID list accompanies this report. It chronologically follows the mill visits and identifies various members of their managements.]

If a single word was required which would best express the thoughts and attitudes of each of these Bulgarian millers, the word that would have to be selected is: **"Frustration"!** Each of the millers had unique problems and viewpoints, yet they shared common frustrations.

The survey exposed a number of varying "figures" which were quoted off-hand in each interview. At no time were any hard copy authoritative statistics forthcoming to cross-reference the various "numbers" accuracy. While there is a lack of independent verification by outside reference sources of many of the "facts" presented by the mill managers, the commonalty of their expressed frustrations is quite convincing to the observer.

Any subsequent assistance activities which may follow will be well served to address these frustrations with near-term, tactical alternatives, as well as to attempt to address long-term solutions. None of the individuals interviewed expressed much hope for "quick fixes". They were attempting to the best of their abilities to appropriately position themselves for the long run. However, some have <u>urgent</u> short term financial problems which seriously impact their capacity to control their futures. All the operators, regardless of their financial viability, will respond most favorably to training initiatives based on the trainers ability to demonstrate options which can be readily used to increase their production flexibility and effectiveness.

FRUSTRATIONS!

The first Bulgarian mill visit was well selected. Mr. Toumbev's past association with the State Grain Industry as a commodity buyer and a prominent member within the Flour Milling Sector of the Union of Private Industrial Enterprises allowed him to speak authoritatively on a wide width of industry, social, economic, and political issues. While his industry connections permitted him some access to the use of government owned grain storage facilities, the frustration with a range of problems dealing with grain storage difficulties was perhaps the most universal of all the complaints encountered in the country. Equally troublesome is the current lack of good milling-quality wheat this year. Genetic, environmental, and farming practice problems have all seriously impacted the availability of wheat having desirable milling characteristics. Much of the available wheat is "suitable" only for animal feeding, not bread production. Financial constraints are another of this mills frustrations. Plans have been drawn by the other mill partner, Mr. Hatjinikolav for the construction of a new facility, but interest rates prevailing in the country preclude that scale of investment. While short term capital has been utilized for various business necessities, long-term capital improvement needs are difficult to accommodate. The cost of credit, not so much the availability of credit, seems to be the primary complaint in Bulgaria. In Romania availability of funds as much as their interest costs were equally serious indictments of the Ag Credit Industry. In Bulgaria the frustrations expressed during the interviews were much more focused on the cost of credit. Interest rates of 70+% were commonly quoted, however, with current economic realities of inflation, etc., these rates may well be justified. Business planning and financial management topics presented in any training initiative must be based on such Bulgarian realities not on Western standards.

Mill visit two was noteworthy as it pointed out the complex relationship between state and private ownership issues. Mr. Yanakov appeared to be a happy man. The mill was jointly owned by the state and a group of restituted heirs. Mr. Yanakov is leasing the facility, operating it to commercially produce flour for sale to the public and to supply his own bakery. It was the lack of sufficient profitability in his bakery which lead Mr. Yanakov into the milling field. As "part" of the "state industry" Mr. Yanakov has access to government grain storage facilities, grain stocks, and subsidized transportation. Of all the former fully state controlled facilities now "being" privatized, while far from being in pristine condition, the complex was apparently in much better than average condition. Of all the millers interviewed, Mr. Yanakov complained of the fewest frustrations.

