The Next Mile in Bulgaria

Satellite map of Bulgaria

LearnLink

FILLING A GAP

Nearly half of all Bulgarians live in small towns not yet reached by the economic progress underway in urban areas. Indeed, the further a community is from Bulgaria's five largest cities, the greater is the gap in economic development.

This also holds true for access to modern information and communication technologies (ICTs). While multiple Internet service providers (ISPs) compete with one another in urban centers, few even operate in small towns and rural areas. Moreover, where Internet access is available, the average cost for services is almost twice as high as in the cities.

Estimates of Internet usage in Bulgaria vary greatly, ranging from a low of 30,000, or less than one per cent of the population, to a high of 360,000, or five to six per cent of the population, during the first quarter of 2000. It is certain, however, that

nearly all users live in cities, with only two to three percent residing in small towns. Since individual computer ownership is low, many access the Internet at their place of employment.

Despite the relatively small number of Bulgarians online, trends indicate that usage is increasing quickly in major cities where the necessary infrastructure is in place, training opportunities are available, and affordable access to computers and Internet services is growing. Cybercafes are popular among urban youth, who gather on weekends and evenings to surf the Web or play computer games.

ICTs are helping to drive development in Bulgaria's cities by stimulating economic growth and competitiveness. By catalyzing related spin-off businesses, such as software development, equipment repair, and the sale of peripherals, ICTs also are contributing to higher levels of employment. Moreover, access to modern ICTs is increasing education and training opportunities, improving communication, and facilitating the provision of government and social services for city dwellers. Lacking infrastructure and access to ICT hardware, small towns and rural areas are in danger of falling even further behind.

Zoom in on Bulgaria

Geography

Location: Southeastern Europe, bordering the Black Sea, between Romania and Turkey
Area: 110,910 sq km
Environment issues: earthquakes and landslides; air pollution; river and soil pollution; deforestation.

People

Population: 7,796,694
Age: 16% <14 years, 60% aged 15-64 years, 16% > 65 years
Population growth rate: 1.16%
Infant deaths: 15.13 deaths/1,000 live births
Life expectancy at birth: 70.91 years
Total fertility rate: 1.13 children born/ woman
Ethnicnity: Bulgarian 83%, Turk 8.5%
Religions: Bulgarian Orthodox 83.5%, Muslim 13%, Roman Catholic and others <3%
Languages: Bulgarian
Primary school enrollment: 98%
Secondary school enrollment: 78%

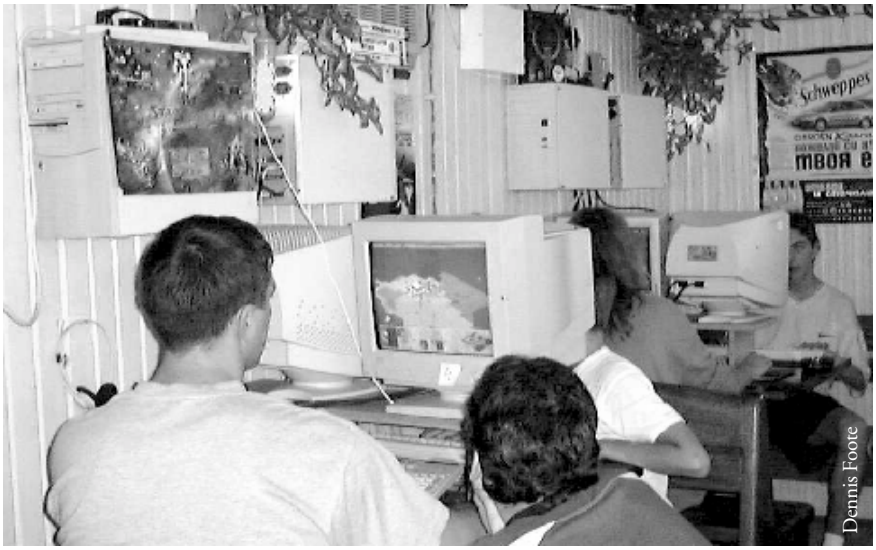
Economy

GDP: $4300 per capita
Inflation rate: 6.2%
Unemployment rate: 15%

Communications

Telephones: 3.186 million
Telephones, cellular: 4.23 per 100 persons
Radio stations: AM 24, FM 93
Radios: 4.51 million
Television stations: 33
Televisions: 3.31 million
Internet Access Providers: 26
Internet users: 200,000 persons

