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ENTERPRISE GROWTH AND INVESTMENT PROJECT -- BULGARIA

END OF PROJECT REPORT

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ACRONYMS AND ABBREVIATIONS

BCCI	Bulgarian Chamber of Commerce and Industry
BIA	Bulgarian Industrial Association
BIBA	Bulgarian International Business Association
BIIN	Bulgarian Investment Information Network
CEG	Council for Economic Growth
EU	European Union
FIAS	Foreign Investment Advisory Service
GOB	Government of Bulgaria
IBA	Invest Bulgaria Agency
ICT	Information, Communication and Technology
IME	Institute for Market Economics
IPAEI	Institute of Public Administration and European Integration
MOE	Ministry of Economy
MSI	Management Systems International
PR	Public Relations
Project	Enterprise Growth and Investment Project
RIA	Regulatory Impact Analysis
SME	Small and Medium Enterprise
SMEPA	Small and Medium Enterprise Promotion Agency (formerly ASME)
USAID	United States Agency for International Development
VEGA	Volunteers for Economic Growth Alliance

INTRODUCTION

This End of Project Report is furnished pursuant to requirements set forth in the Delivery Order covering Task Order No. 814 of Contract No. PCE-I-00-98-00016-00.

The Delivery Order requires an End of Project Report that highlights the following:

- A. Level of success in attaining stated deliverables and/or reasons for not attaining deliverables. This should include a line item comparison of the tangible results stated in this scope of work.
- B. Any opportunities for further refinement, enhancement, logical extension, or expansion of the completed work.
- C. Any perceived problems, vulnerabilities, or weaknesses in the systems developed. The report should also provide any recommendation the Contractor has to address the identified weaknesses.

Extracting from this Delivery Order language, this Report will accordingly be divided into three categories: **Performance of Contract Deliverables; Opportunities; Potential Problems**.

It should also be noted that the Project received a full evaluation by a USAID team in January-February 2005. That USAID team covered some of the points that this Report must also cover, and in the interest of completeness and efficiency, this Report will cite passages and observations from that Assessment, where appropriate. That Assessment is also attached hereto as **Attachment 1**, and will be referred to hereafter as the "Assessment".

SECTION 1: PERFORMANCE OF CONTRACT DELIVERABLES

The Assessment Team stated in its Executive Summary (p. iv) that:

“The overwhelming conclusion of the team is that EGIP has been extremely effective in achieving its overall objectives. Virtually all of the recipients of services of the project, as well as project collaborators expressed a great deal of satisfaction with those services and collaboration. The MSI team has been very effective in promoting an inclusive and politically unbiased approach that has been respected and admired by all persons interviewed. This approach is credited with allowing the MSI staff to be effective in promoting reforms with both the public and private sector. The knowledge of key project staff of sources of professional technical assistance, both local and international, has permitted MSI to acquire and utilize consultants and trainers who have been respected and viewed by project service recipients as very effective.”

The Project takes pride in that general conclusion and agrees that most of the Project’s key activities have been effective and successful.

Below we offer a more detailed, line-by-line outline of the Project’s obligations under the Delivery Order, and of how the Project fared with respect to each requirement. We also set forth some basic background information. All of this information was provided to the Assessment team in advance of their visit.

BACKGROUND

The Enterprise Growth and Investment Project (“EGIP”) began work in April 2000 under Task Order No. 814, Contract PCE-I-00-98-00016-00. The project was to extend to April 30, 2003. The title of the Project at that time was USAID’s *Policy Reform and Advocacy Project*, and a Statement of Work was included in the Task Order.

In September 2002, the Project received an extension to continue work to April 30, 2005. New tasks for the Project were written into the modified Task Order.

In the summer of 2003, the Project’s name was changed at the request of USAID/Mission to the *Enterprise Growth and Investment Project*.

PROJECT DOCUMENTATION

INITIAL TASK ORDER (ATTACHMENT 2)

The Scope of Work contained in the initial Task Order of April 2000 provided for the following objectives.

- Section A of the Statement of Work (“Economic and Policy Analysis”) contains three tasks, all of which entail enhancing the analytical capacity of the various Bulgarian actors in the policy-

making arena. The areas of analysis in these tasks were unspecified, except that the Task Order required competitiveness analysis was (Task 2), as well as calling for analysis on issues provided in a menu of possible areas of economic issues (Task 3).

- Section B of the Statement of Work (“Policy Change Processes”) contains four tasks, all of which entail increasing the level and sophistication of policy dialogue in Bulgaria. This was to be accomplished by working with government institutions on their dialogue processes (Task 1), working with all stakeholders in a collaborative dialogue on competitiveness reforms (Task 2), analyzing the Bulgarian dialogue process itself (Task 3), and facilitating dialogue in the Balkan Regional Trade Initiative (Task 4).
- Section C of the Statement of Work (“Advocacy and Lobbying Skills-Building”) contains two tasks that require training work with business organizations and NGO’s to build capacity for engaging the government in policy dialogue.
- Section D of the Statement of Work (“Public Education and Awareness”) contains three tasks that require public relations training for NGO associations and organizations (Task 1), and the sponsorship of one-off events that further general policy reform objectives by gaining consensus on unspecified actions “to strengthen the private sector in Bulgaria” (Task 2). Finally, this section requires the Project to provide PR assistance to other AID economic priorities, such as pension and capital market reform.

The Statement of Work also contains a list of 10 “**tangible results**” that the Project was expected to realize.

TASK ORDER MODIFICATION—SEPTEMBER 2002 (ATTACHMENT 3)

The September modification extended the Project for two years (to April 2005) and added funding for the Project. Attachment A to the modification specified that the Project would continue unfinished tasks under the original task order, and would add several new tasks.

The eight new tasks of the Modification were sharply defined. They include (a) the creation of an overall Communication for the Government, including training, (b) a public education campaign to promote the Law Limiting Regulation of Business, (c) a series of national policy workshops for the Agency for Small and Medium Enterprises, (d) a public education campaign to support SME development, (e) trainings for government officials on public/private policy dialogue, (f) a public education campaign on public/private dialogue, (g) implementation of the original competitiveness initiative through a national council and cluster work, and (h) a public education campaign to support competitiveness implementation.

PROJECT RESULTS

Set forth below is a summary of results achieved as per the requirements of the Task Orders.

1. ORIGINAL TASK ORDER STATEMENT OF WORK

: Competitiveness Analysis and Dialogue	Competitiveness report completed Web-site inventories all sector analysis, case studies and National Competitiveness Conference results (www.competitiveness.bg); ICT Sector strategy and implementation; Council for Economic Growth (CEG) established and active; Innovation dialogue between science and	The Project was completely successful in making competitiveness part of the argot of economic policy-making in Bulgaria Competitiveness is understood as a concept and valued as a goal of economic policy- making
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	business established	
<i>Task A 2: Enhanced Policy and Industrial Analysis Capacity</i>	Associations surveyed for analytical capacity, CEG association coordination (BBA, BIA, BCCI) and participation through working groups, such as National Investment Strategy, and on private sector agenda; ICT associations' capacity built through comprehensive and analytical public/private participatory process	The associations have good analytical skill; however, they still need to exchange and argue analytical data in the context of an objective policy debate. The Council of Economic Growth and the Project's work with that Council was a successful, lasting start in that direction
<i>Task A 3: Expert Assistance to Support Analysis of Issues</i>	National Investment Strategy; National ICT Cluster Strategy; Regulatory Impact Analysis Training at Institute for Market Economics (IME); IME newsletter (Economic Policy Review); Offset training and procedure manual; MOE Department of Investment Policy training Intellectual Property expertise provided to GOB and business associations	The Project provided select expert assistance where there was none in-country (e.g., offsets) where capacity had to be built in-house (MOE) or where an example of coordinated use of expert data was necessary (national Investment Strategy). Given the wide range of needs, the Project successfully targeted some areas, though it could neither cover the waterfront nor provide highly in-depth foreign expertise.
<i>Task B 1: Policy Process Assistance to GOB</i>	Dialogue Initiative Report on public/private dialogue submitted to GOB; ASME Advisory Council; Organizational change management at MOE's Department of Regional and Sectoral Analysis; Government-to-SME business series of meetings; Dialogue-enabling assistance to Stara Zagora and Sofia Regional Governments; Training in dialogue for IPAE (Institute for Public Administration and European Integration); ICT GOB bodies capacity built through comprehensive and analytical public/private participatory process	The Project's efforts to install best dialogue practices by bureaucrats inside the GOB met with mixed results. Some of the entities we worked with changed bureaucratic personnel too rapidly to make an impact on organizational practices; some of the entities themselves changed functions too rapidly and were in too constant flux to concentrate on dialogue procedures; however, all institutions we worked with understand the need for good dialogue and we have reason to believe they'll continue to use the materials we provided. Most success was met where strong private sector initiative was built in, such as is the case with the CEG or the ICT Cluster, or the consultant community for foreign investment.
<i>Task B 2: Development and Facilitation of Policy Dialogue</i>	Council for Economic Growth constitutes institutionalized dialogue on strategic economic reform; ICT cluster strategy is private/public creation (flexible inclusion of new participants in ICT); InvestBulgaria Agency operates under regulations that involve dialogue and cooperation; SME Agency operates under regulations that involve dialogue with business and information exchange	The Project had very high success in helping public/private dialogue to flourish and take root in areas where private stakeholder interest is keen. There is no question that at high levels, public/private dialogue in the policy-making arena is institutionalized and highly valued.
<i>Task B 3: Support for Policy Implementation Research</i>	Dialogue Initiative Report; Speeches on dialogue management at national conferences; <i>No national workshop held—focus of project changed</i>	The Project in effect abandoned its efforts to make "public/private dialogue" a standard operating procedure of the entire GOB. First, abstract procedures that have no targeted policy change found little traction

		Second, the Project's "process oriented" emphasis changed in response to new concrete priorities of USAID (jobs and investments).
<i>Task B 4: Balkan Regional Trade Initiative</i>	Assistance in initial Macedonia conference; Established first grass-roots information network with 170 members in 2000, now 700 members, and total messages sent are 1,755 (2000 to September 2004).	The Project's success in developing an information network in the SEETI regions is unique and much appreciated by all subscribers.
<i>Task C 1: Capacity Development—Advocacy and Lobbying Skills-Building</i>	Facilitation of lobbying and advocacy cooperation among CEG members leading to one private agenda in CEG Young Leaders Initiative; Public/private partnership in Dobrich; Trained 22 associations in lobbying but project ultimately de-emphasized this work	The Project had high success in introducing joint development of positions and analysis at the CEG; however, the Project's more broad-ranging lobbying instruction and training were terminated as USAID's emphasis for the Project changed
<i>Task C 2: Government Response to Lobbying and Advocacy</i>	CEG accomplishments are best indication of governmental response to, and cooperation with, private association advocacy: National Investment Strategy; National Innovation Strategy; National Branding Exercise; Strategy on Improvement of Basic Infrastructure; National Export Strategy; National ICT Strategy; National Energy Strategy	The CEG's success is complete evidence of the Project's success in developing government responsiveness to private advocacy at the highest levels of economic policymaking
<i>Task D 1: Public Relations and Media Strengthening</i>	ICT PR campaign—general approach and cluster-oriented approach; ongoing PR assistance to ICT associations; PR trainings for GOB PR officers and media behavior training for GOB officials	The Project had high levels of success in introducing media relations priorities and best practices to both government and select private-sector beneficiaries
<i>Task D 2: Establishing and Supporting Fora for Policy and Legal Change</i>	TV Q and A show Radio Series on general economic issues; Workshops on economic zones act, regulatory burdens (co-sponsored with World Bank FIAS); RIA training workshop; meetings with SME's and think tanks on SME and Investment Act changes	The Project successfully introduced public/private dialogue for reform in certain specific contexts. It is clear that Bulgaria's government and private sector understands the need for open ventilation of issues, and though this cannot be called the exclusive achievement of the Project, the Project contributed
<i>Task D 3: Public Relations and Media Services</i>	Extensive PR assistance (planning and implementation) in several areas: <i>health care reform program</i> (TV educational series, brochures, posters, Ministry of Health care bulletin establishment, specific seminars and public fora, publications production and media placement, journalist seminars); <i>mirod ending program</i> with MÖLSP (TV program and regular TV news slots, radio series, print	The Project set forth many examples of skilled and successful public relations campaigns and media services in support of Project and USAID goals

materials, publications in national and regional press, press conferences, town hall meetings); *pension reform program* (TV and radio educational series, journalist seminars etc); *Deposit Insurance Fund PR assistance* (strategy development, brochures, training institutional identity creation); *VAT on-line registration campaign*
 Additionally instrumental in establishing USAID PR Club and implementing its meetings (providing standards of operation and training to all USAID Projects PR persons).

2. TANGIBLE RESULTS AND BENCHMARKS UNDER ORIGINAL TASK ORDER

<i>T.R 1</i> Bulgarian Competitiveness Analysis	100% accomplished See Website, <i>competitiveness bg</i> for all documentation	Project success for introducing and sustaining competitiveness dialogue was complete
<i>T.R 2</i> Dialogue Based on Competitiveness Analysis	Accomplished with modifications through CEG (investment strategy, innovation strategy, improvement of basic infrastructure strategy, energy strategy, branding exercise, etc); ICT Cluster Strategy	Project success for achieving competitiveness dialogue at highest levels, plus at the level of one very significant cluster (ICT) was complete
<i>T.R 3</i> Public Participation in Economic Reform Legislation (10)	Law Limiting Regulation of Business Activity; Investment Law; SME Law Amendments; Normative Acts Law (drafting stage); Telecommunications Law; Corporate Registration Law (drafting stage); Law on Judicial Enforcement (drafting stage); SME Venture Capital Law; State Property Law; Municipal Property Law; Law on Business Association Authorization; Law of Physical Person's Income Taxation; Law on Corporate Income Taxation; National Strategies mentioned above	Public participation in almost all significant economic reform legislation is open and full. Project's contribution to this covers the laws listed
<i>T.R 4</i> Privately managed, self-sustaining system for analyzing economy	IME Newsletter (Economic Policy Review)	Project's success in this area is complete
<i>T.R 5</i> Increased public awareness of SME reforms	Outreach of MOE to SME's in regional meetings and cluster meetings accomplished but impact uncertain; VAT on-line registration campaign with National Revenue Agency; Janev & Janev study of SME awareness and attitudes April 2005	SME reforms are not as profound as hoped, owing to weak GOB leadership in this area; however, Project succeeded in making significant inroads with the SME Agency and helping it to become an institution with a clear mission known and used nationally by SME's
<i>T.R 6</i> Interventions in two areas of	CEG; ICT Cluster; Innovation Initiative for	Project successfully

competitiveness	Science and Business	intervened in three areas of competitiveness, all of which have resulted in the lasting presence of ideas, institutions and motivations that did not exist prior to the Project's activities
<i>T.R 7</i> Laws and legislation that stimulate private sector development	SME Act and regulations; Investment Act and regulations; Loan Guarantee Fund model; Law Limiting Regulation of Business Activity; Normative Acts Law Draft (RIA)	Within its limitations (not a legal project, no resources to push an entire legislative agenda), the Project was successful in pushing pieces of legislation and policy that will enhance the overall business environment.
<i>T.R 8</i> Balkan Regional Trade Initiative Conference	Participated in organization of Macedonian conference; Created and currently maintain information network	The Project is one of the singular forces in the region pushing regional cooperation among private and public regional stakeholders.
<i>T.R 9</i> Public participation in policy process of two ministries increased by 100%	CEG (five ministries involved—100% increase in institutionalized policy dialogue); MOE—regional SME talks; ASME—regional outreach to business; MOE Department of Sectoral and Regional Analysis (now disbanded); Stara Zagora Regional Government Administration; Sofia Regional Governor's Administration	The Project's work with the CEG, MOE, SME Agency and Foreign Investment Agency has resulted in 100% increases in regular, routine participation by the private sector in economic policy reform.
<i>T.R 10</i> Lessons Learned	Completed and submitted	Completed

3. ADDITIONAL TASKS UNDER MODIFICATION OF SEPTEMBER 2002

a. Communications Strategy for Ministries and Council of Ministers	Extensive training done for Government PR officers, including the Government Information Services Office of the Council of Ministers, regional offices of Central Government, most government agencies and ASME and InvestBulgaria Agency on topics of public surveys, campaigns, crisis management, media relations, press releases, delivery of one-on-one media behavior trainings for ministers, deputy ministers and other government officials. No overall strategy ever created or adopted, but assisted on development of communication strategies for InvestBulgaria Agency, ASME and	While the Project and its counterparts was not successful in convincing the new Central Government to adopt an overall communications and public relations strategy, the Project did succeed in doing a great deal of training whose best practices were illustrated repeatedly in Government communication behavior. In addition, the Agencies the Project worked with directly did adopt and carry out communications strategies and activities. The Project's failure to induce an overall communications strategy at the highest level was attributable to the changing nature of the GOB's priorities when political winds dictated, and the GOB's unwillingness to commit to any series
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	other institutions	of firm messages.
<i>b</i> Public Education Campaign for Law Limiting Regulation of Business	Commentaries and instruction booklets for applying the law have been completed with one set approved by Council of Ministers; campaign of workshops completed, and impact measured by Janev & Janev research poll completed April, 2005 (as follows on to November 2002 survey)	The Project succeeded in publicizing this law and in sparking interest in bottom-up and top-down enforcement, and provided the tools for implementing the law. Public awareness of the law is growing, but could be greater.
<i>c</i> National policy workshops for ASME	Minister of Economy outreach series and associated cluster meetings; Regional offices work and strengthening under 2002 administration and 2004 administration; longitudinal study research by Janev & Janev research poll completed April 2005	Grassroots SME participation in national SME policy and priorities was successfully orchestrated by the Project and the MOE; however, there is a still a need to see those policies actually implemented by the responsible government bodies
<i>d</i> Public Education for SME development	Package of information products for SME's (eg, technical skills building; regional resource guides and how-to manuals; "IT Solutions for Business Brochure"); strengthen ASME as an "information agency"; Science and Business "offerings" books and national web-based exchange	The Project successfully provided a sophisticated and needed portfolio of public education materials to the national SME's, and enables the SME Agency to carry on such work as it develops into an "information agency." However, it would be very useful if some USAID project could continue to support the Agency as it discovers and implements its new responsibilities
<i>e</i> Trainings for managing public/private dialogue	Sustainable training at IPAEI; trainings and facilitation for ASME on Advisory Council; CEG facilitation and creation of workable procedures for Council, and management of working groups (Investment Strategy); MOE Department of Regional and Sectoral Analysis (now disbanded); Stara Zagora Regional Governor's Administration	The Project was successful in developing materials for public/private dialogue training, in delivering key training, and in introducing best practices in several entities. However, much of the future training for bureaucrats is in the hands of the IPAEI, an institution that still requires better management and commitment. In contrast, the work of the CEG will continue as a fine and lasting example of public/private dialogue workability.
<i>f</i> Public Education Campaign on Public/private dialogue	Not done. Dialogue practices targeted at specific issues instead through CEG, ASME, MOE (Investment Strategy)	The Project abandoned thoughts of a general public education campaign on public/private dialogue, and instead broached this subject with the public through work with specialized agencies and institutions. This was a preference of USAID to have more concrete results, and also reflects the reality that specific topics of public/private dialogue find better and more lasting traction than general intellectual discussion about the virtue of public/private

		dialogue
g Implementation of Competitiveness Initiative	CEG institutionalized and functions as strategic public/private policy council; ICT Cluster strategy adopted as national strategy that is now being implemented; Business and Science Innovation Exchange— www.ttrbg.com ; privately managed Bulgarian Investment Information Network (BIN)— www.iirbulgaria.com	The Project was highly successful in all its competitiveness work: national council (CEG); dynamic cluster work and development (ICT); and encouragement and promotion of commercial innovation.
h Public Education Campaign to Support Competitiveness Initiative	CEG creates its own publicity with press conferences and lots of press; ICT public information and education campaigns full-throated and on-going	The Project offered profound and successful assistance to the public relations of all competitiveness organs and initiatives: the CEG, ICT Cluster and the science/business nexus.

WORK PLAN CHANGES

The tables above reflect the legal requirements for Project performance as set forth in the Delivery Order and the primary substantive amendment thereto. The portrait of the Project's activities, however, would not be complete without reference to the work plans that guided the Project's year-to-year tasks. In many ways, these work plans reflect the major challenge that the Project faced in its later years, which was that Project's very nature was altered from a "process-oriented" project to a results-oriented project. As Project documents show, the original Task Order and Amended Task Order, which almost exclusively described a project of policy dialogue "process" operationalized by process-oriented work plans, evolved into the adoption of USAID-approved work plans that emphasized steps to create jobs and to increase foreign investment in Bulgaria. Much of this very intensive latter work, particularly the Project's work with the Foreign Investment Agency, was not contemplated as a central piece of the original Task Orders. Not coincidentally, the Project's name was changed from USAID's *Policy Reform and Advocacy Project* to USAID's *Enterprise Growth and Investment Project* in the summer of 2003.

Because this change is best reflected in the Project's work plans of the last two years, this Report will give a brief description of its work plans, and a general description of its performance under those work plans. Needless to say, the Project fully performed each of the tasks described in the work plans.

Work plans for 2000 and 2001 (Attachments 4 and 5 hereto) followed the original task order activities closely, and categorized activities according to the four categories and twelve tasks set forth in the Task Order's Statement of Work. The **2002-2003 work plan (Attachment 6 hereto)**, which was never formally approved by USAID but which was in part followed, diverged from that format in order to reflect an AID preference that the Project consolidate its work organization according to substantive areas of intervention. The December 2001 Monthly Report (**Attachment 7 hereto**) reflected that preference and described work in five areas: competitiveness analysis and dialogue; institutionalization and enhancement of policy dialogue; advocacy and lobbying skills building; SME strengthening work; and public education and awareness. The subsequent **2002-2003 work plan (Jan. 2002-Jan. 2003) (Attachment 6 hereto)** further consolidated the Project's work into four areas by subsuming public education and awareness into substantive work: Institutionalization of Effective Dialogue; Competitiveness; Advocacy and Lobbying Skills Building; SME Strengthening Work. While these changes may have sharpened the focus of the Project, they did not alter its nature from one of instituting policy dialogue processes and procedures.