The Chararov family operation visited during the evening of the first day was perhaps the most typical of all the moderate size restituted family milling operations. While they shared the problems of the Alexandros Flour Mill, they were even more impacted by two additional frustrations. Mr. Toumbev had earlier in the morning expressed difficulties in obtaining permission to export the animal feed residue of his flour milling operation, when we arrived this mill had been forced to shut down its operations (with customers waiting in line) due to a lack of storage space for animal feed. At numerous times during many of the interviews (but not in all cases) an overabundance of animal feed was noted. This shutdown was in spite of three empty 50 metric ton silos on site. These silos were owned by the state and were not available to the mill -- supposedly at "any" price, as the relationship between the former state operating organization and the restituted heirs was strained. The Chararov's had received the mill building and land through the restitution process. However, as the state had replaced the mills original equipment during the last 45 years, only part of the current equipment was restituted to the heirs. The balance of the mill equipment was in the process of being "lease-purchased". The "rub" is that according to the family, their original high quality European milling equipment was removed, integrated into other larger state owned facilities, and replaced with inferior 2nd hand Russian equipment which had not properly been maintained. This was only the first of many examples of what was explained as "Unfair Practices" of the government grain industry.

The owner of mill number four did not keep his scheduled appointment, the circumstances are best here referred to as those often associated with many absentee ownerships, i.e., a: "Just the money, please" attitude (most likely sans the "please"). This was a village mill of slightly larger than average size. While it was undergoing a major refit, it was a classic example of "No Maintenance"! The lack of available spare parts (as well as their cost) is one of the leading frustrations shared by nearly all private Bulgarian millers. This mill was not operating when we arrived. Some half dozen donkey-and mule-carts were waiting for custom processing along with several 5 metric ton farm coop trucks. This shut down was due to an electrical motor failure, and no one would wager on a long life span for the replacement we witnessed installed. [My frustration with the system began in earnest at this venue. My frustration was not due to the owners absence, but rather in seeing people working as hard as they can, trying to improve their situation, yet creating new potential problems for themselves and their industry.] Like most mills in Bulgaria, this unit used wet cleaning technology, a "Washer and Whizzer". The "problem": waste water effluent disposal. This technology does a good job of separating wheat from non-wheat materials prior to grinding. However, it consumes a fairly high amount of water and electrical energy. The dirty water can be (and "is") tainted by many different agricultural chemical, microbiological, and other contaminants. The mill was drawing it's water supply from both a well and underground cistern system. The effluent was being discharged, untreated, directly back into the ground water. This mill was also "blessed" with perhaps the worst case of meal moth infestation on record. Webbing several feet long was hanging from every crevice between the wooden ceiling planks throughout most of the building. The door into the mill from the unimproved mill grounds was held open by a rusting "5 gallon" metal can. I cannot attest to the contents of the can. However, I was informed "it" had been purchased to deal with the meal moth problem. According the cans labeling, which was partially obscured by the deteriorating rust, the can contained a potent herbicide (weed killer) of "American" origin, not an approved mill insecticide.

The visit to mill five, the Agro-Snep Company, served to counter point many of the other millers frustrations. This was one of only two new mill facilities (those constructed since the change in government) visited during the tour. The prime frustration felt by this company was only, "In not being even more successful!" They are the leading private Bulgarian producer of small home packaged flour, as well as other bulk food stuffs (beans, wheat germ, etc.). This company, in spite of its overall success, still feels impacted by the taxation laws (80%) and profit margin restriction (12%) of the government. Credit cost is not a primary concern here however, as the "corporate" structured parent company uses the various ventures profits to internally fund all improvements.