The World Factbook, 2000,
www.odci.gov/cia/publication/factbook/index.htm
www.itu.int/ti/industryoverview/ at_glance/Internet99.pdf



A small telecenter serves a full house in Bankya

EXTENDING THE BENEFITS

To promote economic development in small towns, and to help extend the benefits of ICTs outside urban centers, AED/LearnLink is implementing the USAID-supported Public Computer and Communication Center (PC3) activity.

Drawn from global telecenter experience, the PC3 model will provide a wide range of public and private information-based goods and services. The program is unique, however, in its approach to sustainability. With the active participation of Bulgarian entrepreneurs, from three to ten private sector-driven PC3 enterprises will be established in small, under-served communities with populations ranging from 5,000-30,000. While flexible in design to meet specific community needs, a typical PC3 will take the form of a locally owned and operated enterprise guided by a solid business plan. The PC3s will offer a mix of fee-for-use and, to a limited extent, subsidized access to Internet and computer services, related training, and business support services, including e-commerce for local businesses.

BUILDING SUCCESSFUL PC3 ENTERPRISES

By circulating requests for proposals throught Bulgaria, AED/LearnLink is identifying the most qualified entrepreneurs and communities for participation in the PC3 program. Experience with telecenters around the world has demonstrated that the qualities of a telecenter's owner and manager are strong determinants of a center's success. Therefore, the project is ensuring selection of entrepreneurs in PC3 locations based on both the characteristics of the applicants as well as the composition of the proposed communities.

The formal contractual agreement with each selected PC3 operator will include an outline of the contributions and obligations of both parties. After agreements are reached, the project then will provide the PC3 operators with an incremental and appropriate mix of technical, material, and other subsidy support designed to reduce the initial risk faced by the selected entrepreneurs and to build demand for PC3 services in the identified communities.

On an ongoing basis, program staff will facilitate the skill development of the PC3 operators, assisting them in developing business plans oriented toward the sustainability of the PC3s. Where necessary, staff will provide technical assistance to help PC3 operators evaluate their information technology systems, networks, and telecommunications and Internet connectivity needs. In addition, AED/LearnLink and operators will explore the most appropriate combination of products and services to offer prospective clients. An aspect of this will be a continuation of the community needs assessment conducted by the PC3 operators as part of the application process.

The product and service mix will vary both by community and stage of PC3 development. It is expected that, over time, the demand will shift in each

Owner of a private telecenter owner from Septemvri next to a sign advertising his services

community, and the capabilities of each PC3 will expand.

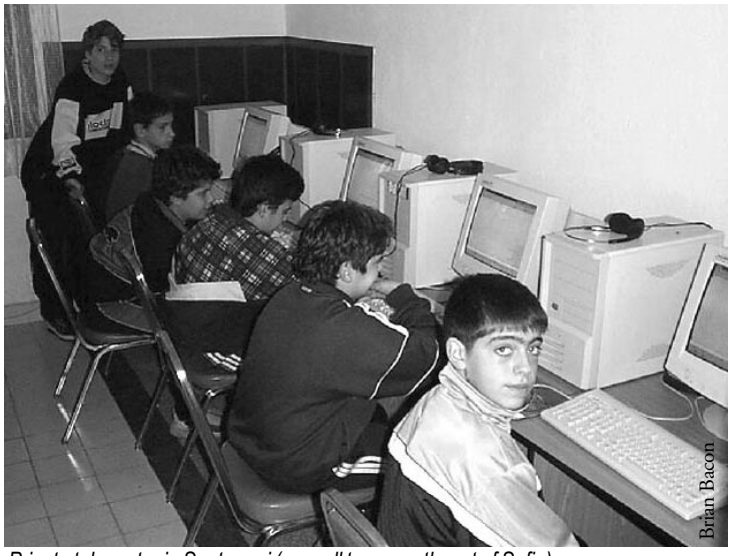
Initially, the PC3s will offer a combination of basic services, such as Internet access, email accounts, CD-ROM use, desktop publishing, public telephone access, fax and photocopying services, and other products and services. More advanced activities might include training in computer and Internet use and applications, specialized services for local municipal and educational institutions, and business development assistance for small and medium-sized enterprises. Small business spin-offs, such as Web page development and desktop publishing, are expected to emerge from the PC3 influence in the local economy.