In 2003, the AID Mission drafted its graduation strategy and placed priority on the creation of jobs. This greatly affected the Project, as it had to reassess its “process approach” and refocus on job creation. Its **2003-2004 work plan (Attachment 8 hereto)** reflects the reassessment. The work plan that USAID approved is categorized according to tangible results and objectives as follows: SME Support, Raise Competitiveness; Promote Foreign Investment; Dialogue Institutionalized; and GOB Public Relations on Message. Funds directed at these activities were 30% for SME’s, 26% for Competitiveness, 26% for Foreign Investment, 11% for Dialogue, and 8% for government PR. These allocations are notable alterations of Project priorities. Dialogue, which had been the major concern of the Task Order, was significantly downgraded in importance. And Foreign Investment, which had not been part of the Project’s work at all prior to 2003, was now a very significant part.

The 2004-05 work plan (Attachment 9 hereto) approved by USAID further narrowed the Project’s focus to foreign investment, SME’s and ICT Cluster work. Allocations of funding was approximately 40% for foreign investment, 30% for ICT and 30% for SME work.

The work plans of 2003-2004 and 2004-2005 essentially refocused the Project’s work and resources into (i) growing the SME sector, (ii) promoting foreign investment and (iii) enhancing Bulgaria’s competitiveness. General public/private dialogue training and encouragement continued, but with a much-reduced emphasis that reflected USAID’s preference to switch away from purely process activities.

The work plans speak for themselves. In general, the “new” activities in the work plans represent an intention to produce tangible assets that were not present in Bulgaria before. SME work concentrated on the production of information “products” useful to SME’s. Foreign investment work concentrated on producing sales materials and helping the Agency become a “sales and service” organization, capable of closing deals. And competitiveness work concentrated on creating an environment that is rich in long-term and short-term opportunities for IT companies, that is accustomed to the idea of science/business collaboration and that is overseen by high-level public/private competitiveness policy-making. Of course, institutional strengthening was necessary at all levels to ensure sustainability, and the Project continues to expend effort to institutionalize the capacity of the SME agency, the investment agency and the CEG. **Attachment 10** hereto is a CD (DVD format) containing all the substantive products and “take home” reports the Project created in performance of its work plan tasks.

This work by the Project was at the center of impressive trends in foreign investment growth, SME growth and ICT sector growth in Bulgaria. It is not possible to say that the Project’s work in these areas was in itself sufficient and responsible for the good national trends, but certainly the work contributed to realizing and accelerating the trends, and in almost cases (i.e., SME’s, foreign investment, CEG and science/business matches and ICT cluster) represented the sole technical donor assistance in the area.

Of the project’s activities, we have to consider our ICT work, CEG work and business/science innovation work as ground-breaking, vital and having the most impact. More nurturing in these areas would be beneficial, particularly in light of upcoming elections and likely regime change. But the institutions we created will likely last on their own initiative. Our work with the InvestBulgaria Agency was indispensable for the head of the Agency to move his organization to a new level; hopefully, however, with some further limited assistance, he or his successor will be able to sustain the dynamism that now flavors that Agency. And finally, and less fortunately, the SME work we are doing was delayed in 2003-2004 by a poor Agency administration; thus, much more work in the area and with the Agency must be done to realize the current vision of the Agency (which the Project helped shape). A new Agency administration with a very forward-looking management, however, promises good things, provided the correct technical assistance is offered in support.

SECTION 2: OPPORTUNITIES

In the absence of budget information, it is difficult to discuss how future USAID activities might build on opportunities created through Project activities. As a general proposition, of course, much of the ground broken by the Project can be used to the advantage of USAID economic priorities in other projects. Indeed, this has already occurred. For instance, the Commercial Law Project used the CEG to shore up support for the idea of removing company registration from the jurisdiction of the courts. In that case, the CEG acted as a ready-made forum for reforms that make economic sense. Here are several ways in which Project activities can benefit and offer opportunities to on-going USAID projects.

1. Economic Policy Reform and Legislation: USAID projects that need legislation or the ear of the government on issues of economic reform or decision-making can and should use the auspices of the CEG's private members. Of course, the issues must make sense to the private sector members—they are an independently minded group—but in general they will react favorably to and advocate ideas that are shown to make economic sense and to be beneficial for business.
2. The SME Environment: The VEGA project should take advantage of linkages the Project built to the Small and Medium Enterprises Promotion Agency (SMEPA) as VEGA proceeds to build a body of qualified private consultants. The Agency is becoming a locus for SME funding opportunities in that it administers EU projects. It also is the clearinghouse for government regulatory information necessary to SME operations. Though VEGA concentrates on the private sector, its consultant beneficiaries and their SME clients must interact positively with the Agency. VEGA and its beneficiaries will find a flexible, open Agency to work with in this regard.
3. The Science Community and Business: The Project has opened the door to commercialization of scientific innovation by raising awareness of both scientists and businessmen about what each can offer the other. VEGA's consulting corps can move into that playing field as they counsel business about successive innovation and strategic planning to meet tomorrow's needs. The science community that the Project has already tapped should be viewed as a potential partner, capable of enhancing the products and services Bulgaria's SME's can bring to the market.
4. US Investors in Bulgaria: The InvestBulgaria Agency is now poised to attract and win over potential investors. The Agency will ensure that US investors see a much more welcoming Bulgaria. In addition, the Project's Investment Mission in the SF Bay area for ICT, has given rise to new investment offices that are scheduled to be opening in the States. Overall, the Project has contributed to making visible green field opportunities for US investment in Bulgaria's economy.
5. ICT Enhancement in Bulgaria: All economic projects at the micro-economic level will benefit from the ICT Cluster's commitment to developing all aspects of ICT usage and business in Bulgaria. SME's (and VEGA's consultants) will benefit from the technology parks that the Cluster is promoting. Public private partnerships between government and the ICT Cluster and its members will emerge to improve infrastructure and education and health care and all sectors where IT has proved invaluable. The ICT Cluster has an entire agenda of items open for cooperation with Government. As an independent, sustainable private entity, the Cluster will bring these partnerships into fruition over time. USAID projects could fruitfully focus on ideas where ICT partnerships would be helpful; the Cluster will listen to all good proposals.

6. The Scientific Academia: Though the Project worked only collaterally with scientific academia through the Bulgarian Academy of Sciences and its Innovation Initiative for Science and Business, it is clear that the scientific faculties of the academic institutions must upgrade their curricula to produce professionals who can operate in the cutting edge of the market. InvestBulgaria (IBA) has been working with various faculties to permit the private sector to have more say in, and more responsibility for, specialized courses and certifications that better tailor capable students to the needs of business. USAID should consider the discrete opportunities an enhanced practical education offers the nation's competitiveness stature, and if funding exists, should look into these opportunities. This, of course, is also a fundamental issue of workforce development and preparation.

SECTION 3: PROBLEMS

The Project does not perceive any unusual problems, weaknesses or vulnerabilities to the systems and ideas it has put into play. That said, however, there is the usual peril of changing leadership that may unsettle the structure and direction of the government agencies that the Project has primarily engaged. This is always a risk with government counterparts, and in all candor, we do not know what the elections will put at the doorsteps of the InvestBulgaria Agency, the Small and Medium Enterprises Promotion Agency or the Ministry of Economy. The CEG and the ICT Cluster, which are private-sector driven, will survive political changes and will continue to press for activities that promote competitiveness and overall business strength. We are hopeful that the professional civil servants at our government counterpart entities will stay their course, but it is of course a concern whether they will be allowed to do so.

In light of this, we recommended to the Assessment team that USAID continue giving support of the type we provided in a few areas. At page 24 of the Assessment, those recommendations are provided, together with the good recommendations of the Assessment team. They bear repeating here and are as follows:

- Targeted support to SMEPA to increase its effectiveness in delivering services to SMEs. This should focus on access to markets and help to broaden the base of SMEs through better information on government laws and regulations and through the development of private sector business service entities. SMEPA realizes that its mission is not to provide services that compete with the private sector, but rather to provide information on the enabling environment and to facilitate the development of private business services to SMEs. Other assistance could be provided to strengthen the SMEPA Advisory Council and promote the SME agenda in other venues, such as the CEG.
- Targeted support to the IBA to encourage American investors to seriously consider Bulgaria as an attractive location for investment and as a gateway to the European Union. The IBA has already prepared a proposal in this regard and this may serve as a starting point for discussions regarding a potential grant to address this issue.
- Assistance to the CEG to assure that it continues to serve as the lynchpin for public/private sector collaboration on economic policy reform. This assistance could be provided in response to a grant proposal from the CEG that specifies the areas in which it believes USAID assistance can be the most effective.
- Potential assistance to the three departments in the Ministry of Economy to enhance their analytical capability through teaming with private sector entities such as think tanks and business associations.
- Support for the fledgling efforts to enhance collaboration between the business and academic communities of Bulgaria to develop products and services that take advantage of technologies being developed by Bulgarian scientists.
- Further assistance to institutionalize the Regulatory Impact Analysis process both within government and in the private sector through more training in RIA by IME and other potential training entities.
- Limited assistance to the ICT Cluster to promote the use of ICT in other sectors in which SMEs are active in order to broaden the impact of the work with the ICT Cluster.

This kind of targeted support would help to ensure that in a post-election climate, the government counterparts with whom the Project has worked continue to perform as the reform-minded, pro-business entities they have become, and the overall business environment stays progressive.

Attachment I

FINAL REPORT

**ASSESSMENT OF THE BULGARIAN ENTERPRISE GROWTH AND INVESTMENT
PROJECT (EGIP)**

(Formerly the Policy Reform and Advocacy Strengthening Project)

(CONTRACT #PCE-I-00-98-0016-00)

Funded by USAID/Bulgaria

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February 22, 2005

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Acronyms and Abbreviations

ASTEL	Association of Telecommunication
BAIT	Bulgarian Association of Information Technologies
BASSCOM	Bulgarian Association of Software Companies
BC	Business Center
BCCI	Bulgarian Chamber of Commerce and Industry
BI	Business Incubator
BIA	Bulgarian Industrial Association
BIBA	Bulgarian International Business Association
BIIN	Bulgarian Investment Information Network
BINA	Bulgarian Internet Association
CED	Center for Economic Development
CEG	Council for Economic Growth
CIS	Club Innovation Scenarios
CLICT	Center for Law on ICT
EGIP	Enterprise Growth and Investment Project
ESI	European Software Institute
EU	European Union
FDI	Foreign Direct Investment
FED	Foundation for Entrepreneurship Development
GOB	Government of Bulgaria
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IBA	Invest Bulgaria Agency
ICT	Information, Communication and Technology
IME	Institute for Market Economics
IPAEI	Institute of Public Administration and European Integration
JOBS	Job Opportunities through Business Support
MOE	Ministry of Economy
MSI	Management Systems International
NGO	Non-Governmental Organization
SME	Small and Medium Enterprise
SMEPA	Small and Medium Enterprise Promotion Agency (formerly ASME)
VEGA	Volunteers for Economic Growth Alliance
WEF	World Economic Forum

Executive Summary

This assessment was conducted within the context of the phase out of USAID operations in Bulgaria in 2007, which is reflected in the Mission's Graduation Strategy for the years 2003-2007. Consequently, the Mission requested that the team not only review the strengths and weaknesses and lessons learned from the Enterprise Growth and Investment Project (EGIP), but to make recommendations for follow-on activities to the current project that could take place over the next 18 months, prior to the close-down of the Mission.

Over the past years, EGIP has provided support to various government and private sector institutions in eight key areas:

- To the Bulgarian SME Promotion Agency through management assistance on structural changes, operational advice and developing materials for SMEs on various topics,
- To the Council for Economic Growth to promote policy reform and facilitate the ongoing dialogue between the public and private sectors,
- To the Invest Bulgaria Agency through management assistance in restructuring the agency, developing operational procedures and guidelines, and developing an investment marketing strategy,
- To the Ministry of the Economy on its restructuring and on drafting legislation to effect those changes,
- To the ICT cluster to encourage greater collaboration and facilitating exchanges with foreign companies that have resulted in both growth in the sector and increased joint venture activity,
- To the academic and business communities to collaborate on business ventures to improve technologies in Bulgarian products and services,
- To think tanks to improve their analysis capabilities, including training in Regulatory Impact Analysis, and
- To various ministries and agencies on public education campaigns and on training of key officials to communicate with the public better through improved public press relations and better policy messaging.

The overwhelming conclusion of the team is that EGIP has been extremely effective in achieving its overall objectives. Virtually all of the recipients of services of the project, as well as project collaborators expressed a great deal of satisfaction with those services and collaboration. The MSI team has been very effective in promoting an inclusive and politically unbiased approach that has been respected and admired by all persons interviewed. This approach is credited with allowing the MSI staff to be effective in promoting reforms with both the public and private sector. The knowledge of key project staff of sources of professional technical assistance, both local and international, has permitted MSI to acquire and utilize consultants and trainers who have been respected and viewed by project service recipients as very effective. Although the project has accomplished almost all of the project tasks and outputs, there is a shortage of hard data to demonstrate quantitative results of project impact.

Being one of the first private sector development projects in Eastern Europe to use the competitiveness methodology, EGIP has achieved considerable success in promoting the competitiveness agenda throughout the country through a public education campaign and a series of meetings and conferences with both public and private sector entities. Although five clusters were originally designated for project assistance, four were eventually dropped due to perceptions

of a lack of cluster leadership and cohesiveness and only the ICT cluster received long-term project assistance. However, the success of the ICT cluster is significant and has resulted in real advancement of the ICT cluster in Bulgaria through both new revenues and employment growth.

EGIP activities have focused on a few agencies and private sector organizations, notably the Ministry of the Economy, the Agency for SME Promotion, the Council for Economic Growth (and the business associations that are represented on the CEG), the Bulgarian Investment Agency and the ICT cluster. All of these entities, save the InvestBulgaria Agency appear to have been targeted early on for assistance from the project. In addition, MSI has also assisted in the development of a number of Bulgarian think tanks, including IME and CED. Recent project activities started a focus on innovation that has encouraged collaboration between Bulgarian businesses and academic institutions. MSI has collaborated with some other key institutions in Bulgaria, some private and independent and others that are donor-funded in these efforts. Sustainability of almost all of the entities with which the project has worked appears to be on track. However, further assistance may be necessary to facilitate long-term sustainability of certain key institutions due to potential changes that might occur if the upcoming national elections result in institutional changes.

Representatives of government and the private sector interviewed all agreed that the participation of the private sector business community in government policy making will go on, regardless of any potential political changes resulting from the upcoming election. The CEG and regulatory impact analyses are the most direct mechanisms for private sector input into the policy-making process of the government. Both are directly attributable to EGIP. The CEG was formulated without project assistance, but was ineffective until MSI provided assistance. The CEG is now a viable, institutionalized entity for public-private dialogue. The Regulatory Impact Analysis (RIA) is a critical, analytical tool that is mandated under law. More assistance in the utilization of this tool is needed. The RIA is an excellent legacy because it will provide the tool needed to respond to dynamic changes within the Bulgarian political economy. The ICT cluster has also been very effective in promoting its policy reform agenda, both due to MSI's assistance in formulating a strategy for ICT development in Bulgaria and due to the dynamism of the cluster members (which was a principal reason for MSI's decision to focus its cluster assistance on the ICT cluster).

Project assistance to government entities to train high-level government officials and press officers on media communications appears to have been highly effective. A number of these press officers have moved on into the private sector in similar, better-paid positions, but this is to be expected in any country and helps to demonstrate the value of the training. The various EGIP public education campaigns in many areas appear to have been very successful. MSI's talents in this regard were recognized by the USAID Mission and utilized for other USAID projects not directly related to economic growth or reform. Video productions and printed materials reviewed revealed a high level of professionalism in communicating accurate policy messaging.

Local ownership, public and private, of the policy-making process in Bulgaria is strong. Bulgarian consultants, government officials, and local firms did the work creating the investment strategy, the ICT strategy and the creation of the CEG. The apparent result, from the interviews conducted by the assessment team, is a deep understanding of these strategies by organization leaders, as well as a long-term vision by the firms and organizations to Bulgaria's future positioning for industries, investment and growth.

Considerable evidence shows that significant job creation and private sector investment has occurred in Bulgaria during the time of the project. However, it is difficult to demonstrate that

those gains can be directly attributed to EGIP. All persons interviewed in government and the private sector described the project's role as significant catalyst to the creation of conditions that resulted in those job creation and investment gains. Rankings of countries by international institutions on economic freedom and policy environments, including those of the World Economic Forum, Transparency International and the Heritage Foundation have shown demonstrable progress by Bulgaria in the past five years. Foreign investment in Bulgaria has increased substantially in the past four years. FDI had 50% growth in FDI in 2002-2003 and 100% growth in 2004. It is first in Eastern Europe in terms of FDI/GDP in 2004. Interviews with ICT cluster members revealed that the software sector has been growing at about 30%/year. Average growth in the ICT sector is about 10-15% per year. A study of SMEs in Bulgaria by CED published in 2004 stated that the number of persons employed by SMEs increased 7.1% between 2001 and 2002. Unfortunately, more recent data on SMEs was not available. However, since SMEs consist of 99% of all registered companies and unemployment has gone down from 18% to 13% in the past four years, one could extrapolate that much of this growth in employment has occurred in SMEs.

EGIP has achieved considerable results over the past four years, but has some remaining areas where further efforts are necessary to consolidate those gain, particularly related to the transition through the upcoming elections and to EU accession. These include further support to the CEG, some limited assistance to the ICT cluster, further work in innovation through business/academic institution collaboration, assisting targeted institutions in public education efforts, outreach of the InvestBulgaria Agency to American investors, further assistance to the Agency for SME Promotion and the SME unit in the Ministry of the Economy.

Since the duration of any follow-on activity in economic growth for USAID/Sofia is only 18 months and since funds are limited, it makes sense to utilize a strategy that would take advantage of the well-qualified local MSI staff to continue to provide services that would maximize USAID's impact during and beyond the elections in June.

Over the past years, the Bulgaria USAID Mission has approached its economic development portfolio in a logical and comprehensive manner. Mission projects reflect many of the best practices presented in a recent study of Enterprise Development commissioned by EGAT/EG. USAID/Sofia has worked simultaneously to improve firm (and industry)-level operations and to improve the business environment. The portfolio has maximized resources by strategically working across approaches – firm-level, sector/industry, financial services, export orientation, and policy reform. It now will begin focusing on global integration. The Commercial Law project will continue to make improvements to the business environment and the VEGA project improvements to business services, but further efforts are necessary to address some remaining constraints to the global integration of Bulgarian enterprises prior to the closedown of the Mission in 2007.

The team recommends that the Mission consider a number of follow-on activities to EGIP that will help to both institutionalize a number of initiatives carried out under the project. These include the following:

- Targeted support to SMEPA to increase its effectiveness in delivering services to SMEs. This should focus on access to markets and help to broaden the base of SMEs through better information on government laws and regulations and through the development of private sector business service entities. SMEPA realizes that its mission is not to provide services that compete with the private sector, but rather to provide information on the enabling environment and to facilitate the development of

private business services to SMEs. Other assistance could be provided to strengthen the SMEPA Advisory Council and to promote the SME agenda in other venues, such as the CEG.

- Targeted support to the IBA to encourage American investors to seriously consider Bulgaria as an attractive location for investment and as a gateway to the European Union. The IBA has already prepared a proposal in this regard and this may serve as a starting point for discussions regarding a potential grant to address this issue.
- Assistance to the CEG to assure that it continues to serve as the lynchpin for public/private sector collaboration on economic policy reform. This assistance could be provided in response to a grant proposal from the CEG that specifies the areas in which it believes USAID assistance can be the most effective.
- Potential assistance to the three departments in the Ministry of Economy to enhance their analytical capability through teaming with private sector entities such as think tanks and business associations.
- Support for the fledgling efforts to enhance collaboration between the business and academic communities of Bulgaria to develop products and services that take advantage of technologies being developed by Bulgarian scientists.
- Further assistance to institutionalize the Regulatory Impact Analysis process both within government and in the private sector through more training in RIA by IME and other potential training entities.
- Limited assistance to the ICT Cluster to promote the use of ICT in other sectors in which SMEs are active in order to broaden the impact of the work with the ICT Cluster.

It is important that any follow-on activities to EGIP by USAID are coordinated with other donor programs in Bulgaria. The key donors working in this area are the EU, GTZ, UNDP, the Japanese and UNCTAD/ITC.

Introduction & Background of the Assessment

The USAID/Sofia Mission contacted the EGAT/EG office in the fall of 2004 to request assistance in the conduct of an assessment of one of the Mission's key economic growth projects, which would be closing in April 2005. EGAT/EG, through Stephen Silcox, provided assistance in drafting a statement of work for the assessment in October 2004 and, subsequently, sent the current team in January 2005 to conduct this assessment of the Enterprise Growth and Investment Project (EGIP). This project was initially known as the Bulgarian Policy Reform and Advocacy Strengthening Project, but its name was changed in 2003 at the request of the Mission to reflect a changing emphasis in project activities.

This team conducted this assessment within the context of the phase out of USAID operations in Bulgaria in 2007, which is reflected in the Mission's Graduation Strategy for the years 2003-2007. Consequently, the Mission requested that the team not only review the strengths and weaknesses and lessons learned from EGIP, but to make recommendations for follow-on activities to the current project that could take place over the next 18 months, prior to the close-down of the Mission.

The guiding principles of USAID/Sofia's approach for its graduation strategy are:

- (a) Apply criteria, to compare and contrast across the program portfolio and to streamline the activity phase-out decision-making process: USAID/Bulgaria believes that focus should be on activities that best comply with the following list of criteria:
 - Meet the mission priorities in support of U.S. national interests and Mission objectives;
 - Promote the accomplishment of U.S. Mission responsibilities;
 - Substantial impact - Make a difference in Bulgaria and are recognized by recipients and others as important to Bulgaria;
 - Efficient - Minimum overhead expense with the most direct impact possible. Achieves specific outcomes and contains achievable conditions;
 - Sustainable - Will leave behind a positive legacy or is structurally sustainable after USAID funding ends;
 - USAID/Bulgaria will also keep an eye on two additional and complementary criteria as part of its decision-making during graduation. (e.g., interagency coordination, level of consolidation of reform)
- (b) Maximize linkages among sectors to increase prospects for synergy and cooperation;
- (c) Focus on legacies as a major vehicle for achieving sustainability;
- (d) Incorporating values and partnership approach;
- (e) Define conditionalities that would streamline GOB's contribution to USG assistance programs; and
- (f) Apply the new Millennium Challenge Account partnership approach to Bulgaria.