The visit to the EF Solaris Flour Mill, the sixth visit, produced perhaps the most downbeat interview with any owner. Dr. Stoyl Kantarov retired form his medical practice to take over the restituted family mill in which he worked as a youth. He is strongly of the opinion that only another Marshall Plan can have any appreciable impact. An apparently well read, highly educated man, the Doctor clearly realizes the problems innate within the industry and those of his own firm. Yet he is trying to exploit his limited resources to their maximum advantage. Several millers complained of having to deal with unusually dirty wheat. The frustration is so bad at this mill that the cleaning house <u>cannot</u> keep pace with the other sections of the mill. The grain stocks are so dirty that either the mills throughout is seriously reduced to allow the cleaning equipment enough time to remove the wheat's impurities or if run at a more "normal" rate the mill produces an inappropriately dark flour whose high ash content due to the soiling remaining in the ground "cleaned" grain stocks, rather than because of an inappropriately high rate of extraction. His solution, place a second receiving separator in the <u>open</u> <u>air</u> of the mills parking area to "pre-screen" the dirty wheat before putting the grain into the mills receiving system. Interestingly, the mill currently produces only a single low ash (.500%?) white flour under these conditions. This is only possible because the mills extraction rate is a low 64%. This processing produces a residual animal feed fraction that differs from most other in country mill feeds. The company is said to acquire more profit from its feed sales than from flour sales. It has no shortage of customers for its feed products. Why? Because it's bran output contains significantly higher amounts of inseparable endosperm and machine flour than its competitors. This "richer" feed is said to be prized by the area animal farmers. While born of the frustration of low grade wheat stocks, it is the niche marketing of the mill that keeps it in business. The other advantage held by this operation is it's fairly large grain storage capacity. While not extensive, it is sufficient to allow the operator to ensure his customers of a dependable source of supply, whether they require flour or feed.

Mr. Pilev's mill in the Knoush area is a compendium of frustrations. Yet they make it work, seemingly better than average. This has already been noted as a mill of complex ownership. The facilities have been partially restituted to the heirs, the grain storage complex is still under government ownership and for that reason is in deteriorating condition. However, the many heirs cannot agree on the management of even the portion they do "control". Therefore, two separate management teams have been formed, each running the business for fifteen days per month. Obviously this precludes proper long term planning capabilities. The one management team interviewed has become so frustrated with the situation that they have decided to build a separate new mill. This complex ownership situation, State with 2 sets of private managers, has lead to serious maintenance problems in the grain storage areas that no "one" seems to wish to address. The physical breakdown of windows, roof, and walls has produced a serious pest problem, both rodent and avian. In spite of being so busy that sometimes clients wait in line for three days for processing, and sufficiently profitable that the owners can begin building a new facility, circumstances preclude any management group from doing what would otherwise be considered to be the most basic of site maintenance. Sad!

Mr. Tarabanov's operation of the mill in our eighth visit is equally frustrating, but for totally opposite reasons. Here is a mill of again multiple heir/owners (9) that in spite of all of them "pulling together" can't seem to accomplish their goals. After taxes in 1993 the mill produced a profit of perhaps $2000 (US), primarily due to a lack of customers. This mill and the next one visited are the surveys best examples of the village level mill, custom processing grain for the region, working at well below their existing capacity. Here the frustration is that no matter how well the business is operated the low volume, inconsistent supply, and lack of storage capacity limit the companies options for future development. When these problems are coupled to the frustration Mr. Tarabanov expressed concerning unfair competition from the areas state mills it becomes difficult to paint a happy picture.

The Angelvos of Bratya Dimovi Flour Mill suffer from the same frustrations as Mr. Tarabanov. Compounding their situation is a mill of even smaller size, staffed (not just managed) by workers primarily of post-middle age, and which has exceedingly limited operating cash. Section three's interviewers impressions have already recounted the visits financial hardship story. It is sufficient to point out here that the frustration of this group of hardworking, industrious individuals is "best" simply put, that because of their size and financial position, they're basically considered "inconsequential". Their service to the immediate area however may be more essential than that of many of the other mills visited. The challenge facing this project is to accurately determine collectively how essential is this type of mill to the industry as a whole and to the country in general. While perhaps their small size limits their inclusion into the proposed project, they should at least be made aware of any change(s) which may result within the Bulgarian milling industry due to the projects activities. At the very least they deserve to be acknowledged for their presence, if not, their "size".