To prepare PC3 operators and the local community—business people, center staff and facilitators, and, possibly, groups of initial users—to take advantage of the array of products or services that can be offered, technical assistance might include basic to advanced computer and Internet usage training as well as training in applications. More specifically, the program will provide the following support:

- **Technical assistance,** including business planning and operations support and training, PC3 systems support and training, and applications development support and training;

- **Provision of hardware,** either funding for or direct purchase of computer and related equipment;

- **Internet connectivity subsidies,** such as funding for all or part of either dial-up or dedicated line access; and



Private telecenter in Septemvri (a small town southeast of Sofia)

Telecenter sign on a street in Septemvri

• **Distribution of prepaid access cards** within the community served by the PC3 to encourage initial usage and create an immediate source of revenue for the PC3 operator.

STIMULATING USE AND MINIMIZING RISKS

An interesting feature of the PC3 program is the prepaid access cards that will be distributed to community groups involved in "public good" activities, such as teachers, health workers, and agricultural extension agents. They can use the cards for PC3 products and services of equivalent value, and, in turn, the PC3s can return them to the project for reimbursement. In addition to raising community awareness and generating demand, the prepaid access cards are intended to help underwrite the initial PC3 operation, thus reducing the business operators' early financial risks.

EXPANDING ACCESS TO USEFUL CONTENT

Less than 10 per cent of Bulgarians speak English, and the availability of Bulgarian language material on the Internet is limited. Therefore, the amount of useful information resources for PC3 clients is constrained. To address this problem, the program includes a component to help local and national organizations convert already developed information resources, broadly relevant to the economic and social development of small communities, into Bulgarian language computer-based and Internet accessible formats. These resources may include training courses,

Nora Ovcharova, Internet for Economic Development (IED) Initiative Coordinator, USAID-Sofia, and Dennis Foote, AED/ LearnLink, obsrving computer use at a private telecenter

reports, databases, and other materials appropriate for multimedia and Internet distribution in PC3 locations. Over the life of the project, PC3 staff will work closely with USAID partners and other Bulgarian organizations to identify, enhance, and "digitize" these materials.

Within PC3 communities, AED/ LearnLink also may help partners work with local "change agents" to adapt products and services to their particular needs. For example, PC3s may train members of agricultural cooperatives to use the Internet to check market prices, or teachers to develop classroom materials, or health workers to access distance education courses or meet national health reporting requirements. AED/ LearnLink also may work with local entrepreneurs to stimulate side businesses designed to increase PC3 use.

THE BOTTOM LINE

The PC3 program is a pilot activity derived from analyses of telecenter experience around the world and an assessment of local conditions and needs. The program's strategies and components have been carefully crafted, and it is hoped that the focus on community needs, appropriate pricing schemes, and creative sustainability plans will enable beneficial ICT use in small communities in Bulgaria. Not only should this lead to a viable, for-profit business venture for PC3 entrepreneurs, but it also could provide a model for replication on a wider scale. Most importantly, the program will extend ICT access to the next mile, enabling many more Bulgarians to benefit from the social and economic progress that is starting to accompany computerization in urban areas of Bulgaria and elsewhere around the world.