The team's recommendations are consistent with those guidelines that are relevant to these follow-on activities.

The team interviewed a sampling of various U. S. and Bulgarian government staff, business leaders, think tanks, consultants, donors and other relevant persons, both in Bulgaria and in the U.S. These interviewees had been involved in project design or implementation, or had received assistance from the EGIP project or had observations about its effectiveness. It was clear from our discussions with various parties both within and outside the project, that perceptions about this project were lumped together with the previous project implemented by MSI in Bulgaria under the Implementing Policy Change IQC from 1996 to 2000. Although the EGIP contractor was procured under another IQC mechanism, i.e., the SEGIR General Business and Trade Investment (GBTI) IQC, many of EGIP's initial activities flowed out of the original MSI project which dealt with general legislative strengthening activities and developing business association advocacy capacity.

This mixture of activities under both the previous and current project made the project a useful tool to USAID beyond economic growth in that some of the project activities assisted other sectors such as health program reforms and pension reform. This was particularly applicable to public education campaigns and in training government officials in better press communication skills, as project staff had well-developed skills in these areas. This is important to realize in that many persons interviewed cited project successes that occurred during the previous project while discussing the assistance that they had received from MSI. The fact that many of the implementing staff of MSI had been staff in the previous project also both provided continuity of message and better understanding of the participants in the legislative process and business association community.

Description of Key Project Components

The original Delivery Order for EGIP stated that the purpose of the project was “to institute a dynamic and efficient public-private dialogue, as well as supporting the development and expansion of advocacy and private sector policy reforms in Bulgaria.” It further stated that the project would build upon prior USAID work by taking “a more aggressive approach to policy reform by building on the base of existing dialogue and moving to reform of elements of the policy environment that are acting as impediments to economic growth.” It went on to say that, “the Mission believes that the ultimate objective of a policy reform program is to increase the capacity of the Bulgarian economy to thrive in the Balkan region and, in the long run, within the European Union. In other words, the litmus test for the success of policy reforms and the policy reform agenda is the competitiveness of the Bulgarian economy.” This statement reflected the Mission’s interest in adding a “competitiveness” approach to the project and project activities integrated this approach into the overall direction of the policy reform and advocacy effort. USAID/Bulgaria was one of the first Missions in the Balkans to utilize a competitiveness approach to private sector development through this project. This fact provides some interesting observations about the success of this relatively low-funded competitiveness activity vis-à-vis some more highly funded, recent competitiveness projects. The original Delivery Order provided for a three-year implementation period, but this period was subsequently extended to April 2005. The total project budget is approximately \$6 million.

Initial project activities were categorized under four principal areas: economic and policy analysis; policy change processes; advocacy and lobbying skills building; and public education and awareness. Project implementers were to work with key government and private sector entities to further the policy and regulatory reform process in promoting private sector development and to establish vehicles for on-going collaboration and consultation between the public and private sectors. A number of tangible results and benchmarks to be achieved were listed in the delivery order.

An amendment was made to the delivery order in late 2002 to extend the project completion date and to increase the expatriate and local level of effort. It also added a number of additional specific tasks and anticipated results to the contract that fell under the SOW of the original delivery order.

It is important to note that the changing priorities of the governments of Bulgaria and the United States over the years of project implementation have resulted in changes in emphasis in project implementation, although the overall thrust of the project has remained consistent with the delivery order. There is a current priority to increase employment and investment in Bulgaria that has resulted in greater project efforts being made to achieve these ends. Furthermore, there have been other projects funded by USAID and other donors that have provided support to private sector development with a focus on small and medium enterprises (SMEs). This project has coordinated with those projects as much as possible. Previous USAID funded projects include the FLAG project and the current VEGA project, which have provided technical support and training to SMEs and to Business Support Organizations (BSOs), respectively. EGIP has tended to provide support to government and the business community more at the macro level and those projects have provided support more at the micro level.

Over the past years, EGIP has provided support to various government and private sector institutions in eight key areas:

- To the Bulgarian SME Promotion Agency through management assistance on structural changes, operational advice and developing materials for SMEs on various topics,
- To the Council for Economic Growth to promote policy reform and facilitate the ongoing dialogue between the public and private sectors,
- To the Invest Bulgaria Agency through management assistance in restructuring the agency, developing operational procedures and guidelines, and developing an investment marketing strategy,
- To the Ministry of the Economy on its restructuring and on drafting legislation to effect those changes,
- To the ICT cluster to encourage greater collaboration and facilitating exchanges with foreign companies that have resulted in both growth in the sector and increased joint venture activity,
- To the academic and business communities to collaborate on business ventures to improve technologies in Bulgarian products and services,
- To think tanks to improve their analysis capabilities, including training in Regulatory Impact Analysis, and
- To various ministries and agencies on public education campaigns and on training of key officials to communicate with the public better through improved public press relations and better policy messaging.

Key Findings

Objective #1: To assess the overall effectiveness of the project and to determine if the project has achieved the overall objectives of the project as well as the specific results and benchmarks as listed in the project delivery order and amendments.

a. What government agencies/departments have been established or strengthened as a result of the project and how effectively are they fulfilling their responsibilities?

The primary work of the project in this area has been to assist in restructuring the Ministry of Economy into three departments dealing with general economic policy, enterprise promotion and investment promotion and two restructured service agencies. All three departments in the MOE deal with economic policy. The two restructured agencies serve as executive agencies, i.e., they provide services to Bulgarian enterprises rather than formulate policy. They both report to the Ministry of Economy. The two agencies are the Bulgarian SME Promotion Agency and the Invest Bulgaria Agency. In addition, the Bulgarian SME Promotion Agency was recently combined with the Export Development Agency so it now is charged with both functions.

EGIP has worked extensively with all of these entities to assist in building their capacity with some success, but all of them are still plagued by the usual problems of government agencies, i.e., low pay for employees, frequent changes in leadership, and lack of resources to implement programs. While USAID and other donors have provided some of the resources to assist these entities to maximize their impact, any long-term solution will require that the government provide same. Nevertheless, it has been a major accomplishment that these agencies now have at least the legal and organizational basis to move forward in a more effective manner. Furthermore, the resources provided by the project have clearly assisted those agencies to improve their operations and outreach.

b. What other evidence demonstrates the effectiveness of the project interventions in terms of changes to government processes?

The Council of Economic Growth (CEG) was established in March 2002 to provide a high-level forum for public and private sector collaboration on economic policy reform. It is composed of six ministries and five major business associations. Although the CEG was formed by the GOB, it has benefited from substantial assistance from the project in terms of facilitating its work, and to some extent, serving as a secretariat to increase its impact on policy reform. The project facilitated a retreat in 2003 with the business association representatives of the CEG to help them formulate a more cohesive approach to permit them to represent the private sector as a whole. Then in January 2004, another retreat was facilitated by the project that included all members of the CEG, plus outside interests such as think tanks, that helped the CEG members to better understand their role in policy reform and to encourage other entities to participate in dialogue with the CEG to improve the quality of debate through improved analysis and more effective communications.

Most individuals in government and the private sector believe that the CEG has established its effectiveness as a forum for public/private sector dialogue and do not believe that its role will change under any new government. Some thought that there might be some changes in terms of membership from the private sector, but its basic function would remain intact. The involvement of local think tanks as part of this consultation process is viewed as essential in the long-term success of public/private sector collaboration on reform.

To some extent, the CEG is also viewed as the equivalent of a national competitiveness council, an idea that was discussed during the early years of the project when J. E. Austin was more involved in project implementation. In the first year of the project, J. E. Austin conducted a competitiveness assessment of Bulgaria as well as an extensive public education campaign that it credited with convincing both business and government that they must view Bulgarian economic growth through the competitiveness prism.

c. What specific legislative acts have been passed or regulations promulgated that exemplify the effectiveness of the project?

Specific laws passed on which the project assisted through drafting legislation or counseling agencies or the CEG include the SME Act and regulations thereto, the Investment Act and regulations thereto, the model Loan Guarantee Fund, the Law Limiting Regulation of Business Activity, and all legislation drafted by the CEG.

d. What private sector entities have been formed or strengthened as a result of the project and how effectively are they serving as representatives of the larger private sector before government?

The project was primarily responsible for the creation of the ICT Cluster Center, since it was a direct result of the project's activities with the various players in the ICT cluster. Beyond that, the project worked closely with a number of private sector entities over the life of the project. Specific organizations strengthened include the following:

- In conjunction with the ICT Cluster – BASSCOM, BAIT, BIBA, ESI Center – Bulgaria, ASTEL, BINA, CLICT and CIS
- Through work with the CEG – BIBA, BIA, BCCI, and the Employers' Association
- Through work with Innovations for Business – BIA, GIS Transfer Center Foundation, and several branch chambers of the BCCI
- In conjunction with improving the capacity of think tanks and public relations – IME, CED, FED, Yanev & Yanev, and Alpha Research

e. What specific policy analyses or draft legislation/regulations have been prepared by private sector entities that have received project support?

Many of the following examples were jointly prepared by both private and public sector entities that have received project support, since most legislation has involved public and private sector consultation.

These include the following:

- Policies – National SME Strategy (initial strategy and update), National ICT Strategy, and the National Investment Strategy
- Legislation/laws/regulations – Law Limiting Regulation of Business Activity, SME Act and regulations, Investment Act and regulations, and the model Loan Guarantee Fund
- Regulatory Impact Assessment Law and processes
- Analyses of various issues in conjunction with the CEG

Objective #2: To assess the results of the competitiveness approach to project implementation and ascertain its usefulness in promoting SME development in Bulgaria.

a. Were the project design assumptions about the competitiveness approach in Bulgaria sound?

Over the past two or three years, there has been an explosion of USAID-supported projects built on a "competitiveness" theme. EGIP was one of the first, and since its start in the year 2000, no fewer than eleven projects in the E&E region follow some type of "competitiveness" design.

In 2004, a report commissioned by EGAT/EG, commonly known as the "Mitchell Report," attempted to summarize and synthesize the results and impacts of USAID supported competitiveness projects. The Mitchell Report attempts to define "competitiveness", and in doing so, it concludes that one of the key elements in "competitiveness" is the presence of industry-specific clusters.

The Bulgaria project design, as described in the January 2000 Delivery Order, makes only a passing reference to industry sectors and clusters. The Bulgaria project design is almost entirely macro-economic in its character. It defines or describes competitiveness from a national perspective, and emphasizes almost exclusively actions at the national level.

Therefore, if the standard for defining "competitiveness" is a "clusters" approach, one might conclude that the design assumptions were not sound. However, interviews with Bulgarian business owners and government officials paint an extremely positive picture of the benefits and achievements of the Bulgarian project. At the same time, discussions with many of the other competitiveness project implementers in the region reveal a growing dissatisfaction with a competitiveness model in which "clusters" are the dominant implementation device. Furthermore, students of Michael Porter have commented that cluster formation is an important aspect of competitiveness, but that this aspect is often one of the last steps in a competitiveness strategy and is contingent upon the members of the cluster achieving a minimum degree of cohesiveness. As a result, one might conclude that the EGIP approach, while not in exact conformance with the more recent designs, certainly seemed to be right for Bulgaria, and seems to have made positive and substantial impacts in the Bulgarian economy.

b. Were the clusters specified in the project design appropriate and what have been the results of the activity in developing clusters?

As referenced previously, the original design made only passing references to industry sectors and clusters. The design called for undertaking a Bulgarian Competitiveness Analysis, part of which would include an analysis of industry sectors and clusters. No specific clusters were identified as targets of activity in the original design of the project.

Discussions with project management, both in the U.S. and Bulgaria, suggest that the industry sector and cluster analysis was fairly rudimentary. One person referred to it as a, "*back of the envelope*" analysis. The project staff developed a list of six important sectors: tourism, information technology and communications, textiles, winemaking, food processing, and transport. Meetings were held with leaders and associations in each sector to assess readiness, interest, and potential for development of competitiveness clusters.

Project resources were limited, so it was not possible for the project to concentrate for an extended period of time on many sectors. EGIP staff and USAID decided fairly quickly to focus

entirely on the ICT sector, and the others were dropped. There is no analysis or technical report that explains the factors on which the decision was based. Project staff contends choosing ICT was right for at least three reasons:

- The sector leadership understood the concepts of competitiveness and was prepared to work with the project to achieve their goals, while other sectors did not seem quite ready to move forward with competitiveness activity,
- The sector, while relatively small in total employment and revenues, was already showing good growth and potential for greater future growth, and
- A strong ICT sector in a country can help promote change throughout other sectors as the benefits of ICT spread throughout the economy.

As to whether results might have been better if the project worked with more clusters, it is impossible to know. It is clear from talking with members of the ICT sector that they believe EGIP was very instrumental in helping the sector coalesce into a dynamic, growing sector with great potential.

The Mitchell Study cites, *inter alia*, two guiding principles for the success of cluster initiatives. It is helpful to state them below since they apply directly to the EGIP experience.

While the focus is global, the momentum for change must be local.

These kinds of changes are not changes that a donor – or any external agent -- can make happen. Promoting competitiveness requires fundamental change within firms; in the relationships among firms; and in the relationships between firms and their supporting institutions (including government and academia). These kinds of changes can only take place when firms see that it is in their best interest to change and when they take ownership for making change happen. This does not mean that there is not a valid and important role for external agents like USAID; however, what it does mean is that without local business leaders taking the lead in promoting and driving the process of change, the likelihood of substantial or sustainable change is minimal.

A participatory strategic planning process is the starting point.

The participatory strategic planning process embedded in most cluster-based initiatives enables cluster members to: discuss and build their own consensus on the critical issues and the key impediments to engaging global markets; design a strategy and initiatives that will realistically enable them to engage global markets more effectively; and then – and most importantly – assume responsibility and ownership for specific initiatives and actions. It is a process that enables the cluster members themselves to determine the parameters of what they will do and will not do ... as opposed to USAID or any other donor determining the parameters of what should be done from their perspective.

We believe that it is the participatory strategic planning process – and the resulting local ownership in and responsibility for implementation – that makes competitiveness initiatives distinctly different from USAID's other economic growth initiatives. Competitiveness initiatives are private sector led and driven in their implementation, and this implies a fundamentally different role for USAID and its contractors.

- c. **Are there specific examples of increased enterprise revenues and exports due to project interventions with specific firms or clusters?**

The project has collected very little tangible data about the revenues, employment, profits, and exports of firms in the sector. EGIP staff was somewhat defensive about the absence of this kind of data, and claims they were never really asked to track these types of impacts. Furthermore, since the project does not undertake firm level assistance, they state that it is impossible to make statements regarding causal relationships between their work with the ICT cluster and specific increases in sales or employment of firms in the sector.

What is clear is that the ICT sector overall is exhibiting good growth, and that the firm members credit the project with helping create an overall economic and sector environment that contributes to that growth. Several firms that were interviewed say that they have grown from 5 or 6 employees in the mid 1990's to fifty or more currently. Anecdotally, some industry experts put overall growth in the software industry at about 30% per year.

We asked many of the ICT businesses whether the industry growth, and the development of supportive institutions such as BASSCOM and the IT Cluster Organization, would have happened without the work of the project. The typical answer was that eventually they may have come to that result on their own, but the presence of EGIP helped focus and accelerate the process.

d. Was the project successful in its public relations campaign to acquaint the public with the concepts of competitiveness of Bulgarian enterprises? Why or why not?

Practically everyone interviewed credits the project with putting the "competitiveness" vocabulary into the Bulgarian economic language. Various conferences, round tables, discussions, and other activities conducted with key government ministries and industry associations do seem to have had a significant positive impact on the education of government and business, if not the general public overall. The ability to get the country's leaders talking about the kinds of reforms needed to improve Bulgaria's overall competitive standing in the region seems to be one of the project's principal achievements.

e. What types of firms most benefited from project interventions? Small, medium or large enterprises? How?

The project did not engage in firm level assistance to any significant extent. The project did organize business development events in which a number of individual firms participated, and from that some have been able to realize increases in sales. However, there is no hard, quantifiable data to verify this benefit.

As referenced previously, the only cluster with which the project worked was the ICT cluster. As with Bulgaria as a whole, within the ICT sector the overwhelming majority of firms fall within the range of micro-small-medium enterprises, so one can easily argue that many SMEs have benefited from the projects interventions with this cluster. As described to us by industry leaders, the typical participant in the growing ICT sector started with fewer than ten employees in the mid 1990's, and many have grown to the point where they now employ 50+ workers.

f. Did the government buy into the concept of competitiveness and support efforts to strengthen Bulgarian enterprises? How?

The GOB has made competitiveness one of its top three priorities and the cluster approach as the methodology for economic development. It has worked closely with the private sector on ICT development and recognizes the ICT cluster as a key engine of growth for the economy. It has

supported the development of other clusters, both through its own efforts and in conjunction with other donor projects, notably the EU and GTZ.

g. What should the project have done differently to increase the project impact on the competitiveness of Bulgarian enterprises?

It is always difficult to answer "*what should have been done differently?*" Certainly with additional resources it might have been possible to advance competitiveness activities in other sectors beyond ICT. Would it have been better to spend less time on macro-level, government-focused dialogue and more time working with other industries? Again, this is impossible to know. It does appear that the activities undertaken by the project have been effective and quite well received by key governmental officials and businesses in the ICT sector.

The choice of ICT as the cluster to support will likely lead to competitiveness in other sectors. A World Economic Forum (WEF) report states: "ICT is the key to the evolution of our practices in many domains, such as education, work, personal relations, work effectiveness, and national productivity. An interesting characteristic of ICT, such as that of the Internet and mobile communications, is that overall value increases nonlinearly with the number of connected individuals and organizations. Increasing developing countries' levels of participation in ICT not only creates benefits for the countries; it also increases the overall potential of all connected stakeholders to realize value."¹

Returning to the points in "*question a*" regarding the overall competitiveness approach, the newer competitiveness projects in the region are following a somewhat different path than that taken by EGIP. The newer projects move fairly quickly to identify and target specific industry clusters. Often the clusters are pre-determined by the project design, and not always based on sound economic analysis. In addition, because missions are pressing the projects for "quick results", the implementers are being required to prove that their efforts are producing an immediate impact in the form of exports, new jobs, or other growth indicators. These design characteristics are causing a great deal of frustration and dissatisfaction on the part of both missions and implementers, since industry experts argue that attempts to make an outmoded sector competitive can take years, not weeks or months.

In Bulgaria, the creation of an IT cluster was one of the last steps in the process. It is something that the industry took on at the end of a three-year process of discussions and collaborations. From all indications, the industry has taken ownership of the cluster organization, and, as such, it has a high probability of becoming a permanent part of the Bulgarian IT sector. Where cluster organizations are created as the act of an external agent and supported with donor funding, the chances of permanent buy-in by the local industry seems less likely.

Objective #3: To assess the effectiveness of the project in building the capacity of both government agencies and private sector organizations to conduct policy analysis and advocate reform.

a. With which government agencies and private sector organizations has the project worked and how were they selected? Did they change over time? If so, why?

¹ The Global Information Technology Report 2002-2003: Readiness for the Networked World, Dutta, Soumitra; Lanvin, Bruno; and Paua, Fiona; World Economic Forum and Oxford University Press, 2003, p.22

The project worked most extensively with the Ministry of Economy and related executive agencies on the government side. However, it also provided assistance to other ministries, particularly in respect to public education campaigns and training high-level staff and PR officers in how to communicate more effectively with the media. More efforts were put into assisting the Invest Bulgaria Agency after USAID stressed the need for more work in the investment area. Support for SME development was consistent throughout the project's life, but ebbed and flowed to some extent, due to changes in administration of SMEPA (formerly ASME). Recent efforts with that agency have been more productive than those during the middle period of the project's existence when a particularly problematic director was in place.

EGIP has worked with a number of private sector organizations, including business associations, think tanks, the ICT cluster and others. Of particular importance is the work done by the project with the CEG, which includes both public and private sector members and is considered to be the foremost entity in Bulgaria in leading economic policy reform.

b. Provide examples of how project assisted government and private sector entities have increased their analytic capacity and have provided better advocacy to promote economic growth and SME development.

A description of how the project assisted various entities related to this topic is provided in regard to the assistance provided SMEPA, the CEG and IBA below.

Bulgarian SME Promotion Agency (formerly ASME)

In 2000, when the program began, ASME was both a policy and services organization. The Agency for Small and Medium Sized Enterprises has been dramatically reshaped from what one USAID Economic Growth Officer described as "an ineffective Agency" to an Agency with a redefined Mission that positions it better to service SMEs in Bulgaria. At the time of this evaluation, ASME had undergone major structural changes. The policy and services divisions of ASME were split into two agencies – SMEPA is now an executive agency oriented towards service provision, while the Enterprise Promotion Unit of the Ministry of Economy handles policy matters. EGIP has provided team-building training and other assistance to both entities and assisted in the development of SMEPA's 2002-2006 strategy. Stakeholders in the government and private sector were cautiously optimistic that these changes would result in better policymaking and services to SMEs.

EGIP provided the following support to SMEPA:

- a) assisting with outreach strategies to regional businesses;
- b) development of a communications strategy;
- c) creating packages of information products for SMEs (e.g. technical skills building, regional resource guides and how-to manuals;
- d) strengthening the institution to assess and respond to information needs;
- e) strengthening the SMEPA Advisory Council;
- f) exposure to and cooperation with regional SME agencies abroad; and
- g) creation of incentive schemes, such as the small business of the year awards.

A notable project achievement of is the creation of an web-based information system for SMEPA with a database of SMEs that gets approximately 50,000 hits per year and was voted the best government site in Bulgaria in 2003. The project was also credited for its work in developing a model for a loan guarantee fund for SMEs to be run by SMEPA.

The Council for Economic Growth

The project's crowning achievement for public-private dialogue is the strengthening of the Council for Economic Growth (CEG). The CEG was established without EGIP assistance, but meeting management was allegedly poor – too frequent without enough preparation on major policy decisions. A major problem was that the business associations were expressing different messages and did not have a consolidated long-term strategy. This disorganization made it difficult to elicit government reaction or approval to private sector suggestions. EGIP is attributed with the coordination on positions and strategies of the business associations, to promote a more united private sector position to the government. This was achieved through organizing a retreat with the business organizations where the organizations began to understand the importance of collaboration and creating long-term strategies.