Dounav OOD Flour Mill is located one-half block up a narrow access road from a moderately large state operated mill complex. It is not unusual for the owner, Mr. Stoyan Roussev, not to be able to drive up the road to speak with his mill manager Georgi Kantov. Why? Because the "operations of" the neighboring state mill have the knack of obstructing the access road with "waiting" transports. Mr. Rousseau's frustration factor may be unusually high because professionally he is an employee of the Bulgarian Ministry of Labor and Social Care. Mr. Rousseau is also quite concerned about the level of public health, sanitation, and food safety within the Food Processing Industry in Bulgaria. His Ministry office has sponsored several training projects in this sector. He would like to see industrial sanitation issues explored in the training initiative and is quite willing to assist through his Ministry office with the projects recruitment and presentation. Also mill #10 was the first location on our tour where the owner felt it was necessary to provide a security agent to protect the property proper from the "Mafia". While not a topic of extended conversation it was apparent that security was required to limit problems of both from theft and "threat". This mill was also frustrated by the lack of grain of good milling quality, so they have started "advertising" for new grain suppliers by placing placards throughout the area listing their services. They hope to increase both the available supply of grain for milling as well as to diversify their client base. Eight pictures are included in the photo index showing some features of the mills facility; including, top to bottom, left to right:

1) Receiving separator
2) Wooden floors
3) Wet cleaning equipment (whizzer)
4) Wet cleaning equipment (whizzer)
5) Unshielded light fixtures
6) Unanchored gas cylinder
7) Four pairs, double roll stands
8) Aged "sifter socks"

The Bratya Popovi Flour Mill belonging to the Mihailvo family was the smallest facility visited during the tour. The father and mother were the managers while each of two sons made up the one man per shift production staff. The primary frustration expressed by this concern was its nearly total lack of on-site storage facilities. Construction of increased storage and equipment modernization was being considered at the time of the visit. The limited facility size is best illustrated by its "tempering system". A compartmented, baffled, flow-through wooden bunker arrangement "wets" the grain prior to grinding. But the size of the system relative to the mills grinding capacity relegates the dwell time in the dampening phase to only 2 to 3 hours. The result is that the grain is ground in a condition of less than optimum conditioning. The mills flour output is of a low extraction rate with only a single less than "white" straight-grade flour.

Besides being in a flood plain and being inundated twice in the last few years, the greatest frustration Mr. Kancho Knacheo claimed to experience in his milling operation was the younger heirs lack of "work ethic". Quite a point was made that not all the heirs to this mill located in Karnobat were carrying their fair load. This frustration of the "generations" is quite frankly only the tip of a large problem. As the current heirs to all the newly restituted companies throughout Eastern Europe reach retirement age, problems of ascendancy planning may well become a major concern much as the British Baking Industry experienced in the 1980's.

Mr. Peter Karaeurenski of the First Private Mill was kind enough to come into his mill on Saturday morning along with the mills chief technologist Dimo Georgiev. As explained by Mr. Karaeurenski their newly constructed mills primary frustration is a lack of sufficient production demand. Meaning, too few people require their services. This has resulted in a severe cash flow problem for the business. Currently the company has only been able to pay the interest on the mills construction loans which originally were at an interest rate of 40%. But the rates were adjustable monthly and are now at 72 percent per annum. Because the firm has not been able to make its scheduled principal payments, it is in a penalty situation with an additional surcharge of 15% applicable until the principal payments are made current. An insufficient business plan, coupled with unrealistic expectation of interest and currency fluctuations has placed this company in a most difficult position. Eight photos illustrate the short flow mills modern facilities; including top to bottom, left to right:

1) Mill managers
2) Diagnostic control flow panel
3) Pneumatic grain handling system
4) Large platform hanging plansieves
5) Wet grain cleaning systems (washer & whizzer)
6) By-product bagging station

7) Tempering bunkers

8) Grain transfer tunnel with screw conveyor

Following the survey teams transportation frustrations a meeting was held in the office of the New Way Company's president, Mr. Ivan Christov. Mr. Christov appears to have few frustrations, other than: "Being frustrated with people who say that something cannot be done." Several persons have made offhand comments regarding Mr. Christov's character and/or business practices. Certainly it seems that his companies appear prosperous and that he is an aggressive marketer. Whether all these activities have been fair and above board are beyond the scope of this survey. However, it would be difficult to work with the private milling sector in Bulgaria and "be able" to overlook this company's activities.

The frustrations of dual state and private operation are quite apparent in the interviews of the last two mills visited in Bulgaria. Comparing the photos of the "privately owned" mill in Kyustendil (which is operated by the State) and the similar privately run mill (being lease purchased from the State) in Mezdra taken two days later one can readily see the surface differences that a coat of paint and a broom can make in the physical plant of a milling operation. But underlying that cosmetic difference is the pride that "ownership" instills. Financial difficulties are present in both operations, but the state mill is focused on staying in operation <u>today</u>. While the management of the Mezdra operation is building for the future. Both mills are located in areas fairly remote from major local grain supplies and rely on the long range transportation of grain stocks. Both have on-site rail loading facilities. The often mentioned government subsidy was discussed again by both management teams. The private mill in Mezdra maintained that the governments underwriting of transportation cost in state "operated" mills was a prime example of the unfair business practices used by the state to "control" competition. While the State mill manager in Kyustendil maintained that such payments were only paper entries and that no actual monies have been forthcoming for more than a year. Time will tell which of these operations is more frustrated by such accounting practices.

All parties would like to minimize all these frustrations. However, for the milling industry in Bulgaria as a whole, it is perhaps equally important merely to provide a forum in which these frustrations may be brought to light and discussed openly among equals. Hopefully the business and technical advisors participating in any assistance program will be able to assist these developing business deal with their fiscal frustrations. As AIBs staff will try to help provide workable technical options for the millers. Hope, trust, and compassion can go a long way in establishing a good relationship in any educational project between the trainers and the audience. The survey has found hope still present in even the most frustrated miller. Any Western Technical or Managerial Consultant would have to have compassion with this industry's frustrations. If the projects objectives are to be achieved, it will be through free and open exchange of information which fosters "trust" for a better tomorrow that will make a success of any training initiative.

AIB/ACDI
NEEDS ASSESSMENT SURVEY
BULGARIAN PRIVATE FLOUR MILLERS

SECTION SEVEN

PROJECT RECOMMENDATIONS

The overall recommendation supported by this survey is that an education assistance program should be pursued in Bulgaria in the coming year. A number of critical needs have been identified by this survey mission including, but not limited to, the following themes:

1. Food Supply Safety Issues
2. Increased Mill Efficiency Through Modification of Current Milling Practices
3. Adopt Post Milling Flour Treatment and Supplementation Practices to Standardize and/or Improve Flour Performance
4. Establish Uniform Standards of Trade in the Manufacture, Purchase and Sale of Wheat Flour Products
5. Adapt Mill Product Production to Maximize the Potential for Value Added Marketing Ventures
6. Assist in the Appropriate Acquisition of Ag Credit Based on Sound Credit Policies
7. Establish a Baseline Flour Quality Reference for Mill Merchandising Practices
8. Investigate Wheat and Flour Storage Alternatives
9. Define Mill Production Options to Achieve Maximum Financial Rewards
10. Long-term Capital Improvement, Expansion, and Ascendancy of the Mill Business
11. Improve Mill Operations Impact on the Environment
12. Improve the Utilization and Management of the Mills Human Resources

These areas of interest must be addressed as achievable, practical goals which can be achieved by the majority of the private millers in Bulgaria. Any assistance project must at all cost avoid the "Kid-In-The-Candystore" syndrome. Any changes or modifications stressed as appropriate alternatives must be both affordable and available to the industry. Real world financial constraints must be considered as well as the current in-country demand for mill products.

Any emphasis on major renovation and/or expansion of mill facilities must not only deal with the real issue of financial constraints, but also on the questionable need for additional in-country capacity as well. Present estimates indicate that Bulgaria's current mill capacity is somewhere in excess of 130%, to perhaps as much as 300% of the country's real needs. While as the industry matures (coming of age perhaps not until the next century) natural attrition will occur. But to what extent it will change and in which sector is yet to be proven. Present estimates indicate that the village level small custom producers are going to be the hardest hit. But will the large state mills become private enterprises, or will they continue as tax supported relics? Will external suppliers of higher quality grain products come into the Bulgarian marketplace, and if so, as product importers or as in-country partners/principles in new production facilities? These are questions that must be addressed in any strategic planning session.