The strength of this coordination has given confidence to more than one of the participating associations and government representatives that the CEG will not only survive the election, but will play a key role in briefing the new governmental officials. Project support provides an independent facilitator who handles meeting logistics, agenda-setting, note taking and follow-through with those assigned specific tasks by the council. This is an important role and is highly valued by the private associations on the Council.

Stakeholders view the project's contributions as critical to the progress CEG has made and it is clear that the CEG has been institutionalized. Participants state the CEG is a strong entity. The project will leave behind a functioning, well-received, effective and regular policy dialogue between the public and private sector. The CEG has allowed the government and private sector to create and work towards long-term strategies to affect the growth and competitiveness of the Bulgarian economy. The dialogue is seen by both public and private participants as fruitful. This is a significant achievement.

The Invest Bulgaria Agency (formerly Bulgarian Foreign Investment Agency)

The Invest Bulgaria Agency (IBA) was provided the following assistance:

- a) development of a national investment strategy, based on a SWOT analysis;
- b) a study tour to Ireland to gain lessons learned there in FDI promotion,
- c) drafting standard operating procedures of the Agency;
- d) drafting of a form to assess municipality needs; and
- d) marketing and informational product development.

The IBA is led by a dynamic, young Bulgarian who was appointed to the position about two years ago and has had a dramatic impact on the agency. FDI has increased substantially over the past two years and was up 50% in 2003 and 100% in 2004. However, management at the IBA is thin and is a cause for concern. The team was informed that the Japanese foreign assistance agency (JAICA) will be placing a full-time advisor with IBA in April to provide management assistance and assistance in promoting Bulgaria among Japanese investors.

c. What lessons were learned regarding how to increase the capacity of governmental and private sector entities to achieve this objective?

Local ownership, public and private, of the policy-making process in Bulgaria is strong. Bulgarian consultants, government officials and local firms did the work creating the investment strategy, the ICT strategy and the creation of the CED. The apparent result, from

our interviews, is a deep understanding of these strategies by organization leaders, as well as a long-term vision by the firms and organizations to Bulgaria's future positioning for industries, investment and growth.

Analysis was a focus of both the inputs and outputs, thus creating a methodology for continued reforms based on changing conditions. The project, through local consultants, conducted a SWOT analysis of foreign and internal investment in Bulgaria. Instead of focusing on changing specific regulations that had negative impacts on firms, the project helped to enact the Regulatory Impact Assessment (RIA) law, which requires the government to assess the impact of each new law on the private sector. While the implementation and of the RIA is weak and not always well understood, it will become stronger and is a positive step towards public understanding of the need to regulate wisely. Analysis is an ongoing necessity in every society to be able to plan projects wisely. By insisting on analytical rigor prior to implementation of new activities, the project will leave behind a culture of fact-based decision-making, a legacy stronger than individual organizations.

Focus all activities around a clearly defined subject matter. This includes workshops, trainings and any form of dialogue. Demonstration of how the topic/ subject of the conversation has worked in a context similar to Bulgaria is especially necessary to gain credibility.

Having an institution as the center of the public-private dialogue is important for continuity between administrations.

Working to better conceptualize messages among organizations, whether public or private, is critical in fostering a productive environment for policy reform. For example, the associations participating in the CEG were considerably more effective after strategy workshops were facilitated by the project.

Public education campaigns are an important tool for policy reform.

d. What were the inherent weaknesses of the entities that the project assisted? Have these weaknesses been overcome?

We mentioned under Objective #1 above that most government offices and agencies are hampered by the usual problems of government agencies, i.e., low pay for employees, frequent changes in leadership, and lack of resources to implement programs. This will continue for some time, but at least the legal and organizational basis of those entities is now more logical and will help them to both differentiate their activities and, hopefully, be more effective as a result. Continual training of new staff will be a constant requirement. Some of this may come from other donors, but should be built into government civil servant training. An interview with the director of the Institute for Public Administration and European Integration revealed that this is occurring to some extent, but will require in-house agency training programs as well.

As for the private sector entities – mainly business associations, think tanks and other NGOs – finance will remain a problem. However, as the Bulgarian economy improves, this should be less of a problem. It is encouraging that many of the larger business associations have provided finance for analysis of economic issues by think tanks, as well as developing in-house analytic capacity. Regarding the ICT Cluster, the analytic capacity of that entity seems assured.

e. What are the prospects for sustainability of the policy analysis and advocacy skills enhanced by this project?

The team expects that the policy analysis and advocacy skills addressed by the project will continue and should be sustainable over time. As stated above, some encouraging signs are evident. Major weaknesses that require attention, however, include the following:

- Implementation of the RIA will require more training for those responsible;
- An independent facilitator for the CEG is helpful, but will require financing from non-donor sources. The business associations may pick up this cost, but not until after this summer's election; and
- The SME Advisory Council is still perceived as weak. To sustain the SME advocacy role, it may be useful to give SMEs a role in the CEG, to have leadership training and continue to provide support to those agencies that serve and represent SMEs.

Objective #4: To assess the success of the project in institutionalizing participative and democratic policy-making and communicating accurate policy messaging by the GOB.

a. What mechanisms have been established to provide for private sector inputs into the policy-making process of the government that can be attributed in whole or in part to this project?

The project has had some major successes in this area, notably the CEG, the SME Advocacy group, stronger think tanks, and strategy development – particularly the Investment Strategy, the SME Development Strategy, the National Competitiveness Strategy and the ICT Cluster Strategy

b. What types of participation have been institutionalized as a result of assistance provided by the project and what are the prospects for their continuance after the project comes to an end?

The CEG and the general participation of the Bulgarian business associations and think tanks in the process of public/private sector dialogue has been firmly established during the life of the project. All parties interviewed in both the public and private sectors agreed that this new consultative process for economic policy reform has been institutionalized and take place on a regular basis in various venues. They could not imagine any new government abrogating this consultative process and expect it to continue into the future regardless of any changes in political administrations.

c. What type of assistance was provided to GOB entities to improve their communication of accurate policy messaging and was it successful? Provide examples of why or why not.

As mentioned before, the project has provided assistance to the GOB on various successful public education campaigns, including pension reform, health care reform, microlending, on-line VAT registration, deposit insurance, and investment which received considerable praise from parties involved in those campaigns. Assistance included the preparation of public education brochures, videos, and other media. Furthermore, training in public relations was provided to ministers, deputy ministers and press officers on how to better communicate with the media. The success of this training has been evidenced in better policy messaging by these government officials and an increased emphasis has been placed on good media relations and better policy messaging by the recipients of the training interviewed by the team. One particular press officer

stated that the training not only enhanced the messaging by the minister in her ministry, but it also caused the minister to place more importance on the press office to communicate better with the general public.

d. Has an overall Communication Strategy form Ministries and the Council of Ministers been developed? What types of training were provided to assist with the establishment of the communication strategy and give examples, if any, of how this may have resulted in more professional press secretaries in particular agencies?

Except for a Communications Strategy formulated by SMEPA, there have not been any real “communications strategies” adopted by any ministries or agencies. However, a number of agencies received project assistance in how to better communicate agency messages and have adopted many of the techniques in which they were trained by the project. It was clear from our interviews that the training provided to the various ministries and agencies was highly valued. See answer to “c” above.

e. Which GOB entities have gained the most from project interventions and how?

Foremost, the Ministry of Economy, including SMEPA and IBA, has gained the most from the project in ways described above. In addition, the Ministry of Transport and Communications and the ICT Agency have gained much from the project’s work in the ICT Cluster. The Ministry of Finance and the Ministry of Energy have also received assistance from the project as part of the work with the CEG in pushing through several initiatives with private sector support.

f. Are there any new GOB agencies that have been formed that provide evidence of the project’s effectiveness?

The CEG and the ICT Cluster are the principal new GOB entities (with private sector participation) that are evidence of the project’s effectiveness.

Objective #5: To determine if and how the project has enhanced job creation and private sector investment in Bulgaria.

a. How has the project enhanced job creation in Bulgaria? Give examples of how jobs have increased (or not) in particular clusters targeted by the project.

The original Task Order states “the litmus test for the success of policy reforms and the policy reform agenda is the competitiveness of the Bulgarian economy”. Five years is not sufficiently long to be statistically important in the determination of the overall competitiveness of the economy. The Task Order does not state what the competitiveness of the Bulgarian economy would look like, i.e., it should be competitive, but relative to what? In how many sectors and according to what indicators? Without this information, the assessment team used existing data to show general changes in the economy and has relied on case studies, indicators of possible future change and perceptions by key informants to illustrate potential successes – direct or indirect – of the program. Some indicators, especially at macro-levels, are simply indicators of aspects of the economy or the body politic and it is difficult to make a direct causal relationship between them and project activities.

Having said this, the ICT cluster has grown by about 10-15% year over the past few years during the period in which the project was providing assistance. The project certainly can take credit for some of this growth.

b. In which activities has the project engaged to enhance job creation? What have been the results of those particular interventions?

Project assistance to the ICT cluster, to the CEG and to the IBA have contributed to job creation in Bulgaria, although it is impossible to ascertain how much. As one think tank director stated, the changes in the economy and institutional growth may have occurred without project assistance, but they would not have occurred as fast. Clearly, the decrease in unemployment from 18% in 2000 to 13% in 2004 is a positive indicator of job creation. FDI in 2004 will create more than 2600 jobs. It is impossible to attribute these jobs directly to the work done by the project with the IBA, but one can argue that the project's assistance had a positive impact on the IBA and that resulted, in part, in some of the job creation.

c. Has private sector investment in Bulgaria increased or decreased during the term of this project? How much has been due to domestic investment and how much due to foreign investment?

From the time the project began working with the IBA's predecessor, FDI has increased an estimated 331%. Domestic investments in 2003 reached \$4.1 billion and FDI reached \$1.4 billion. Total investments in 2004 increased and estimated 16.5% and their share of GDP reached an estimated 23.6%.

d. In which types of activities has the project engaged to encourage private sector investment in Bulgaria? Was any monitoring system put in place to track results from these efforts? If yes, what were the results?

See previous description of the project's work with the IBA in Objective #3, section "b" above. The work with the ICT sector has also increased private sector investment in Bulgaria, both domestic and foreign. No monitoring system was put in place to track results. Although it would have been difficult to attribute any increases directly to project activities, it would have been useful to have such a system to, at least, attempt to track those results. The MSI COP contends that the Mission never required such tracking of results and did not provide any LOE or resources to do same. Nevertheless, this would seem to be a project oversight in today's USAID world of Performance Monitoring Plans and other monitoring and evaluation systems.

e. What are the current outstanding constraints to private sector investment in Bulgaria? Are there any differences between internal and external investment constraints?

Most individuals interviewed believed that there are no real differences between internal and external investment constraints. Key constraints remaining include administrative barriers and lack of transparency in privatization of some sectors.

f. How does Bulgaria rate compared to other countries in terms of competitiveness, corruption and transparency of government policies and regulations? Has the project helped to contribute to any improvements in these areas?

The Global Competitiveness Report (GCR), produced by the World Economic Forum is widely considered the most accurate benchmark of country-level competitiveness. The GCR takes firm

level, macro environment and business environment into account when compiling the rankings. According to the GCR, Bulgaria increased its competitiveness from 2001 to 2003, from being ranked number 64 out of 104 to 59 out of 104. Bulgaria's Global Competitiveness Index score is 3.98, a tie with Poland and higher than Croatia and Egypt. Bulgaria rank shows that it is only slightly less competitive than India, but is still far behind regional leaders such as Hungary and the Czech Republic.

Bulgaria's score under the Index of Economic Freedom conducted by the Heritage Foundation every year has experienced a steady increase over the past six years, going from 3.60 in 1998 to 2.74 in 2004. This puts Bulgaria in the "mostly free" category and a country ranking of 52 in the world. Bulgaria's score under this index is far above all other Balkan countries except for Slovenia, which has a rating of 45.

According to the World Bank Doing Business in 2005 report, Bulgaria is far ahead of its regional neighbors in basic business environment indicators. Corruption in Bulgaria has decreased over the past few years as well, according to Transparency International. However, Bulgaria still has a long way to go to eliminate corruption in the economy.

Regarding the project's contributions to these better ratings, one must, again, state that it is impossible to make a direct correlation. However, one can feasibly argue that the project's successes have clearly contributed to these positive results.

Conclusions

Objective #1: To assess the overall effectiveness of the project and to determine if the project has achieved the overall objectives of the project as well as the specific results and benchmarks as listed in the project delivery order and amendments.

- The overwhelming conclusion of the team is that the project has been extremely effective in achieving its overall objectives
- Virtually all of the recipients of services of the project, as well as project collaborators expressed a great deal of satisfaction with those services and collaboration.
- The MSI team has been very effective in promoting an inclusive and politically unbiased approach that has been respected and admired by all persons interviewed. This approach is credited with allowing the MSI staff to be effective in promoting reforms with both the public and private sector.
- The knowledge of key project staff of sources of professional technical assistance, both local and international, has permitted MSI to acquire and utilize consultants and trainers who have been respected and viewed by project service recipients as very effective.
- Although the project has accomplished almost all of the project tasks and outputs, there is a shortage of hard data to demonstrate quantitative results of project impact.

Objective #2: To assess the results of the competitiveness approach to project implementation and ascertain its usefulness in promoting SME development in Bulgaria.

- Being one of the first private sector development projects in Eastern Europe to use the competitiveness methodology, the project has achieved considerable success in promoting the competitiveness agenda throughout the country through a public education campaign and a series of meetings and conferences with both public and private sector entities.
- Although one interviewee from a Bulgarian think tank separated the methodology of competitiveness from EU accession, most persons interviewed believed that the upcoming EU accession was a significant factor in focusing both government and business attention on the competitiveness of Bulgarian products, services, and businesses.
- Although five clusters were originally designated for project assistance, four were eventually dropped due to perceptions of a lack of cluster leadership and cohesiveness and only the ICT cluster received long-term project assistance. However, the success of the ICT cluster is significant and has resulted in real advancement of the ICT cluster in Bulgaria through both new revenues and employment growth.
- Enterprises of all sizes were improved and enhanced as a direct consequence of the project's activities with the ICT cluster, including local SMEs and large foreign firms (both American and European).
- Some questions emerged as to the wisdom of limiting the project activities to one cluster, but it is hard to determine if that decision was proper or not. Current activities by other donors, notably the EU, in the development of other clusters will eventually reveal if the project's decision, approved by USAID, was correct.

Objective #3: To assess the effectiveness of the project in building the capacity of both government agencies and private sector organizations to conduct policy analysis and advocate reform.

- Project activities in this area have focused on a few agencies and private sector organizations, notably the Ministry of the Economy, the Agency for SME Promotion, the Council for Economic Growth (and the business associations that are represented on the CEG), the Bulgarian Investment Agency and the ICT cluster. All of these entities, save the InvestBulgaria Agency appear to have been targeted early on for assistance from the project. In addition, MSI has also assisted in the development of a number of Bulgarian think tanks, including IME and CED.
- Recent project activities started a focus on innovation that has encouraged collaboration between Bulgarian businesses and academic institutions. MSI has collaborated with some other key institutions in Bulgaria, some private and independent and others that are donor-funded in these efforts.
- The policy advocacy work of the CEG, the think tanks and the Ministry of the economy has achieved considerable results. The Bulgarian think tanks appear to have funding from various sources, including other donors, foundations and local business associations.
- Sustainability of almost all of the entities with which the project has worked appears to be on track. However, further assistance may be necessary to facilitate long-term sustainability of certain key institutions due to potential changes that might occur if the upcoming national elections result in institutional changes.
- One example of the analytical capacity of local organization rests with the Bulgarian International Business Association (BIBA). BIBA has produced the White Paper on the Business Climate for several years. Since the CEG is now the principal dialogue point for business climate issues, and these issues are addressed on a regular basis, BIBA has abandoned the White Paper analysis and begun the preparation of a handbook for business on EU accession. The first handbook will be presented to the government through the CEG during the first half of 2005.

Objective #4: To assess the success of the project in institutionalizing participative and democratic policy-making and communicating accurate policy messaging by the GOB.

- Representatives of government and the private sector interviewed all agreed that the participation of the private sector business community in government policy making will go on, regardless of any potential political changes resulting from the upcoming election.
- The CEG and regulatory impact analyses are the most direct mechanisms for private sector input into the policy-making process of the government. Both are directly attributable to the project. The CEG was formulated without project assistance, but was ineffective until MSI provided assistance. The CEG is now a viable, institutionalized entity for public-private dialogue.
- The Regulatory Impact Analysis (RIA) is a critical, analytical tool that is mandated under law. More assistance in the utilization of this tool is needed. The RIA is an excellent legacy because it will provide the tool needed to respond to dynamic changes within the Bulgarian political economy.
- The ICT cluster has also been very effective in promoting its policy reform agenda, both due to MSI's assistance in formulating a strategy for ICT development in Bulgaria and due to the dynamism of the cluster members (which was a principal reason for MSI's decision to focus its cluster assistance on the ICT cluster).
- Project assistance to government entities to train high-level government officials and press officers on media communications appears to have been highly effective. A number of these press officers have moved on into the private sector in similar, better-

- paid positions, but this is to be expected in any county and helps to demonstrate the value of the training.
- The various MSI project public education campaigns in many areas appear to have been very successful. MSI's talents in this regard were recognized by the USAID Mission and utilized for other USAID projects not directly related to economic growth or reform. Video productions and printed materials reviewed revealed a high level of professionalism in communicating accurate policy messaging.
 - Local ownership, public and private, of the policy-making process in Bulgaria is strong. Bulgarian consultants, government officials, and local firms did the work creating the investment strategy, the ICT strategy and the creation of the CEG. The apparent result, from the interviews conducted by the assessment team, is a deep understanding of these strategies by organization leaders, as well as a long-term vision by the firms and organizations to Bulgaria's future positioning for industries, investment and growth.

Objective #5: To determine if and how the project has enhanced job creation and private sector investment in Bulgaria.

- Considerable evidence shows that significant job creation and private sector investment has occurred in Bulgaria during the time of the project. However, it is difficult to demonstrate that those gains can be directly attributed to the project. All persons interviewed in government and the private sector described the project's role as significant catalyst to the creation of conditions that resulted in those job creation and investment gains.
- Rankings of countries by international institutions on economic freedom and policy environments, including those of the World Economic Forum, Transparency International and the Heritage Foundation have shown demonstrable progress by Bulgaria in the past five years.
- Foreign investment in Bulgaria has increased substantially in the past four years. FDI had 50% growth in FDI in 2002-2003 and 100% growth in 2004. It is first in Eastern Europe in terms of FDI/GDP in 2004.
- Interviews with ICT cluster members revealed that the software sector has been growing at about 30%/year. Average growth in the ICT sector is about 10-15% per year.
- A study of SMEs in Bulgaria by CED published in 2004 stated that the number of persons employed by SMEs increased 7.1% between 2001 and 2002. Unfortunately, more recent data on SMEs was not available. However, since SMEs consist of 99% of all registered companies and unemployment has gone down from 18% to 13% in the past four years, one could extrapolate that much of this growth in employment has occurred in SMEs.
- Quantitative impact data for project results in SME employment, sales, exports and other items do not appear to have been tracked by MSI, despite a requirement that they do so in the workplan as revised in March 2001. The COP of MSI claims that USAID never required the project to establish a monitoring and evaluation plan.

Objective #6: To provide recommendations to the Mission regarding potential future activities to build on the project and potential mechanisms to obtain future services.

- The project has achieved considerable results over the past four years, but has some remaining areas where further efforts are necessary to consolidate those gain, particularly related to the transition through the upcoming elections and to EU accession. These include further support to the CEG, some limited assistance to the ICT cluster, further

work in innovation through business/academic institution collaboration, assisting targeted institutions in public education efforts, outreach of the InvestBulgaria Agency to American investors, further assistance to the Agency for SME Promotion and the SME unit in the Ministry of the Economy.

- Since the duration of any follow-on activity in economic growth for USAID/Sofia is only 18 months and since funds are limited, it makes sense to utilize a strategy that would take advantage of the well-qualified local MSI staff to continue to provide services that would maximize USAID's impact during and beyond the elections in June.

Recommendations for Future Mission Activities

Over the past years, the Bulgaria USAID Mission has approached its economic development portfolio in a logical and comprehensive manner. Mission projects reflect many of the best practices presented in a recent study of Enterprise Development commissioned by EGAT/EG. USAID/Sofia has worked simultaneously to improve firm (and industry)-level operations and to improve the business environment. The portfolio has maximized resources by strategically working across approaches – firm-level, sector/industry, financial services, export orientation, and policy reform. It now will begin focusing on global integration. The Commercial Law project will continue to make improvements to the business environment and the VEGA project improvements to business services, but further efforts are necessary to address some remaining constraints to the global integration of Bulgarian enterprises prior to the closedown of the Mission in 2007.

The team recommends that the Mission consider a number of follow-on activities to the EGIP Project that will help to both institutionalize a number of initiatives carried out under EGIP. These include the following:

- Targeted support to SMEPA to increase its effectiveness in delivering services to SMEs. This should focus on access to markets and help to broaden the base of SMEs through better information on government laws and regulations and through the development of private sector business service entities. SMEPA realizes that its mission is not to provide services that compete with the private sector, but rather to provide information on the enabling environment and to facilitate the development of private business services to SMEs. Other assistance could be provided to strengthen the SMEPA Advisory Council and promote the SME agenda in other venues, such as the CEG.
- Targeted support to the IBA to encourage American investors to seriously consider Bulgaria as an attractive location for investment and as a gateway to the European Union. The IBA has already prepared a proposal in this regard and this may serve as a starting point for discussions regarding a potential grant to address this issue.
- Assistance to the CEG to assure that it continues to serve as the lynchpin for public/private sector collaboration on economic policy reform. This assistance could be provided in response to a grant proposal from the CEG that specifies the areas in which it believes USAID assistance can be the most effective.
- Potential assistance to the three departments in the Ministry of Economy to enhance their analytical capability through teaming with private sector entities such as think tanks and business associations.
- Support for the fledgling efforts to enhance collaboration between the business and academic communities of Bulgaria to develop products and services that take advantage of technologies being developed by Bulgarian scientists.
- Further assistance to institutionalize the Regulatory Impact Analysis process both within government and in the private sector through more training in RIA by IME and other potential training entities.
- Limited assistance to the ICT Cluster to promote the use of ICT in other sectors in which SMEs are active in order to broaden the impact of the work with the ICT Cluster.