Even tactical marketing shifts in this economy can be critical. As capital funds are very limited in this country, even a single miscalculation may have a lasting, dramatic effect. Bulgarian millers, in an over-supplied market, must carefully weigh each and every production change or marketing venture. For example, development of instant hot breakfast cereal products might be a viable value-added mill product project to explore. An American example might be adopted, providing;

1) Should flavor and product appearance be culturally acceptable
2) If purchaser price is realistic
3) Provided sufficient demand for minimal manufacturing practices exists or can be created through appropriate marketing techniques

However, packaging in microwavable containers for a developing consumer society "might" not be sound. Nor, perhaps, would insistence for long term, shelf-stable, controlled atmosphere packaging.

The wrong choice, inappropriately expending limited resources, could stall a mills growth for a considerable period or even signal its demise. In the undersupplied Romanian market, the prime concern was "only" to produce more! That's a relatively easy problem. In Bulgaria the assistance will need to be focused more at improving effectiveness, minimizing waste and limiting misadventures.

The trainers, both on technical and business operation issues, must not assume that the most modern is always the "best". While the millers need appreciate all the alternatives available to be prepared for any future changes coming in the international market they have joined, they cannot be expected to discard time proven, familiar methods without hesitation.

The trainers need to approach the project much as was done in Romania, to hold the U.S. model as an example to be studied -- adapted where possible and practical, modified and utilized where possible -- not simply to be adopted as "superior".

As financial constraints are so significant in the current economic reality, the business training must "operate" in real-life Bulgarian terms, while alerting the trainees to the economic realities that exist among their international competitors. Western operating practices need to be implemented, but within the cultural and fiscal limitation of their newly emerged industry.

Similarly, the technical aspects of the proposed program must make the Bulgarian millers aware of the most modern industry practices. But the focus must be on adapting the millers current facilities in the most responsible and effective manner.

A series of training seminars, as opposite to individual one-shot educational ventures should be most effective. Multiple contacts over a period of months will permit the participants and trainees to become familiar with each persons goals. The opportunity for follow-up and discussion of prior sessions lessons in later seminar phases will permit the trainers to reinforce certain principles and react creatively to the unique experiences of the participants as they attempt to adapt these concepts into their operations.

The group to be invited to participate in this series of training seminars must be well targeted. As the industry exists on several different levels, it is most appropriate that, having a permanent presence in-country, ACDI be in charge of, and responsible for, the recruiting of the participants. To meet its mandate, ACDI must ensure that the needs of a sufficient fraction of the industry be met to secure an adequate initial turnout to justify the necessary expenditures for this project. At the same time the groups interest level must be addressed to maintain an appropriately low attrition level throughout the projects life. AIB will endeavor to address the needs and desires of the audience recruited by ACDI.

Companion training ventures to the seminar series should include one-on-one in mill advisors provided by VOCA. The formal classroom training sessions and the individualized assistance contacts should be quite complimentary activities. AIB will be happy to be in open communication with any volunteer prior to their departure to Bulgaria to support or enhance their experiences while on assignment overseas.

If the Romanian project is to be an overall guide for this program, then the possible deployment of a selected group of Bulgarian seminar participants to the U.S. seems most appropriate. The Romanian working group that came to the U.S. was able to take considerable practical first-hand experience back to their fellow millers. It is one thing for an American to share his/her experiences and expertise to colleagues in another country, its entirely a different experience when a native shares a personal experience with compatriots at home. If included in the overall agenda, AIB's staff would welcome an opportunity to host and work with a Bulgarian group at its Manhattan, Kansas headquarters, both on technical flour quality issues and perhaps personnel management issues as well.