It is important that whichever follow-on activities to EGIP are engaged in are coordinated with other donor programs in Bulgaria. The key donors working in this area are the EU, GTZ, UNDP, the Japanese and UNCTAD/ITC. The team met with all of these, except the GTZ and the Japanese. However, the team relied upon a PowerPoint presentation given by GTZ in 2004 at a donor coordination meeting that we obtained from USAID. The Japanese program was also described by a USAID officer. The various donor programs relative to any follow-on EGIP activities are summarized below.

EU

The EU program in Bulgaria is the largest donor program. The overall budget in 2004 was Euro 400 million. Next year, the budget is expected to increase by 20%. The EU expects to spend a total of Euro 4.56 billion in Bulgaria from the program's beginnings until 2009, including funds from PHARE, structural and cohesion funds. On-going projects in the private sector development area include the following:

- Support to SMEPA. This is a twinning project with the Dutch to support trade plus some organizational assistance. It is scheduled to end in October 2005, but further assistance may be provided.
- Support to the Ministry of Tourism with a related companies grant scheme
- Support for eco-tourism in rural areas
- 2 schemes in research and development and technology advancement. These involve co-financing private companies to acquire equipment and other technology.

A new pilot project in competitiveness should start in May. Euro 30 million are budgeted for the period 2004-2006. 65% will go for technical assistance and training. The project implementers will determine which clusters the pilot project will work with, but 2 clusters are expected to be identified. The follow-on project anticipates working with up to 12 clusters.

Another new project will convert military bases into business incubators, provide training centers and prepare unused buildings for foreign investors. The EU representative interviewed said that more funds could be available for private sector development, but they have not had success in a couple of projects so the budget is smaller than it might be. He also mentioned that the EU has cross-border trade projects with almost all of the countries in the region.

UNDP

The JOBS Project is the only UNDP project currently operating in Bulgaria. It started in 2000 and is being implemented with the Ministry of Labor and Social Insurance. It is a 7-year project funded at \$22 million, with most of that coming from the GOB. It provides a network of Business Centers (BCs) and Business Incubators (BIs) around the country. Most of the BCs and BIs are in smaller towns of less than 100,000 populations. The project also leases equipment to enterprises. USAID provided some support to the pilot projects that preceded the JOBS project. Total employees under the project number 200+, plus persons paid with program funds in different locations.

It appears that this is a project providing considerable business support in rural areas, but sustainability is a big issue with these BCs and BIs. Subsidies to the BCs are supposed to diminish each year with all subsidies ending at the end of the fourth year. However, the project administration is beginning to consider extending them in order to assure that the target market of small and microenterprises are addressed. Likewise, businesses taking advantage of the BI premises are supposed to be paying market rents at the end of the third year or must vacate the premises. Project staff stated that the total jobs created by the project are about 13,000.

GTZ

GTZ has provided a total of Euro 580 to Bulgaria for 180 projects since 1992. Their principal programs are in three areas:

- Promoting the competitiveness of the Bulgarian economy (SMEs) through economic partnerships, vocational training and employment promotion;
- Promotion of SMEs in agriculture and forestry; and
- Assistance to the public administration.

The GTZ competitiveness project is active in six clusters including, wine, food processing, tourism, ICT, clothing/textiles, and wood processing. It also encourages subcontracting, promotion of regional economies and promotion of branch associations. Policy reform activities are related to the clusters being developed.

UNCTAD/ITC

The International Trade Center of UNCTAD is currently in the process of designing a project to encourage trade between Bulgarian SMEs and other European countries. Discussions with the principal consultant designing the program revealed that the project will run for 2 years and be funded at about \$1 million per year. They expect to work with a couple of sectors – probably textiles and one other. The project will probably start in the summer of 2005. SMEPA is expected to be the principal counterpart agency for this project. They are developing a similar project in Romania.

Japanese

The Japanese plan to provide a long-term advisor to the Invest Bulgaria Agency for 2 years, starting in April, to assist on building institutional capacity and to encourage Japanese investment in Bulgaria.

ANNEXES

ANNEX 1

LIST OF PERSONS INTERVIEWED

USAID/Sofia

Debra McFarland, Director
David Lieberman, Chief, Private Enterprise Office
Nikolay Yarmov, Senior Advisor: Enterprise Development
Ivanka Tzankova, Ph.D., Program Officer
Nora Ovcharova, AE & PS Manager

USAID/Washington

Scott Kleinberg, EGAT/ (former USAID/Sofia staffmember)

Consultants/Washington

Russell Webster, former MSI EGIP Home Office Project Manager
Martin Webber, J.E. Austin EGIP Competitiveness Project Manager
Stanley Shumway, former COP of FLAG Project in Bulgaria (telephone interview)

MSI/EGIP staff

Howard Ockman, Director
Filip Stojanovic, Deputy Director
Diana Pazaitova, Program Manager
Dimo Tsvetanov, Coordinator of Council of Economic Growth
Mircho Mirchev, IP Consultant
David D'Agostino, SME Consultant
Robert Randolph, Investment Consultant

Bulgarian Businesspersons & Association Leaders

Benislav Vanev, Chairman, & Stefan Gulubov, Supervisory Board Manager, "Metallic"
Metal-cutting Machines Plant, Pazardjik Automation and Information Science Union
Dimiter Petrov, Owner, "Intex"
Peter Statev, President and Member of Club "Innovation Scenarios" /KIS/ and
Association Telecommunications /ASTEL
George Dimitrov, President, Center for Law on ICT (CLICT)
Nikolay Rashev, Vice President, Bulgarian Association of Software Companies
(BASSCOM)
Sasha Bezouhanova, Vice President and Chairwoman of IT Committee, Bulgarian
International Business Association (BIBA)
Tanya Veleva, Executive Director, ICT Cluster Center
Bojidar Danev, Chairman and Executive President, and Kamen Kolev, Ph.D., Managing
Director, Bulgarian Industrial Association (BIA)
George Brashnarov, Chairman of Board, and Ivaylo Georgiev, Program Manager,
European Software Institute Center /ESI Center – Bulgaria

Bulgarian Government Officials

Ivan Sariev, Director of IT Department (TBC), Ministry of Finance
Eli Anavi, Ph.D., Director, Enterprise Policy Directorate, Ministry of Economy
Maria Velkova, Acting Head, Promotion of SMEs & Entrepreneurship, Ministry of

Economy

Elena Pishtovkoleva, Director, Investment Policy Directorate, Ministry of Economy
Alexander Babinov, Deputy Executive Director, Bulgarian SME Promotion Agency
Pavel Ezekiev, Executive Director, Invest Bulgaria Agency
Ludmila Videnova, Public Relations Counselor, Ministry of Labour and Social Policy
Georgi Manliev, Executive Director, Institute of Public Administration and European Integration (IPA EI)

Think Tanks

Krassen Stanchev, Ph.D., Executive Director, Institute for Market Economics (IME)
Anelia Damianova, Senior Researcher, Center for Economic Development (CED)

Consultants/Bulgaria

Evgeni Ivanov, Director European Programmes, Finera
Ricardo Bisso, SECO/ITC Advisor, Trade Development Programme, UNCTAD

Donors

Herman Hagspiel, Director, Private Sector Development, European Union Delegation to Bulgaria
Elena Panova, Programme Officer, UNDP

Project Staff

Tashka Gabovska, Project Manager, Job Opportunities Through Business Support (JOBS)
Aideen Mannion, Director, Volunteers for Economic Growth Alliance (VEGA) Bulgaria
BTD
Angel Milev, Director, Innovation Relay Center

ANNEX 2

LIST OF DOCUMENTS REVIEWED

Bulgaria Economic Forum, 2004 Investment Guide for Southeast Europe, September 2003.

Bulgarian Industrial Association, “Competitiveness of Bulgaria,” prepared for the EU-Bulgaria Joint Consultative Committee, August 2004.

Center for Economic Development, Small and Medium-Sized Enterprises in Bulgaria 2002-2003, Report by the Agency for Small and Medium-Sized Enterprises, 2004.

Center for Economic Development, The Bulgarian Economy, July 2004.

Delivery Order, “Assistance for Bulgarian Policy Reform and Advocacy Strengthening,” January 2000.

Delivery Order, “Bulgaria – Implementing Policy Reform Project,” August 2002.

EGIP Project Work Plans and Monthly Status Reports.

EGIP Project Budgets.

Heritage Foundation, 2005 Index of Economic Freedom, 2004.

Government of Bulgaria, Invest Bulgaria 2004 and Invest Bulgaria 2005.

GTZ, Powerpoint presentation on German-Bulgarian Economic Cooperation, 2004.

Invest Bulgaria Agency, Powerpoint presentation for USAID reviewing investment achievements and challenges in Bulgaria, January 2005.

MSI, Memorandum with attachments dealing with issues to be dealt with by the assessment team dated January 10, 2005.

USAID Bulgaria Graduation Strategy, 2003 – 2007, May 28, 2003.

ANNEX 3

STATEMENT OF WORK

ASSESSMENT OF THE BULGARIAN ENTERPRISE GROWTH AND INVESTMENT PROJECT (EGIP)

(Formerly the Policy Reform and Advocacy Strengthening Project)

(CONTRACT #PCE-I-00-98-0016-00)

PURPOSE

The purpose of this activity is to provide an independent assessment of the effectiveness of the Bulgarian Policy Reform and Advocacy Strengthening Project (hereinafter referred to as “the project”) in order to assist the USAID/Bulgarian Mission in determining the overall effectiveness of the project, specific accomplishments achieved, and to make recommendations regarding future Mission activities that could build on the achievements of the project and to address areas that require further USAID assistance.

BACKGROUND

The project builds upon a prior activity entitled, the Bulgarian Implementing Policy Change Project which was implemented between December 1996 and March 2000 by Management Systems International (MSI). This project began in April 2000 has been implemented by MSI and a subcontractor, J.E. Austin Associates, and was contracted under the SEGIR GBTI IQC. The original Delivery Order provided for a three year implementation period, but this period was subsequently extended to April 2005. The total project budget is approximately \$6 million.

The original Delivery Order stated that the purpose of the project was “to institute a dynamic and efficient public-private dialogue, as well as supporting the development and expansion of advocacy and private sector policy reforms in Bulgaria.” It further stated that the project would build upon prior USAID work by taking “a more aggressive approach to policy reform by building on the base of existing dialogue and moving to reform of elements of the policy environment which are acting as impediments to economic growth.” It went on to say that, “the Mission believes that the ultimate objective of a policy reform program is to increase the capacity of the Bulgarian economy to thrive in the Balkan region and, in the long run, within the European Union. In other words, the litmus test for the success of policy reforms and the policy reform agenda is the competitiveness of the Bulgarian economy.” This statement reflected the Mission’s interest in adding a “competitiveness” approach to the project and project activities integrated this approach into the overall direction of the policy reform and advocacy effort. USAID/Bulgaria was one of the first Missions in the Balkans to utilize a competitiveness approach to private sector development through this project.

The project activities were categorized under four principal areas: economic and policy analysis; policy change processes; advocacy and lobbying skills building; and public education and awareness. Project implementers were to work with key government and private sector entities to further the policy and regulatory reform process in promoting private sector development and to

establish vehicles for on-going collaboration and consultation between the public and private sectors. A number of tangible results and benchmarks to be achieved were listed in the delivery order.

An amendment was made to the delivery order in late 2002 to extend the project completion date and to increase the expatriate and local level of effort. It also added a number of additional specific tasks and anticipated results to the contract that fell under the SOW of the original delivery order.

It is important to note that the changing priorities of the governments of Bulgaria and the United States over the years of project implementation have resulted in changes in emphasis in project implementation, although the overall thrust of the project has remained consistent with the delivery order. There is a current priority to increase employment and investment in Bulgaria that has resulted in greater project efforts being made to achieve these ends. Furthermore, there have been other projects funded by USAID and other donors that have provided support to private sector development with a focus on small and medium enterprises (SMEs). This project has coordinated with those projects, notably the prior FLAG project and the current VEGA project, which have provided technical support and training to SMEs and to Business Support Organizations (BSOs), respectively. This project has tended to provide support more at the macro level and those projects have provided support more at the micro level.

OBJECTIVES OF THE ASSESSMENT

This assessment has the following objectives:

1. To assess the overall effectiveness of the project and to determine if the project has achieved the overall objectives of the project as well as the specific results and benchmarks as listed in the project delivery order and amendments.
2. To assess the results of the competitiveness approach to project implementation and ascertain its usefulness in promoting SME development in Bulgaria.
3. To assess the effectiveness of the project in building the capacity of both government agencies and private sector organizations to conduct policy analysis and advocate reform.
4. To assess the success of the project in institutionalizing participative and democratic policy-making and communicating accurate policy messaging by the GOB.
5. To determine if and how the project has enhanced job creation and private sector investment in Bulgaria.
6. To provide recommendations to the Mission regarding potential future activities to build on the project and potential mechanisms to obtain future services.

TASKS

The assessment team should address the following questions/issues in regard to each of the objectives of the assessment. Any other issues considered relevant by the team should be addressed as well.

Objective #1: To assess the overall effectiveness of the project and to determine if the project has achieved the overall objectives of the project as well as the specific results and benchmarks as listed in the project delivery order and amendments.

- f. What government agencies/departments have been established or strengthened as a result of the project and how effectively are they fulfilling their responsibilities?
- g. What other evidence demonstrates the effectiveness of the project interventions in terms of changes to government processes?
- h. What specific legislative acts have been passed or regulations promulgated that exemplify the effectiveness of the project?
- i. What private sector entities have been formed or strengthened as a result of the project and how effectively are they serving as representatives of the larger private sector before government?
- j. What specific policy analyses or draft legislation/regulations have been prepared by private sector entities that have received project support?

Objective #2: To assess the results of the competitiveness approach to project implementation and ascertain its usefulness in promoting SME development in Bulgaria.

- h. Were the project design assumptions about the competitiveness approach in Bulgaria sound?
- i. Were the clusters specified in the project design appropriate and what have been the results of the activity in developing clusters?
- j. Are there specific examples of increased enterprise revenues and exports due to project interventions with specific firms or clusters?
- k. Was the project successful in its public relations campaign to acquaint the public with the concepts of competitiveness of Bulgarian enterprises? Why or why not?
- l. What types of firms most benefited from project interventions? Small, medium or large enterprises? How?
- m. Did the government buy into the concept of competitiveness and support efforts to strengthen Bulgarian enterprises? How?
- n. What should the project have done differently to increase the project impact on the competitiveness of Bulgarian enterprises?

Objective #3: To assess the effectiveness of the project in building the capacity of both government agencies and private sector organizations to conduct policy analysis and advocate reform.

- f. With which government agencies and private sector organizations has the project worked and how were they selected? Did they change over time? If so, why?
- g. Provide examples of how project assisted government and private sector entities have increased their analytic capacity and have provided better advocacy to promote economic growth and SME development.
- h. What lessons were learned regarding how to increase the capacity of governmental and private sector entities to achieve this objective?
- i. What were the inherent weaknesses of the entities that the project assisted? Have these weaknesses been overcome?
- j. What are the prospects for sustainability of the policy analysis and advocacy skills enhanced by this project?

Objective #4: To assess the success of the project in institutionalizing participative and democratic policy-making and communicating accurate policy messaging by the GOB.

- g. What mechanisms have been established to provide for private sector inputs into the policy-making process of the government that can be attributed in whole or in part to this project?
- h. What types of participation have been institutionalized as a result of assistance provided by the project and what are the prospects for their continuance after the project comes to an end?
- i. What type of assistance was provided to GOB entities to improve their communication of accurate policy messaging and was it successful? Provide examples of why or why not.
- j. Has an overall Communication Strategy from Ministries and the Council of Ministers been developed? What types of training were provided to assist with the establishment of the communication strategy and give examples, if any, of how this may have resulted in more professional press secretaries in particular agencies?
- k. Which GOB entities have gained the most from project interventions and how?
- l. Are there any new GOB agencies that have been formed that provide evidence of the project's effectiveness?

Objective #5: To determine if and how the project has enhanced job creation and private sector investment in Bulgaria.

- g. How has the project enhanced job creation in Bulgaria? Give examples of how jobs have increased (or not) in particular clusters targeted by the project.
- h. In which activities has the project engaged to enhance job creation? What have been the results of those particular interventions?
- i. Has private sector investment in Bulgaria increased or decreased during the term of this project? How much has been due to domestic investment and how much due to foreign investment?
- j. In which types of activities has the project engaged to encourage private sector investment in Bulgaria? Was any monitoring system put in place to track results from these efforts? If yes, what were the results?
- k. What are the current outstanding constraints to private sector investment in Bulgaria? Are there any differences between internal and external investment constraints?
- l. How does Bulgaria rate compared to other countries in terms of competitiveness, corruption and transparency of government policies and regulations? Has the project helped to contribute to any improvements in these areas?

Objective #6: To provide recommendations to the Mission regarding potential future activities to build on the project and potential mechanisms to obtain future services.

- a. What have been the principal successes of the private sector development activities implemented by USAID/Bulgaria over the past ten years? In which areas have the activities been less successful?
- b. What further types of assistance are recommended to enhance the prospects for sustainability of any project interventions?
- c. What contracting vehicles might be appropriate to obtain assistance to implement those recommended activities?
- d. What are the key elements of a strategy for USAID/Bulgaria to address remaining constraints to job creation and private sector investment prior to the close of USAID Mission in Bulgaria? Are there any activities that might be continued that could be managed by a regional office or out of Washington, if such activities should be necessary to extend beyond the close-out of the USAID/Bulgaria Mission?

The assessment team will also review and address the progress achieved by the project in reaching the tangible results and benchmarks specified in the initial delivery order and the amendment in 2002. The team should address and evaluate the reasons given by the project implementers if any of the specific results or benchmarks has not been achieved.

METHODOLOGY

This assessment will involve a four stage process:

1. Prior to departing the United States, the assessment team will review project-related documents, and conduct interviews in person or by telephone with persons in Washington or in other countries who have either managed or provided inputs to the project in the design or implementation of the project.
2. Conduct further document reviews and interviews with project stakeholders during a field visit to Bulgaria to address the objectives and tasks of this evaluation. This will also involve an initial briefing with USAID staff and a debriefing with various stakeholders presenting the team's major findings prior to the team's departure.
3. Prepare a draft report to submit to the Mission prior to the departure of the Team Leader from Bulgaria.
4. Prepare a final report to submit to the Mission within one month after submitting the draft report, incorporating comments received from the Mission and other stakeholders on the draft report.

TEAM COMPOSITION

The assessment team should be composed of two or three Washington-based USAID staff members and one local consultant. The qualifications of the team members should be as follows:

SME/ Policy Reform Specialist (Team Leader): This member of the team should be cognizant of issues relative to developing the capacity of government officials and private sector entities to engage in policy reform research, analysis and advocacy for policy change. He/she should also be aware of issues relative to EU accession as well as knowledge of how other countries have approached private sector policy reform, both in relation to SMEs and the larger private sector. He/she should have at least 10 years experience in SME development and policy reform with at least 5 years experience in Eastern Europe and/or the former Soviet Union. Excellent writing and communication skills are critical. Previous experience as a Team Leader and conducting project evaluations for USAID is required.

Competitiveness Specialist: This member of the team should be closely aware of the approach to competitiveness taken by USAID and other donors in implementing private sector development projects over the past years. He/she should be knowledgeable of cluster-based approaches to competitiveness and the ingredients necessary to develop clusters as a means to support SME development as well as the practical steps necessary to develop the same. He/she should be cognizant of public information techniques to reinforce competitiveness both among the business community within a country as well as with the government and the general populace. He/she should have at least 10 years experience in SME development and competitiveness, with at least 5 years experience in Eastern Europe and/or the former Soviet Union. Excellent writing and communication skills are necessary.

(Optional) Enterprise Development Specialist: This team member should have a broad understanding of the issues relative to enterprise development and at least 5 years experience in private sector development. He/she should be conversant with the recent Enterprise Development Study and recommendations for future project design recently conducted for EGAT/EG/EDFM. Experience in Eastern Europe and/or the former Soviet Union would be helpful. Excellent writing and communications skills are necessary.

Local Enterprise Development Consultant/Translator/Logistician: This member of the team shall be cognizant of the various projects and efforts in Bulgaria to support SME development and have at least 5 years experience working in the area. He/she should be knowledgeable of the key players in SME development and policy reform in Bulgaria and be able to communicate with key individuals and arrange for meetings with them for the team. He/she shall provide logistical and translation support for the team and have experience doing same for other expatriate consultant teams. He/she shall contribute to the team briefings and also serve as a sounding board for the team on findings, conclusions and recommendations made by the team in their reports.

SCHEDULE AND LOE

It is anticipated that the fieldwork for this assessment shall take place in mid-January to early February 2005 over a period of two to three weeks (up to 18 workdays LOE should be allocated for each team member). The review of documents and interviews prior to the fieldwork shall consist of 5 workdays for each expatriate consultant. The local consultant shall be allotted 5 workdays for arranging for some initial meetings and other logistical arrangements in advance of the other team members' arrival in Sophia. 5 workdays LOE are allotted for each of the three team members for the draft report and 5 workdays allotted to the Team Leader for the final report. (If the expatriate team members are USAID/Washington staff, the Mission shall only pay transportation and per diems while in Bulgaria.)

REPORTING/ DELIVERABLE REQUIREMENTS

The assessment team shall be responsible for providing a mid-term briefing to USAID/Bulgaria staff mid-way through their field work in Bulgaria and a presentation of their findings to a larger group of stakeholders at the end of their field work.

A draft report on the assessment shall be completed and submitted to the Mission prior to the departure of the Team Leader.

The format of the assessment report should be as follows:

- Cover Page
- Acknowledgements/Foreword
- Executive Summary (Maximum 5 pages)
- Table of Contents
- Introduction & Background of the Assessment
- Description of Key Project Components
- Key Findings (addressing the first five objectives of the assessment, as stated above)
- Conclusions (addressing the first five objectives of the assessment, as stated above)
- Recommendations for future Mission Activities (addressing objective six above)
- Annexes

A final report shall be completed within one month after submitting the draft report incorporating comments received from the Mission and other stakeholders on the draft report.

The report should be submitted in English and the body of the report shall not exceed 50 pages (excluding the cover page, acknowledgements/foreword table of contents, executive summary, and annexes).

SUPERVISION AND LOGISTICAL ASSISTANCE

The team will report to Nikolay Yarmov and David Lieberman of the Economic Growth Office and Nora Ovcharova from the Program Office. Designated USAID/Bulgaria staff will review all reports. USAID/Bulgaria staff and MSI staff will assist in arranging appointments with officials of the GOB, private sector representatives and other donors.

ILLUSTRATIVE LIST OF REFERENCE DOCUMENTS

(Others to be added by USAID/Bulgaria and MSI)

1. Delivery Order, “Assistance for Bulgarian Policy Reform and Advocacy Strengthening,” January 2000.
2. Delivery Order, “Bulgaria – Implementing Policy Reform Project,” August 2002.
3. Project Work Plans and Monthly Status Reports
4. Project Budgets
5. Center for Economic Development, Small and Medium-Sized Enterprises in Bulgaria 2002-2003, Report by the Agency for Small and Medium-Sized Enterprises, 2004.
6. Center for Economic Development, The Bulgarian Economy, July 2004.

ILLUSTRATIVE LIST OF INDIVIDUALS/ORGANIZATIONS TO BE CONTACTED

(Others to be added by USAID/Bulgaria and MSI)

USAID/Bulgaria

Debra McFarland, Mission Director
David Lieberman, Chief, Private Enterprise Office
Nicolay Yarmov, Senior Advisor, Enterprise Development
Ivanka Tzankova, Program Officer
Nora Ovcharova, AE & PS Manager

Government of Bulgaria

Eli Anavi, Director, Enterprise Policy Directorate, Ministry of Economy
Maria Velkova, Acting Head of Unit “Promotion of SMEs and Entrepreneurship,”
Ministry of Economy

Management Systems International (MSI)

Howard Ockman, Director and COP
Filip Stojavovic, Deputy Director
Alexander Babinov, Program Manager
Dimo Tsvetanov, Coordinator of Council of Economic Growth
Diana Pazaitova, Program Manager

Mircho Mirchev, IP consultant
Russ Webster, former MSI home office Project Manager

J. E. Austin and Associates

Martin Webber, Competitiveness Project Manager

Think Tanks/Research Institutions

Anelia Daminanova, Senior Researcher, Center for Economic Development

Business and Trade Development Program (implemented by Volunteers for Economic Growth Alliance – VEGA)

Aideen Mannion, Director
George Menev, Deputy Director

Firm-Level Assistance Group (FLAG – former SME development project in Bulgaria)

Stan Shumway, former COP of FLAG, now President of FLAG International in
Annapolis, MD

Attachment 2

Delivery Order

**Assistance for Bulgarian Policy Reform
And Advocacy Strengthening**

**United States Agency for International Development
Sofia, Bulgaria**

**January
2000**

DELIVERY ORDER

ASSISTANCE FOR BULGARIAN POLICY REFORM AND ADVOCACY STRENGTHENING

I. Project Summary and Background

The purpose of this delivery order is to institute a dynamic and efficient public-private dialogue, as well as supporting the development and expansion of advocacy and private sector policy reforms in Bulgaria. USAID has initiated its work in strengthening the public-private sector dialogue back in 1997 through project that focused on business associations strengthening, advocacy and lobbying. Since that time, the policy reform program has made significant progress in developing a dialogue between private sector associations and the Government of Bulgaria (GOB). The Mission now intends to take a more aggressive approach to policy reform by building on the base of existing dialogue and moving to reform of elements of the policy environment which are acting as impediments to economic growth.

Recent developments in the region and progress to date in this sector support the Mission's strategy, which posits that the policy reform process is central to the development of a vibrant private sector in Bulgaria. Many of the necessary preconditions are now in place for a successful policy reform process, including open and vigorous dialogue on policy issues, market liberalization, foreign trade agreements, and a GOB receptiveness and readiness to interact with associations and business groups.

The Mission believes that this initiative will not operate in isolation but rather will function as a complement to ongoing programs working in the area of private sector development, such as: micro-financing, association development, and support to local governments, with a targeted, well-coordinated program that focuses on feeding the policy dialogue process with the necessary information to ensure positive results, and then providing assistance in the development of laws, legislation and building efficient policy/advocacy mechanisms. This effort will operate in the milieu of the GOB goal of EU accession, and given that context, will not only operate in a manner consistent with that goal, but will orient objectives to support that goal, wherever consistent with the stated objectives of this delivery order.

The Mission's perspective is that the relationship between private sector representatives (businesses, associations, think tanks) and the public sector (parliament, ministries, GOB agencies) forms the basis of a successful policy reform process, and that their ongoing interaction is necessary to bring about needed policy and legislative reforms. The policy reform process should proceed through the encouragement of vigorous and informed dialogue among different private and public sector institutions. The goal is to introduce a sustainable and efficient process by which the private sector will actively engage in developing and advocating its policy agendas to the government, both local and central, and in which the GOB has the capacity to respond to these demands in an efficient and effective manner.

The Mission believes that the ultimate objective of a policy reform program is to increase the capacity of the Bulgarian economy to thrive in the Balkan region and, in the long run, within the European Union. In other words, the litmus test for the success of policy reforms and the policy reform agenda is the competitiveness of the Bulgarian economy. Fortunately, the late eighties and early nineties witnessed a number of breakthroughs in understanding competitiveness in an international perspective. As such, there is a rich body of thinking that can be applied to the Bulgarian perspective in understanding its competitive position in the Balkans and within the European context. In addition, a great deal of analysis has already been accomplished by the World Bank, bilateral donors, and Bulgarian NGO's in examining different components of the policy environment which construct the policy environment. It is the Missions perspective that a strong and clearly defined competitiveness analysis will form a useful basis for a directed and focused policy dialogue that will yield concrete results.

Therefore, the starting point of this project will be a Country Competitiveness Exercise. The project will commence with a survey of the existing analyses on the relevant aspects of the Bulgarian economy and then develop findings and recommendations which will serve as the basis for identifying priorities for effective policy reform and then engaging the Government, Parliament and relevant associations and NGO's in an informed and guided dialogue designed to develop consensus on priorities for policy reform in Bulgaria.

The objective of this activity will be to use the competitiveness analysis and other analytical pieces to enrich the policy dialogue and ensure that it continues to be an effective process in opening the Bulgarian economy and increasing its efficiency.

Business associations and NGOs entering the policy arena need well-developed skills and competencies in particular areas if they are to be credible participants. Since one of the most effective ways private sector organizations can involve themselves in a nation's policy development process is by being the source of credible information, technical assistance will focus on developing business association and NGO capacities to: a) generate and evaluate relevant data; b) introduce the results of their policy analysis and other industry information into the policy decision-making process; and c) use the media to augment direct lobbying efforts. The expected tasks and results of each of these focus areas are briefly outlined below.

The work done in the policy area will also assist USAID in its efforts to lead donor coordination in the policy reform area. There is currently an immense need for increased interaction and coordination among donors, who have independently begun overlapping policy analysis programs. The activities envisioned in this delivery order will be complementary to these other donor initiatives.

This initiative will build on current efforts in Bulgaria to engender public-private dialogue, and the implementation of better laws for the private sector growth. The Global Bureau's GBTI project is seen as the best vehicle for contracting the technical services necessary to the achievement of these objectives. The Mission anticipates a fast track, limited competition selection, based on proposals coming from service providers that have gained and demonstrated a significant amount of expertise and experience in policy change approaches

through enhanced private-public sector dialogue.

II. Statement of Objectives

This Delivery Order complements the activities of other USAID private sector projects, including the ongoing projects targeting the accelerated development of private enterprises in a competitive environment (SO 1.3). Assistance will be provided in four major areas:

Economic and Policy Analysis (15%)

Assist the GOB, SME Agency, Parliament, and relevant private sector organizations to develop the necessary legal and regulatory frameworks that will contribute to the long-term viability of the private sector in the country. Create a process and structure for productive policy dialogue and change based on a Country Competitiveness Analysis. The methods employed to achieve this result in Bulgaria are undertaken through an open dialogue that leads to improved competitiveness of the private sector clusters based on reliable data and solid economic analysis.

Policy Change Processes (30%)

Assist in the creation of a broad-based public dialogue among key Bulgarian policy-makers, business leaders and the media, which is necessary for the development and strengthening of a well-targeted and efficient policy agenda and reform process. This area will focus on developing structures within the private sector, at the interface of the private and public sectors and within the public sector to support a participative policy dialogue that will produce an improved policy environment.

Advocacy and Lobbying Skills Building (35%)

Improve the ability of business support institutions, associations and other intermediary organizations to interact with policy decision-makers, and use these opportunities to communicate information related to the “private sector perspective”. We must also focus on the increasing the receptiveness within the GOB to lobbying and as well developing an understanding of the appropriate role of lobbying and advocacy in the political process.

Public Education and Awareness (20%)

Educate and inform different Ministries, GOV Agencies, business support institutions, associations and think tanks on why and how they should advocate for policy change. Develop processes for educating the public on elementary issues relating to policy reform and on the impact of policy and regulatory changes when it affects their lives in immediate and tangible ways.

Specific tasks and work requirements are described below and will be carried out by at least

one resident advisor with the assistance of short-term technical advisors and project management staff both in the US and Bulgaria.

Tasks and Activities

Based upon the success thus far in the private sector development area and improvements achieved, USAID/Bulgaria estimates that providing follow up assistance, technical expertise and advocacy to continue the process of policy reform in the Bulgarian SME sector are crucial. These follow up activities will permit a fully integrated approach, complementary to the private sector growth process in the country.

A. Economic and Policy Analysis

Task 1: Competitiveness Analysis and Dialogue

This task will begin by surveying the current status of analysis and thinking in Bulgaria to determine what analytical work remains to be completed for a useful competitiveness analysis for Bulgaria. The work of institutions such as the World Bank, the Foreign Investment Advisory Service, the International Finance Corporation, the Government of Austria, the British Know-How Fund and others will be used as the starting point for all succeeding analysis completed under this delivery order. This analysis will include a review of lessons learned in policy reform to date, and in particular a brief examination of what has and has not worked in efforts to improve the policy and regulatory environment. The objective of the analysis will be to identify the key constraints to economic growth in Bulgaria, develop a means of prioritizing the identified constraints through open dialogue, and identify key sectors which have the greatest likelihood of success in the international market. Although the team will make recommendations to facilitate the development of a comprehensive legislative agenda conducive to private sector growth, this will be considered the starting point for the dialogue process.

In order to facilitate the acceptance of this analysis, and increase the transfer of this type of analytical technology, the team will involve local counterparts from Government, private sector associations, and think tanks.

Upon completion of the analysis, the team will introduce its findings at different fora, to the different target groups. The team will introduce the findings in a manner that maximizes the credibility and acceptance of the analysis, and prepares all the relevant parties to rapidly engage in a focussed policy dialogue.

Task 2: Enhanced Policy and Industrial Analysis Capacity

Business associations and NGOs' ability to generate reliable data determines in large measure their potential effectiveness in influencing policy decisions in their country. The extent to which organizations are able to project and report on the outcomes of various policy choices on their industries (or their segment of the economy) can influence their public image as

credible participants in the development of national policy. In order to position themselves to serve this role, association analytic/evaluative capacities should focus on the following types of issues:

- a) Analyze the policy options under consideration by policy makers or being promoted by other actors in the policy arena (e.g., other business associations, consumer groups, government agencies, etc.). This analysis should focus on both the short- and long-term *projected* impacts, both negative and positive, of specific policy options, such as the use of a graduated tax system on private businesses or banking/financial regulation on an industry or segment of the economy. This analysis, grounded in the organization's intimate knowledge of its own industry or economic activity, can be used to inform decision-makers of the obvious and not-so-obvious impacts of their policy choices. It can also be used to support the argument for policy alternatives that are more acceptable to the business community.

- b) Tracking the actual impact of policy decisions on a category of business, an industry, or a segment of the economy. Associations and NGOs can serve as important sources of *impact* information. Through the cooperation of their memberships or clientele, such organizations can generate information over time about the businesses they serve or represent. Illustrative time series statistics that could be tracked by associations or NGOs might include: new business start-ups, savings rates, purchase patterns for consumer items, inventory backlogs, real estate prices, size of work force, etc. This information, juxtaposed with the implementation of new policy decisions, provides important information about the impact of those decisions on specific segments of the population over time. This task will probably require the improvement or development of measurement tools to increase the quality of information within the sector. This task should coordinate closely with current efforts to improve the activities of the national statistical institute.

Technical assistance and training will be provided that strengthens selected business associations' and other private sector groups in analyzing and managing data relevant to their industries or segments of the economy. The team will also work with indigenous think tanks and research faculty to involve them in analytical tasks as well. The goal of this component will be to build the capacity of indigenous groups to better inform the policy reform dialogue process.

Task 3: Expert Assistance to Support Analysis of Issues

Short-term assistance, both U.S. and Bulgarian, will be tapped to help in analyzing issues around the policy and legal reform agenda. Possible areas to be included:

- tax and fiscal policy
- banking/credit/finance/capital mobilization
- post-privatization
- business laws --- bankruptcy, collateral law, commercial codes, etc.
- association management
- trade regimes and barriers to trade
- export promotion

- Direct foreign investment
- Regional development
- EU integration and administrative barriers
- “Red Tape analyses”
- Employment creation and income generation
- Foreign and domestic investment and capital formation

As mentioned earlier, the focus of short-term technical assistance will not only be on the above-described issues, but also on building the nascent local capacity and expertise to conduct and disseminate high quality research in areas important to SME development in Bulgaria. Foreign experts will work closely with indigenous experts to develop the research plans, test survey instruments when necessary, review findings, and discuss methods for presentation and dissemination of results.

Early in the activity, the team leader will interview prospective research organizations and individual experts to determine their particular areas of expertise, their interests, and their availability to collaborate with USAID. This process will also include a complete documentation of pertinent research that has already been completed, for example by the Institute of Market Economics, the Center for the Study of Democracy, or other donor-supported programs of study and think tanks.

Using this information, the team will then identify research partners to support the analytical tasks outlined in the policy reform agenda discussed above. Some of these experts should also be involved in the policy discussion groups early-on in the project, so that the team can benefit from their advice on what information is available, what research might currently be underway, and what are some noteworthy challenges in pulling together new sets of data on dynamics in the SME sector.

This task will also involve, where appropriate, the drafting of laws in response to the findings of particular analyses. These tasks will always be done in collaboration with local counterparts.

B. Policy Change Processes

Task1: Policy Process Assistance to the Government of Bulgaria

The effectiveness of policy dialogue depends not simply on the ability of the private sector to organize and lobby for its agenda with government, but also on the capacity of government to listen, respond, and provide opportunities for participation. This capacity is important for the transparent and participatory implementation of regulations and laws.

In order for the policy dialogue process to have a lasting change in the nature of the relationship between government and the private sector, the team must affect a change in parts of the GOB in regard to the perceptions of Government officials and Parliamentarians of lobbying and advocacy.

The GBTI team will work with selected Bulgarian government entities with responsibility for policies that affect the private sector to enhance their ability to engage in transparent and participatory policy dialogue. This assistance could take the form of:

- One-on-one discussion with key government officials
- Short informal training sessions for staff on participation and citizen outreach mechanisms
- Assistance for organizing public-private fora to promote dialogue.

The team leader, in collaboration with Bulgarian counterparts, will elaborate specific activities under this task during the early phases of the activity.

Task 2: Development and Facilitation of Policy Dialogue

This task forms the core of the activity and its success will determine the results of the activity. The structure of the dialogue will be based the model already developed in Bulgaria, which appears to be working with some measure of success. We will seek to involve the Government of Bulgaria, Parliament, and the private sector and representative associations in an ongoing level of dialogue on policy reform issues. The initial step will be to get all of the parties comfortable with the nature and conclusions of the competitiveness analysis. Once everyone is speaking the same language, it will be necessary to bring all the parties to the table and begin to identify priorities and develop manageable action plans for implementation.

Within this task, the team will provide assistance and guidance in developing secretariats to keep the process productive, identify the advisory capacities of different groups to leverage existing in-country abilities and knowledge, and use other programs such as the Firm Level Assistance Group to identify targets of opportunity for opening policy dialogue in particular sectors.

Task 3: Support for Policy Implementation Research

Demand-driven approaches to policy reform and strategic capacity-building are relatively new and much remains to be learned about how and under what circumstances they can be most effective. The team will conduct this scope of work as an experimental activity with an explicit learning/research and dissemination focus. This focus will target both a) the Bulgarian private sector actors involved in the strategic policy dialogue process; and b) donor/host country decision-makers interested in assessments of the effectiveness of public-private policy dialogue processes, capacity-building for private sector actors, and process-oriented technical assistance.

To support the policy implementation research component, the team will:

- a) Collect data on the activities undertaken to implement the strategic policy dialogue process elaborated above.

b) Analyze these data and prepare a case study that documents the Bulgarian experience, summarizes the results achieved, and offers lessons learned related to the effectiveness of public-private policy dialogues processes, capacity-building for private sector actors, and process-oriented technical assistance. Draft versions of the case study will be presented at country and regional workshops, described below. Input from these workshops will be incorporated as appropriate in the final version of the case study, which will be disseminated in a manner to be determined.

c) Conduct a country workshop in year two to review progress to date, discuss interim results, and reflect on preliminary lessons learned.

Conduct a regional workshop in year two or three to present the Bulgarian experience, disseminate lessons learned, and discuss applicability to other countries in the region.

Task 4: Balkan Regional Trade Initiative

The team will take the lead on supporting the USAID Balkan Regional Trade Initiative. This is a regionally coordinated approach to increasing the level of intra-Balkan trade. It will begin formally with a conference in March 2000, and will be preceded by a series of working group meetings in each participant country to identify the most desired topics for discussions within the meeting. The teams role will be in leading the working group meetings in Bulgaria, maintaining contact with the progress of other working groups and USAID Missions, and managing the logistics of the conference next March.

C. Advocacy and Lobbying Skills-Building

Task 1: Capacity Development

Generating or analyzing data is only part of the function of a business association or NGO involved in shaping government policy. Equally important is the ability of such organizations to interact with policy decision-makers and use these interactions to share information and the “private sector perspective” with them.

Through training and technical assistance, targeted organizations will: increase their understanding of their role as private sector advocates; learn how to prioritize and focus lobbying activities; develop skills for planning and carrying out lobbying campaigns; and learn how to identify and build coalitions around specific policy issues.

Task 2: Government Response to Lobbying and Advocacy

In addition to providing training and technical assistance, the team will cooperate with USAID’s Democracy Network project in organizing complementary training and institutional development efforts involving Bulgarian NGOs working in private sector reform areas.

D. Public Education and Awareness

Task 1: Public Relations and Media Strengthening

To support and augment lobbying activities, associations and NGOs often find the media to be useful allies. The relationship between the media and private sector organizations can even be one of mutual benefit. A free and independent media can turn to associations and NGOs for statistics and analysis that complement and strengthen news stories -- which in turn contributes to the legitimacy of the organization(s) cited. In addition, business associations can raise the public profile of policy-oriented issues by researching, developing and supplying news stories to the media that illustrate the impact of policies or other government action on members of the business community.

Technical assistance and training will introduce targeted organizations to the concept and role of public relations campaigns as a means of achieving their organizations' objectives. This includes techniques for working with members of the media, writing news releases, and converting statistical data into newsworthy stories.

Task 2: Establishing and Supporting Fora for Policy and Legal Change

The establishment of public-private fora for discussing and exchanging views about policy issues that affect the country's business climate is a necessary step toward "opening up" Bulgaria's policy process. The use of workshops, conferences, task forces, and working groups can also strengthen the quality of policy decisions and increase the chance of their successful implementation. This is made possible by bringing together key stakeholders and developing a shared commitment to address issues that adversely affect the private sector. These fora at first provide opportunities for policy decision-makers, technocrats, members of the business community, and consumers to gain a deeper appreciation of each other's perspective. They can eventually grow to serve as useful venues for the joint exploration of policy options and the development of consensus on policy solutions.

These fora will be distinct from the more concentrated process of policy dialogue in that they will generally be on-off events which will focus on a particular issue, and permit our policy program to be responsive to a particular agency or group in a manner which forwards the general objectives of this activity.

Technical assistance will be provided to support the development of various fora for discussing and gaining consensus on the appropriate actions needed to strengthen the private sector in Bulgaria. In particular, assistance will focus on identifying key actors to participate in the various USAID-supported workshops, conferences, working groups, etc.; planning, structuring and developing background materials for the events; facilitating the meetings; and assisting with any follow-up that is warranted.

Task 3: Public Relations and Media Services

The activity will provide public relations services to USAID programs operating in the pension and capital markets areas. These programs will generally involve public education of government policy changes, such as the development of the private pension program or the operation of the voucher privatization program.

Tangible Results and Benchmarks

The Contractor understands and agrees that achievement of the Tangible Results and Benchmarks is the essence of the delivery order. USAID will judge the Contractor's success upon the achievement of the tangible results enumerated below. In the event that any one or more of the Tangible Results is not achieved, or should the Contractor at any time realize that they are not achievable, then the Contractor shall immediately advise USAID in writing, and shall provide a complete explanation of the circumstances relating thereto.

Tangible Results

1. Bulgaria Competitiveness Analysis – full study and final report describing country (region?) competitiveness benchmarks; an assessment of the macro and micro foundations for competitiveness and an analysis of industry clusters and economy specifics;
2. Guided dialogue within the GOB, and among the GOB, Parliament, and the private sector on the development of a policy action agenda, based on the results of the competitiveness analysis.
3. Public participation in the draft, comment and adopt at least 10 key laws and relevant legislation which enables private sector growth and establishes for reducing administrative costs, trade regime impediments and removing other common obstacles for the SME sector (like tax, customs, transportation, financing, etc.)
4. Create and establish a privately managed, self-sustaining system for analyzing economic and policy environment in Bulgaria;
5. Increase public awareness and understanding of key economic reforms related to SME Growth and the importance of macro-stability and micro-mobility in the region;
6. Develop interventions to improve policies in at least two identified areas of competitiveness;
7. Propose and draft amendments in relevant laws and legislation, which create conditions, provide incentives, and stimulates private sector development and entrepreneurship.
8. Manage logistics for Balkan Regional Trade Initiative Conference and other similar events.
9. Work with at least two Ministries and successfully increase their openness to public

participation in the policy process, as measured by a 100% increase in the number of public discussions held on policies and/or laws.

10. Develop a body of findings and "lessons learned" which document the Bulgarian experience and review the progress to date.

Benchmarks

Within one month of Contract Award, prepare and submit for USAID approval and counterparts consent a detailed WorkPlan for the project task implementations.

Within three months of Contract Award, identify likely counterparts within the GOB, Parliament and the private sector to participate in the competitiveness analysis.

Within two months of Contract Award, prepare a communications strategy as consistent with the project tasks.

Within three months of Contract Award, provide analysis on comparative private sector frameworks (legislative) in the region.

Within three months of Contract Award, submit for USAID and GOB counterparts for approval a detailed training plan, which will use the existing USAID/Bulgaria training activity to reinforce the goals of this activity. This plan will be revised and resubmitted upon the completion of the workplan in year two.

Within one year, completion of competitiveness analysis and presentation of results to stakeholders. This will include presentation of methodology to stakeholders before beginning the exercise, solicitation of feedback, development of detailed analyses of four or five industries and or subsectors, presentation of results to stakeholders and Government representatives. Deliverables will include the development of materials for Bulgaria that will support the dissemination of conclusion of this exercise and a deeper understanding of the significance of competitiveness in the country and regional context.

Within one month of completing country competitiveness analysis, deliver a workplan that identifies policy reform objectives for the remaining two years of this activity. Within one month of the completion of the workplan, complete the vetting of the workplan with USAID and key GOB counterparts.

Within two years of Contract Award, complete lessons learned and results review.

V. Estimated Level of Effort

Within the total person-days for U.S. expatriates, or local/third country nationals, the CTO or

their designee may approve changes in the number of person-days for any labor category.

The functional labor categories according to the IQC and the level of effort for them will be included in the response to this RFP. It is planned that the implementation of the tasks under this Delivery Order might require a number of long-term experts as well as a resident advisor in Sofia.

The ratio between expatriate and local hire/third country national workdays can not be less than 1:3.

A. Skills Required

The Contractor will recruit personnel with strong professional skills, experience in capital markets, small and medium enterprise development, and/or business policy and regulatory reform or related fields. An awareness of local culture and traditions and an understanding of the current economic situation in Bulgaria is desirable. Candidates with CEE/NIS experience and Bulgarian and/or Russian proficiency are highly desired. The resident advisor and short-term technical advisors should have substantial experience in private sector development work, and knowledge of SME legislative issues, as well as experience in at least one other country in the region.

Local and third-country staff involved in substantial program areas is subject to approval by the CTO, or their designee, subsequent to contract signature.

VII. Special Instructions

The work under this delivery order will be performed in Bulgaria. Any work conducted outside of Bulgaria requires advance approval by USAID/Sofia Project Officers.

The Contractor will not have access to classified information.

All Contractor travel to Bulgaria requires country clearance from USAID/Sofia. All Contractor business travel outside of Bulgaria must be requested by the Contractor in writing, and approved by USAID/Sofia at least three business-days in advance of travel.

In the course of implementation, the Contractor will produce documentation and guidelines that may be used for replication and use by other institutions.

The Contractor shall obtain the approval of the Counterparts and USAID before making any changes in personnel assigned to the Project. The Contractor shall obtain the approval of the Counterparts and USAID if personnel assigned to this Project shall be out of Bulgaria or working on other projects.

All logistical support will be provided at the Contractor's expense, and will not be reimbursed by USAID.

Short-term expatriate staff are authorized a six day work week, but not to exceed 48 hours per week.

During the course of the work, many institutions and foreign consultants will simultaneously undertake selected initiatives. To ensure the overall success of the effort, an unusually high level of coordination and teamwork will be required in order to accomplish tasks quickly, efficiently and effectively. Unnecessary duplication of past efforts should be avoided and, instead, consultants are expected to work in a collaborative spirit. The accomplishment of tasks in this fashion will be considered on par with all of the primary objectives of this delivery order.

VIII. Reporting Requirements

The Contractor is required to provide the following reports to USAID/Sofia and USAID/Washington:

1. *Work Plan*: The Contractor will provide, within 30 days of the Contract Award with USAID, a detailed written work-plan for the project. The work-plan will be based upon these Delivery Order requirements and will highlight the methods, and the schedule anticipated by the Contractor for producing the benchmarks and tangible results. USAID/Sofia will approve this work plan.
2. *Monthly Status Reports*: A monthly report will be submitted to the counterpart, USAID/Sofia and USAID/Washington no later than the fifteenth day of each month. The reports will be comprehensive and precise in detail and report on only that information which is crucial to the success of the project.

The report should be submitted in the format outlined below:

MONTHLY PROJECT SUMMARY AND REPORT

A. General Information

- (a) Project Identification – Title, Contractor (and subcontractors if any), Contract Number, Delivery Order Number.
- (b) Project Performance - Dates, Period of Performance, Start date Report date and number, Anticipated completion date.
- (c) Project Management - Project Manager and Key Technical Advisors.
- (d) Project Description - One paragraph project description including names of market participants/ enterprises that advisers work with.

B. Project Monthly Report

- (a) As described above

C. Previous Report Update

- (b) Issues of importance from previous report that remain unresolved.
- (c) Changes/revisions of forecasts from previous report and reason/cause.

D. Forecast of next four weeks

- (a) Forecast of progress against tangible results as stated in this Delivery Order.
- (b) Anticipated problems.
- (c) Open or developing issues requiring a decision and who in the Contractor's view should make the decision
- (d) Anticipated coordination needs with other projects or counterparts

3. *End of Contract Report*: Within six weeks of the completion of the delivery order, the Contractor will prepare an End of Contract Report, which will highlight the following:

A. Level of success in attaining stated deliverables and/or reasons for not attaining deliverables. This should include a line item comparison of the tangible results stated in this scope of work.

B. Any opportunities for further refinement, enhancement, logical extension, or expansion of the completed work.

C. Any perceived problems, vulnerabilities, or weaknesses in the systems developed. The report should also provide any recommendations the Contractor has to address the identified weaknesses.

Copies of all reports must be submitted to:

Edward T. La Farge- Senior Private Sector Officer - Economic Restructuring and Growth Office

USAID/Bulgaria

NDK Office Building, 5th floor

1 Bulgaria Square, 1414 Sofia, Bulgaria

Tel: 359-2-963-1219

Fax: 359-2-951-5070

IX. Country Counterparts and Concurrence/Clearances

The principal counterparts under this Delivery Order will be the Economic Commission with the Parliament, GOB, the SME Agency, BAP, IME, BIA, Chambers of Commerce, BAMCO.

The advisors will coordinate closely with USAID/Sofia, and with the USAID Project Officers in Washington, D.C. in both the E&E and the Global Bureau. Resident advisors are required to brief USAID/Sofia at regular intervals, and short-term advisors are required to brief USAID/Sofia on all in-country trips.

X. Timeframe:

This activity will cover a period of 36 months. Due to funding constraints, this activity will be incrementally funded.

XI. Budget Flexibility

The contractor must respect the dollar ceiling of the Total Estimated Cost, and the stated Level of Effort for U.S. Expatriate and Local National/Third Country National personnel, unless otherwise approved by the CTO. Additional personnel may be employed in labor categories not currently listed, subject to the prior written approval of the CTO or their designee.

Attachment 3

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE 1 OF PAGES 10

2. AMENDMENT/MODIFICATION NO. 05	3. EFFECTIVE DATE See block 16C.	4. REQUISITION/PURCHASE REQ. NO. MAARD022U183PD283215	5. PROJECT NO. (If applicable)
6. ISSUED BY Regional Contracting Office USAID Regional Services Center Department of State 5270 Budapest Place Washington, DC 20521-5270	7. ADMINISTERED BY (If other than Item 6)	CODE	

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Nathan-MSI Group 2101 Wilson Boulevard Suite 1200 Arlington, VA VA 22201	(X)	9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
		10A. MODIFICATION OF CONTRACT/ORDER NO. PCE-I-00-98-00016-00 Task Order No.814
		10B. DATED (SEE ITEM 13) 05-01-2000
CODE	FACILITY CODE	X

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment of each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required) See article 1.5

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: The Foreign Assistance Act, as of 1961, as amended, and The Executive Order 11223; FAR clause 16.505(b)(2)(iii)
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to: (1) revise the Statement of Work to expand the tasks; (2) extend the completion date from " April 30, 2003" to "April 30, 2005"; (3) increase the ceiling price by "\$3,041,567.00" from "\$2,999,101.00" to "\$6,040,668.00"; and, (4) increase the total obligated amount by "\$500,000.00" from "\$2,999,101.00" to "\$3,499,101.00."

Specific changes to the terms and conditions of the task order are as follows:

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Catherine A. Mallay Contracting Officer
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	16B. UNITED STATES OF AMERICA BY _____ (Signature of Contracting Officer)
15C. DATE SIGNED	16C. DATE SIGNED

A. COVER PAGE

1. The estimated completion date of "04/30/03" in block 8., is replaced with "04/30/2005" in lieu thereof.
2. The Amount obligated in block 9, is replaced with "\$3,499,101.00" in lieu thereof.
3. The ceiling price in block 9, is replaced with "\$6,040,668.00" in lieu thereof.

B. ARTICLE 1.4 STATEMENT OF WORK

The statement of work for the extension period is added as an attachment (Attachment A) to this task order.

C. ARTICLE 1.5. ACCOUNTING AND APPROPRIATION DATA

The following fiscal data are included in Article 1.5.

MAARD#022U183PD283215
722/31010 -69-WAI2-02-22183-KG13-D283215-25192
SO: 1830130.00 PEN: 04
Total Obligated Amount: \$500,000.00

D. ARTICLE 1.9 ESTIMATED WORKDAYS

In paragraph a. the labor categories and the estimated number of workdays are modified for the entire task order period as follows:

<u>"a. Functional Labor Category & Specialist</u>	<u>Estimated Workdays Ordered</u>	<u>Fixed Burdened Daily Rate</u>
<u>First Year:</u>		
Business & Finance Spec./Chief-of-Party, Level 1	240	\$1,071.00
Insttutional Dev. Specialist, Level 1	32	\$1,049.00
Insttutional Dev. Specialist, Level 1	80	\$1,049.00
Insttutional Dev. Specialist, Level 2	30	\$ 837.00
Business & Finance Spec./Level 1	70	\$1,071.00
Inv. Promotion/Trade/Privat. Spec./Level1	60	\$1,071.00
Industry Specialist/Level 1	25	\$1,049.00
Macroeconomist/Trade Spec./Level 2	20	\$ 870.00
Macroeconomist/Trade Spec./Level 3	25	\$ 781.00
CCN/Business & Finance Spec.	260	\$ 113.00
CCN/Public Relations Spec.	260	\$ 76.00
CCN/Insttutional Dev. Spec.	260	\$ 47.00
CCN/Financial Analyst	260	\$ 47.00
CCN/Accountant	130	\$ 53.00
CCN Short-terms	150	\$ 312.00
CCN/Business & Finance Spec.	75	\$ 312.00
CCN/Business & Finance Spec.	60	\$ 312.00
CCN/Insttutional De. Spec.	60	\$ 312.00
CCN/Industry Specialist	30	\$ 312.00
CCN/Training Specialist	15	\$ 312.00
<u>Second Year:</u>		
Business & Finance Spec./Chief-of-Party, Level 1	240	\$1,071.00
Insttutional Dev. Specialist, Level 1	32	\$1,049.00
Insttutional Dev. Specialist, Level 1	80	\$1,049.00
Insttutional Dev. Specialist, Level 2	20	\$ 837.00
CCN/Business & Finance Spec.	260	\$ 119.00
CCN/Public Relations Spec.	260	\$ 79.00
CCN/Insttutional Dev. Spec.	260	\$ 50.00
CCN/Financial Analyst	260	\$ 50.00
CCN/Accountant	130	\$ 56.00
CCN Short-terms	150	\$ 312.00
<u>Third Year:</u>		
Business & Finance Spec./Chief-of-Party, Level 1	240	\$1,071.00
Insttutional Dev. Specialist, Level 1	32	\$1,049.00
Insttutional Dev. Specialist, Level 1	80	\$1,049.00
Insttutional Dev. Specialist, Level 2	20	\$ 837.00
CCN/Business & Finance Spec.	260	\$ 125.00
CCN/Public Relations Spec.	260	\$ 83.00
CCN/Insttutional Dev. Spec.	260	\$ 52.00

CCN/Financial Analyst	260	\$ 52.00
CCN/Accountant	130	\$ 59.00
CCN Short-terms	150	\$ 312.00

Fourth Year:

Business and Finance Spec./Chief of Party/Level 1	240	\$1,071.00
Business and Finance Specialist, Level 1	30	\$1,071.00
Institutional Development Specialist, Level 1	40	\$1,049.00
Institutional Development Specialist, Level 1	15	\$1,049.00
Institutional Development Specialist, Level 2	60	\$ 837.00
Institutional Development Specialist, Level 2	125	\$ 837.00
Institutional Development Specialist, Level 2	24	\$ 837.00
Institutional Development Specialists, Level 1	90	\$1,049.00

CCN Business and Finance Specialist (Full-Time)	260	\$ 154.00
CCN Public Relations Specialist (Full-Time)	260	\$ 103.00
CCN Institutional Development Specialist (Full-Time)	260	\$ 34.00
CCN Financial Analyst (Full-Time)	260	\$ 45.00
CCN Institutional Development Specialist (Full-Time)	260	\$ 40.00
CCN Institutional Development Specialist (Full-Time)	260	\$ 82.00
CCN Short-Term Technical Expert	60	\$ 356.00
CCN Short-Term Technical Expert	180	\$ 373.00
CCN Short-Term Technical Expert	65	\$ 249.00
CCN Short-Term Technical Expert	50	\$ 108.00
CCN Short-Term Technical Expert	70	\$ 125.00
CCN Short-Term Technical Expert	50	\$ 167.00
CCN Short-Term Technical Expert	40	\$ 107.00
CCN Short-Term Technical Expert	20	\$ 50.00
CCN Short-Term Technical Experts	380	\$ 178.00

Fifth Year:

Business and Finance Spec./Chief of Party/Level 1	240	\$1,071.00
Business and Finance Specialist, Level 1	30	\$1,071.00
Institutional Development Specialist, Level 1	40	\$1,049.00
Institutional Development Specialist, Level 1	15	\$1,049.00
Institutional Development Specialist, Level 2	60	\$ 837.00
Institutional Development Specialist, Level 2	125	\$ 837.00
Institutional Development Specialist, Level 2	24	\$ 837.00
Institutional Development Specialists, Level 1	90	\$1,049.00

CCN Business and Finance Specialist (Full-Time)	260	\$ 162.00
CCN Public Relations Specialist (Full-Time)	260	\$ 108.00
CCN Institutional Development Specialist (Full-Time)	260	\$ 36.00
CCN Financial Analyst (Full-Time)	260	\$ 47.00
CCN Institutional Development Specialist (Full-Time)	260	\$ 42.00
CCN Institutional Development Specialist (Full-Time)	260	\$ 86.00
CCN Short-Term Technical Expert	60	\$ 374.00
CCN Short-Term Technical Expert	180	\$ 392.00
CCN Short-Term Technical Expert	65	\$ 261.00
CCN Short-Term Technical Expert	50	\$ 113.00

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Modification No. 05
Nathan-MSI Group

CCN Short-Term Technical Expert	70	\$ 131.00
CCN Short-Term Technical Expert	50	\$ 175.00
CCN Short-Term Technical Expert	40	\$ 112.00
CCN Short-Term Technical Expert	20	\$ 52.00
CCN Short-Term Technical Experts	<u>380</u>	\$ 187.00
Total Estimated Workdays Ordered	11,704	

E. ARTICLE 1.10 CEILING PRICE

The ceiling price in article 1.10 is deleted in its entirety and replaced with the following:

“1.10 CEILING PRICE

For Direct Labor Costs	\$3,738,370.00
For Other Direct Costs	\$2,094,141.00
For G&A	<u>\$208,157.00</u>
Ceiling Price	\$6,040,668.00

ATTACHMENT A

STATEMENT OF WORK
Bulgaria Implementing Policy Reform Project

The extension through to April 30, 2005 and to increase expatriate and local LOE will enable the project to bring to a satisfactory conclusion several initiatives that were delayed due to Parliamentary and Presidential elections last year and the GOB first year in office.

In addition, the project will be assigned a series of new tasks that are within the original Scope of Work of the Task Order. Several new tasks are proposed for the Nathan-MSI Inc. Implementing Policy Reform Project, including:

Specific plans for implementation of each activity will be designed by the implementer; however, the shape of each activity will be as follows:

- a. *“The creation of an overall Communication Strategy for Ministries and the Council of Ministers, with accompanying communications training for governmental PR officers and Ministers”.*

Operational Plan: The PR trainings will start with basic principles of good press relations strategy and practice, and will progress with more and more specialized topic areas, such as campaign planning, crisis management, etc. Press Secretaries will receive the most intense professional training. Select ministers will also receive basic instruction in the use and methods of good press relations. As part of the training, the significance of strategic planning and the role of PR in formation of strategic policy will be stressed. The activity will then move on to practical strategic planning sessions where policy makers will grow to understand that press relations are part and parcel of policy formation and policy implementation, and will implement PR strategies in their overall policy-making approaches. The implementer will work with individual executive level groups to train and assist in PR policy strategy.

Anticipated Results: A more professional corps of Press Secretaries will emerge, and government communication will become more rationalized, coordinated, precise and informative owing to incorporation of a PR component into government policy-making.

- b. *“A public education campaign to endorse passage, implementation and compliance with a law restricting licenses and permits and creating a procedure for adopting such regulations at all levels of government”.*

Operational Plan: Limitations on the government’s regulatory power must be guarded and enforced by the vigilance of the regulated. It is unrealistic to expect the government to limit its own powers voluntarily. The private sector thus needs to be fully versed in the government’s statutory limitations and in its own rights. This is the purpose of the public education campaign respecting the Economic Development Act. The public education campaign will be a multi-faceted campaign consisting of electronic media, printed material strategically and widely disseminated, and workshops, site meetings and discussions throughout the nation.

Anticipated Results: The private sector will grow to protect itself by insisting on official compliance with the limitations placed on governmental discretion by the Economic (Regulatory) Development Act. And the public, particularly the private sector, will grow to appreciate the positive direction the government is moving to protect it from arbitrary and capricious governmental behavior. Specific quantitative measurements of awareness and agreement with the law will be taken to demonstrate the success of the activity.

c. *“An annual series of national strategic policy workshops for the Agency for Small and Medium Enterprises and its business constituencies”.*

Operational Plan: Under this activity, the implementer will retain a consultant with long experience in the Small Business Administration (“SBA”) to work on several. Part of his task will be to design and launch an effort to connect ASME to its constituents through a series of country-wide strategic policy planning workshops, where businesses themselves will have the opportunity to inform the strategic objectives of ASME. Such workshops are a technique used successfully by the SBA to develop a sense of community and mission among small and medium businesses in America, a sense that national decision-makers are listening to them, and a rational and coordinated national agenda for SME development. These workshops will take place at various locations throughout the country according to a regular schedule, and will be run by the Regional Offices of the Agency for Small and Medium Enterprises.

Anticipated Results: Together with other institutional efforts at building the relationship between the Government and the small and medium enterprise community, this activity will institutionalize policy dialogue between actual business leaders and the government in the six regions of the nation corresponding to the location of the field offices of the ASME. Specific quantitative measurements of awareness of government effort and approval of SME-related dialogue will taken to demonstrate the success of this activity.

d. *“An accompanying public education campaign to support Small and Medium Enterprise development.”*

Operational Plan: Small and medium enterprises need to perceive themselves as part of a community with similar interests and needs. They also need to know where they can obtain basic information about the policies that affect them, and to whom they can appeal if structural issues that are problematic begin to arise. The public education campaign envisioned in this activity will be multi-topical and will utilize multiple communication tools, including radio, town meetings, print, radio and TV.

Anticipated Results: Small and medium enterprises will develop an identity and responsibility as a community for protecting and asserting their interests through the ASME and the SME Advisory Council. The existence of these attitudes will be determined by longitudinal surveys over time to test the effectiveness of the campaign’s delivery of its message.

e. *“A series of trainings for government officials and business association advocates on managing effective public/private dialogue”.*

Operational Plan: Dialogue training materials already prepared by the implementer will be used in small implementational workshops at the ministry level, as well as in formal training at the Institute for Public Administration and European Integration. “Rolling out” such training to a wider audience of government officials and private sector advocates at both the regional and national levels will allow the dialogue process to more rapidly deploy to areas where citizens are directly affected by government oversight. Most training will be done through the auspices of the Government’s training institution, the Institute for Public Administration and European Integration (“IPAET”); however, the Project may choose to organize its own venue and timing of the trainings

Anticipated Results: At the conclusion of the trainings, the Government will have either a critical mass of trained middle level officials or sufficient in-house trainers to diffuse knowledge of dialogue practices and tools to those parts of the GOB where such knowledge can be put to maximum and immediate use.

f. *“An accompanying public education campaign on public/private dialogue, highlighting successful efforts at ministries and elsewhere of public/private dialogue for policy analysis, change and implementation”.*

Operational Plan: To ensure public knowledge of their rights and obligations re: dialogue, and to show the public that the government is seeking meaningful dialogue, the project will undertake the following activities: a) a base-line survey about public attitudes and orientation toward public/private dialogue; b) design and implementation of multi-faceted public education campaign, showing results of research, legal rights, success stories and new developments in how government and the private sector work together to institutionalize economic policy dialogue; and c) create a Dialogue Internet page. The public education campaign will utilize a combination of town meetings, newspaper articles, radio and TV spots and leaflets to deliver its message that economic policy dialogue works in Bulgaria and is a joint responsibility of both government and the private sector. The Dialogue Website will serve as an informational exchange site, where visitors can learn about specific dialogue successes in Bulgaria, as well as about participative government theory.

Anticipated Results: The public will grow to expect more serious participation the formulation of economic policy, will learn that it has a responsibility to so participate, will learn how it can participate, and will ultimately assert its rights to participate in a more routinized and robust way. A survey at the end of the campaign will be taken to test success against the base-line survey.

g. *“Implementation of the competitiveness initiative for national institutionalization projects, such as the creation of a National Competitiveness Council or National Economic Growth Council, and for strengthening the IT, tourism, garment, food processing, wine-producing, and, transport clusters”.*

Operational Plan: Bulgaria still lacks a unifying institution for galvanizing public/private economic policy dialogue and for formulating economic policy. A competitiveness council is ideally suited for this function, as it necessitates input from both public institutions and from the private sector. A new public/private council recently formed, called the Economic Growth Council, is a good venue for performing this function. This activity will do the following to assist the Economic Growth Council: provide logistical support for the Council to carry out its activities, including strategic planning support, organization of work-flow, provision of local, permanent staff, and other management/consulting services to help institutionalize the Council. In addition, this activity will assist the Council in performing various competitiveness analyses and exercises, such as benchmarking surveys, should the Council choose to do so.

With respect to work at the private-sector level, the project will concentrate on two elements critical to a nation's competitiveness: (a) assisting selected industries to develop and implement industry growth strategies, and (b) assisting those industries, once industry-wide strategies have been developed, to reach out to vertically related and supporting industries to create clusters of efficient and innovative business actors who cooperate to compete at world standards of productivity. Prior activities of the current implementer have motivated industry group planning in the IT, garment, processed foods, wine-producing, tourism and transport industries. Strategic industry planning has advanced to varying levels in each of these industry sectors. The implementer will continue to assist these industry groups with their planning activities. By using tools such as SWOT analysis, gap analysis, and benchmarking against other like industries in other nations, the implementer will help the industry groups to refine their strategic thinking about growth opportunities, and to define concrete prioritized actions to achieve the strategic opportunities they've identified. This effort will entail strategic planning exercises by each industry group, to be implemented by professional facilitation and by provision of selected technical expertise on the part of the implementer.

Once industry strategic plans are in place, the implementer, through facilitation, will assist the industry groups to create clusters of related and supporting businesses. The industry strategic plans will galvanize the cooperation of the clusters, and it is anticipated that cluster-based thinking and ideas will begin to complement and supplement, and eventually become identical with, the core industry's strategic planning. Ultimately, then, the private sector strategic planning of the competitiveness initiative will result in the creation of innovative and competitive business clusters that plan and grow together.

Anticipated Results: Bulgaria will have a functioning institution, the Economic Growth Council, which is founded on rational public/private dialogue, whose mission is to formulate long-term strategic plans for enhancing Bulgaria's competitiveness stature. Better overall competitiveness policy will be formed as a result of this Council's activities.

On the private sector side, key industries will form deep cluster groups that push both core industries and related and supporting businesses to constant cooperation, innovation and management sophistication. This will result in increased productivity in Bulgaria, and will establish replicable models of sustainable private sector growth. .

h. *"A public education campaign to support the competitiveness exercises"*.

Operational Plan: This activity calls for the design and execution of a limited public education campaign to assist the National Economic Growth Council in its initial work and to keep a focus on competitiveness as a primary economic aspiration. This public education campaign will not be a full-blown campaign. Rather it will be designed to position the National Economic Growth Council in the eye and mind of the business community. It will be a “campaign” spread over time, illuminating the stages of development of the Council and soliciting maximum participation and interest in the Council’s work.

Anticipated Results: Increased public participation in, and commitment to, the work of the National Economic Growth Council. Surveys will be conducted to test the public’s knowledge and appreciation of the work of the Council.

Attachment 4

MSI-BULGARIA
GENERAL BUSINESS AND TECHNOLOGY PROJECT
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WORKPLAN

A. ECONOMIC AND POLICY ANALYSIS

Task 1: Competitiveness Analysis and Dialogue

May and June 2000	Gather economic and other data; prepare scopes of work for Bulgarian consultants.
June 2000	Initial visit by Martin Webber of JE Austin & Associates (“JAA”), including research and analysis re benchmarking study, presentations to key participants from business, government, think tanks and USAID projects, radio and newspaper interviews, meetings with competitiveness working group, visits to businesses.
July and August 2000	Media campaign, including various newspaper and magazine articles and radio interviews by Bulgarian consultants; preparation of industry analyses and diamonds; prepare Bulgarian presenters for Fall presentations; prepare slide presentations; establish linkages with other USAID programs and other institutions’ programs; prepare benchmarking study.
September – October 2000	Visits by JAA. Presentations to 25 to 30 groups; roundtable meetings with 10 industries; continue media campaign, including newspaper and magazine articles and radio and television interviews; continue linkages with other programs; finalize benchmarking study.
October – November 2000	Disseminate benchmarking study; visit by JAA microenvironment specialist; draft analyses for competitiveness report; continue media campaign; continue linkages with other programs; prepare second presentation.
December 2000	Visit by JAA. Presentations to government and business groups, industry meetings, present competitiveness report, continue media campaign.
January 2001	Prepare for National Conference
February 2001	Visit by JAA. National Conference; action plan for follow-on.
March 2001 -	Implementation by MSI and other programs.

Task 2: Enhanced Policy and Industrial Analysis Capacity

- July and August 2000 Survey business associations re institutional capacity; visits to branch associations to determine institutional capacity and training needs; identify business associations and NGOs to participate in project; analyze effectiveness of IME legislative analysis.
- July –
November 2000 Assist associations in improving management and operations with site visits, training, and dissemination of materials.
- September –
November 2000 Assist associations and NGOs in developing policy and legislative agenda.
- November 2000 –
April 2001 Assist associations and NGOs in building capacity to conduct analysis, including training by experts, technical assistance, and involvement of domestic think tanks.
- April – June 2001 Publicize results and policies.
- January 2001 - Track impact of policy decisions.

Task 3: Expert Assistance to Support Analysis of Issues.

- June – August 2000 Interview prospective research organizations and individual experts; compile and review research; identify research partners.
- September 2000 - Assist in legislative drafting.
- November 2000 Workshop on policy dialogue.
- June 2000 - Technical assistance re drafting of laws.
- September 2000 - Provide training on research and analysis.

B. POLICY CHANGE PROCESSES

Task 1: Policy Process Assistance to the Government of Bulgaria

- June 2000 - Assist SME Agency Advisory Board.
- July – November 2000 Assist preparation of SME Development Strategy for 2000-2006.
- January – April 2001 Prepare organizational and staffing plan for SME Agency.
- June 2000 - Assist SME Agency outreach to businesses.
- September 2000 - Assist SME Agency in organizing public debates.
- June 2000 - Assist Parliamentary Commissions in organizing hearings and town hall meetings.

- September 2000 - Assist Parliamentary Commissions in communications and public relations.
- June – December 2001 Develop Legislative Drafting Resource Center with Council of Ministers.
- October 2000 – December 2001 Provide legislative drafting training to Government and Parliament.
- January 2001 - Assist Ministries in opening legislative drafting process to public input.

Task 2: Development and Facilitation of Policy Dialogue

- July 2000 Propose pilot project to Council of Ministers for public participation in legislative drafting process and impact analysis of proposed legislation.
- September – December 2000 Implement pilot project for public participation in legislative drafting process and impact analysis of proposed legislation; train personnel at Council of Ministers regarding impact analysis for legislation and regulations; assist and train think tanks and business associations in preparation of analysis of legislation and lobbying.
- January 2001 Draft and distribute analysis of pilot project.
- January 2001 - Assist Council of Ministers in institutionalizing public participation in legislative drafting process.
- March 2001 - Assist businesses and local governments in developing regional level policy dialogue.

Task 3: Support for Policy Implementation Research

- September – November 2001 Conduct research on effectiveness of policy dialogue approach, capacity building, and technical assistance, including collecting and analyzing data on previous activities; prepare case study including lessons learned.
- December 2001 Conduct country workshop on effectiveness of policy dialogue processes, capacity building, and technical assistance; present and publicize case study.
- October 2002 Conduct regional workshop on effectiveness of policy dialogue processes, capacity building, and technical assistance; present and publicize case study.

Task 4: Balkan Regional Trade Initiative

- June 2000 - Assist and coordinate Bulgarian SEETI working group.

- June 2000 - Coordinate communications between all SEETI working groups and USAID Missions.
- June 2000 Coordinate competitiveness study trip to Monitor Group in Boston for selected participants in SEETI working groups.
- October 2000 Assist in regional trade conference in Macedonia.

C. ADVOCACY AND LOBBYING SKILLS BUILDING

Task 1: Capacity Development

- September –
November 2000 Study current lobbying practices in Bulgaria.
- October 2000 –
February 2001 Develop lobbying training manual.
- November 2000 –
May 2001 Conduct lobbying training for businesses, business associations, and NGOs.
- June 2001 - Develop business association legislation newsletter.

Task 2: Government Response to Lobbying and Advocacy

- September 2000 - Provide training to Government officials and employees, Parliamentarians and staff, and local governments; organize meetings and roundtables.

D. PUBLIC EDUCATION AND AWARENESS

Task 1: Public Relations and Media Strengthening

- June – August 2000 Conduct opinion polls and focus groups of public and medical professionals on health care reform.
- September 2000 Analyze research on public and medical professionals' attitudes toward health care reform.
- September 2000 - Conduct and analyze public opinion polls, focus groups, interviews of opinion leaders regarding reforms and government policies.
- September 2000 - Analyze media trends and opinions to measure effectiveness of PR strategy.
- June – August 2000 Prepare Health Care Reform film series.
- September –
November 2000 Televisе Health Care Reform film series.
- September –
December 2000 Conduct workshops and seminars on health care reform for journalists, medical professionals, and the public.

- June 2000 – Organize Q & A television program and assist in production.
- June –
September 2000 Prepare Capital Markets television series for educational use, including preparation of teaching materials; promote series for rebroadcast.
- June –
October 2000 Continue airing of Pension Reform television series and distribution of pension reform brochures and posters.
- June 2000 – Provide PR assistance for Deposit Insurance Fund.
- January –
December 2001 Develop educational brochures for SME Agency.
- July 2000 Provide one on one PR consulting to Government Ministers and other officials.
- September 2001 – Provide consulting services to Information and PR Directorate and Ministry PR Departments.

Attachment 5

WORKPLAN

Revised March 7, 2001

A. ECONOMIC AND POLICY ANALYSIS

Task 1: Competitiveness Analysis and Dialogue

Timing	Activity	Output	Measurement
May and June 2000 DONE	Gather economic and other data; prepare scopes of work for Bulgarian consultants.	Data, contracts with consultants	
June 2000 DONE	Initial visit by Martin Webber of JE Austin & Associates ("JAA"), including research and analysis re benchmarking study, presentations to key participants from business, government, think tanks and USAID projects, radio and newspaper interviews, meetings with competitiveness working group, visits to businesses.	Dialogue with stakeholders, communications to public via media, orientation for local partners, trip report	Number of people attending presentations; number of interviews and articles
July - September 2000 DONE	Media campaign, including various newspaper and magazine articles and radio interviews by Bulgarian consultants; preparation of industry analyses and diamonds; prepare Bulgarian presenters for Fall presentations; prepare slide presentations; establish linkages with other USAID programs and other institutions' programs; prepare benchmarking study.	Articles, website, industry analyses and diamonds, presentations, benchmarking study, television and radio spots	Number of people exposed to competitiveness concept; increase in jobs, sales, and exports in IT, tourism, food processing and textiles industries
October 2000 DONE	Visits by JAA. Presentations to 25 to 30 groups; roundtable meetings with 6 industries; continue media campaign, including newspaper and magazine articles and radio and television interviews; continue linkages with other programs; finalize benchmarking study, participate in Investment Forum.	Articles, final benchmarking study, trip reports, recommendations re industries for phase 2 of the exercise, television and radio spots	Numbers of industries and firms who commit to competitiveness exercise, number of people exposed to competitiveness concept
October-December	Disseminate benchmarking study; presentations by Bulgarian	Analyses for specific industries, case studies,	Increase in jobs, sales, and exports in specific identified

Timing	Activity	Output	Measurement
2000 DONE	presenters to targeted industry and geographic groups; identify industries and geographic areas for visits by industry specialists; meetings of industry groups led by team leaders; draft analyses for competitiveness report; continue media campaign; continue linkages with other programs; prepare second presentation.	articles, presentation	industries
February- March 2001	Visit by JAA industry specialists. Consulting by industry specialists with industry groups and meetings with industry and local governments present competitiveness report, continue media campaign.	Competitiveness Report, trip report, preliminary industry strategies, agreements with industries re competitiveness exercise, articles, television and radio spots	Numbers of industries and firms who commit to competitiveness exercise, number of people exposed to competitiveness concept, increase in jobs, sales, and exports in specific identified industries
March 2001	Prepare for National Conference		
April 2001	Visit by JAA. National Conference; action plan for follow-on.	Conference report, television and radio spots, newspaper articles, public, business, and government understanding of necessary measures to increase Bulgarian competitiveness	Business attitudes toward competitiveness (measured by MSI/IME Competitiveness Survey), number of people exposed to competitiveness concept, changes in government policy and legislation (measured by MSI/IME Competitiveness Questionnaire), references to competitiveness in election campaign
March 2001 – December 2002	Implementation by MSI and other programs.	National, cluster, industry, and firm level strategies to increase competitiveness	Increase in jobs, sales, value added, investment in technology and human resources, and exports in industries taking part in competitiveness exercise

Task 2: Enhanced Policy and Industrial Analysis Capacity

Timing	Activity	Output	Measurement
July - September	Survey business associations re institutional capacity; visits to	Report re survey results, analysis, and	Number of associations, NGOs, and businesses trained in lobbying

Timing	Activity	Output	Measurement
2000 DONE	branch associations to determine institutional capacity and training needs; identify business associations and NGOs to participate in project; analyze effectiveness of IME legislative analysis.	recommendations	and legislative analysis
November 2000 – July 2001	Assist selected associations and NGOs in improving management and operations and developing policy and legislative agenda with site visits, training, and dissemination of materials.	Training materials, reports; policy and legislative agendas	Improvement in management and operations and lobbying effectiveness of business associations assisted (measured by MSI surveys), increase in sales, jobs and exports in industries in which training is given to associations; number of laws proposed by associations and NGOs, number of laws enacted with association and NGO input
November 2000 - July 2001	Assist selected associations and NGOs in building capacity to conduct analysis, including training by experts, technical assistance, and involvement of domestic think tanks.	Analyses	Number of laws proposed by associations and NGOs, number of laws enacted with association and NGO input (measured by MSI/IME surveys)
August – October 2001	Publicize results and policies.	Report, articles, television and radio spots	Number of people exposed to results and policies; public attitude toward business and economic reform (measured in MSI/Alpha Research polling data)
August 2001 – June 2003	Track impact of policy decisions.	Reports	

Task 3: Expert Assistance to Support Analysis of Issues.

Timing	Activity	Output	Measurement
June 2000 -	Disseminate legislative and economic analyses and business and trade information to list serve	Newsletter (print and electronic)	Number of emails, number of recipients, increase in quantity and quality of private sector lobbying, number of trade leads; improvement in business attitude toward economic reforms and increase in involvement of private sector in legislative process

Timing	Activity	Output	Measurement
			(measured by MSI/Alpha Research polling)
September – December 2000 DONE	Interview prospective research organizations and individual experts; compile and review research; identify research partners.	Report, list of research partners	
September 2000 – June 2003	Assist in legislative drafting.	Draft laws	Number of draft laws proposed by private sector, number of laws enacted with private sector input
January 2001 – June 2003	Technical assistance re drafting of laws.	Draft laws	Number of laws considered and enacted with private sector input
September 2000 – June 2003	Provide training on research and analysis.	Research and analysis regarding legislation	Number of laws considered and enacted with private sector input

B. POLICY CHANGE PROCESSES

Task 1: Policy Process Assistance to the Government of Bulgaria

Timing	Activity	Output	Measurement
July 2000 – June 2003	Assist in establishment and development of Parliament Information Center	Parliament Information Center	Increase in public and NGO participation in legislative process, improvement in NGOs' attitudes toward Parliament (measured by MSI surveys), number of laws enacted with public input via Center
June – December 2000 DONE	Assist Parliament Information Center in Public Relations and Advertising: development of P.R. strategy, brochures, and publicity, conduct survey of users and subscribers	Public Relations plan, Brochures, Q&A shows, media events, user/subscriber survey results	Increase in number of Parliament Information Center subscribers and users, improvement in NGO and public attitudes toward Parliament (measured by MSI surveys)
January – May 2001	Provide management and marketing consulting to Parliament Information Center		Increase in number of Parliament Information Center subscribers.
June 2000 – June 2003	Assist SME Agency Advisory Board.		Growth in sales and jobs generated by SMEs

Timing	Activity	Output	Measurement
March – June 2001	Assist preparation of SME Development Strategy for 2000-2006.	SME Development Strategy 2000-2006	Growth in sales and jobs generated by SMEs
June 2000 – June 2003	Assist SME Agency outreach to businesses.		Number of contacts between businesses and SME Agency; improvement in business attitude toward government (measured by MSI/Alpha Research opinion polling)
July 2000 – June 2003	Assist SME Agency in organizing public debates.	Public debates	Number of public debates organized by SME Agency
September 2000 – June 2003	Assist Parliamentary Commissions and Parliament Information Center in organizing hearings and town hall meetings.	Hearings and meetings, reports	Number of organizations and individuals participating in Parliament hearings and meetings, improvement in NGO and public attitudes toward Parliament (measured by MSI surveys)
September 2001 – June 2003	Assist Parliamentary Commissions in communications and public relations.	Articles, interviews, TV and radio spots	Number of people receiving communications from Parliament, improvement in NGO and public attitudes toward Parliament (measured by MSI surveys)
June 2001– February 2002	Develop Legislative Drafting Resource Center with Council of Ministers.	Legislative Drafting Resource Center	Number of users of Resource Center, increase in quality of legislation
October 2001 - December 2002	Provide legislative drafting training to Government and Parliament.	Training seminars	Increase in quality of legislation
July 2000 – December 2001	Assist Ministries in opening legislative drafting process to public input.	Private sector and public participation in working groups, public hearings	Number of laws drafted with private sector and public participation in Ministry working groups

Task 2: Development and Facilitation of Policy Dialogue

Timing	Activity	Output	Measurement
July 2000	Propose pilot project to Council of Ministers for public participation in legislative drafting process and	Pilot project	

Timing	Activity	Output	Measurement
	impact analysis of proposed legislation.		
December 2000	Propose concept paper to Council of Ministers for public participation in legislative drafting process and impact analysis of proposed legislation.	Concept paper	Improvement in transparency ratings of Bulgarian Government
March - July 2001	Organize and facilitate roundtable discussions with Government and NGO representatives to develop proposals for legislation, regulations, and policies to improve public participation in legislative drafting process and impact analysis of proposed legislation; train personnel at Council of Ministers regarding impact analysis for legislation and regulations; assist and train think tanks and business associations in preparation of analysis of legislation and lobbying.	Roundtables, action plans, draft legislation, regulations and policies.	Whether permanent program, regulations, or legislation is adopted by Government regarding public participation in legislative process and impact analysis. Improvement in transparency ratings of Bulgarian Government
September 2001	Conference on policy dialogue, with introduction and discussion of proposals for legislation, regulations, and policies	Legislation, regulations and policies	Whether permanent program, regulations, or legislation is adopted by Government regarding public participation in legislative process and impact analysis. Improvement in transparency ratings of Bulgarian Government
September 2001 – June 2003	Assist Government and NGOs in implementing legislation, regulations, and policies to improve public participation in legislative drafting process and impact analysis of proposed legislation; train personnel at Council of Ministers regarding impact analysis for legislation and regulations; assist and train think tanks and business associations in preparation of analysis of legislation and lobbying. Possible implementation of pilot project.	Pilot project, impact analysis	Number of proposals for statutory language received from public, number of participants in public hearings

Timing	Activity	Output	Measurement
January 2002	Draft and distribute analysis of pilot project.	Report including analysis and recommendations	Whether permanent program, regulations, or legislation is adopted by Government regarding public participation in legislative process and impact analysis
June 2000 – June 2003	Organize Young Leaders Initiative	Training for Young Leaders on management, economic reform and regional development issues	Number of trained young professionals; amount of coordination between Young Leaders in different regions
November 2000 – June 2003	Assist businesses and local governments in developing regional level policy dialogue.	Consulting, roundtables, improved regional development plans	Increase in private sector and public participation in local regulations and policies, improved regional development plans
February – December 2001	Pilot project(s) for local public-private dialogue	Consulting, roundtables, regional development plans	Increase in private sector and public participation in local regulations and policies, improved regional development plans for pilot locations
February – March 2001	Prepare case study on Sevlievo public private partnership	Case study	

Task 3: Support for Policy Implementation Research

Timing	Activity	Output	Measurement
November 2001 - February 2002	Conduct research on effectiveness of policy dialogue approach, capacity building, and technical assistance, including collecting and analyzing data on previous activities; prepare case study including lessons learned.	Paper discussing effectiveness of policy dialogue approach and case study	
March 2002	Conduct country workshop on effectiveness of policy dialogue processes, capacity building, and technical assistance; present and publicize case study.	Workshop	
October 2002	Conduct regional workshops on effectiveness of policy dialogue processes, capacity building, and	Workshops	

Timing	Activity	Output	Measurement
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technical assistance; present and publicize case study.

Task 4: Balkan Regional Trade Initiative (SEETI)

Timing	Activity	Output	Measurement
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June 2000 -	Assist and coordinate Bulgarian SEETI working group.	Action plan, policy recommendations	Increase in trade, export sales
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June 2000 -	Coordinate communications between all SEETI working groups and USAID Missions and disseminate information and trade leads.	Increased communications between SEE countries	Increase in regional communications and trade
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?	Coordinate competitiveness study trip to Monitor Group in Boston for selected participants in SEETI working groups.		
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October - November 2000	Assist in regional trade conference in Macedonia.	Conference, conference report	Increase in trade within South East Europe
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DONE

C. ADVOCACY AND LOBBYING SKILLS BUILDING

Task 1: Capacity Development

Timing	Activity	Output	Measurement
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September 2000 – April 2001	Study current lobbying practices in Bulgaria.	Report	
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October 2000 – November 2001	Develop lobbying training manual.	Lobbying training manual	
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September - December 2001-	Conduct lobbying training for businesses, business associations, and NGOs.	Workshops	Number of lobbying campaigns, business and NGO attitude toward lobbying (measured by MSI survey)
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Task 2: Government Response to Lobbying and Advocacy

September 2001 -	Provide training to Government officials and employees, Parliamentarians and staff, and local governments; organize meetings and roundtables.	Training seminars, meetings, roundtables	Number of lobbying campaigns, business and NGO attitude toward lobbying (measured by MSI survey), number of laws enacted with private sector input
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D. PUBLIC EDUCATION AND AWARENESS

Task 1: Opinion Research and Analysis

Timing	Activity	Output	Measurement
June – August 2000 DONE	Conduct opinion polls and focus groups of public and medical professionals on health care reform.	Report regarding polling data and focus groups	
September 2000 DONE	Analyze research on public and medical professionals' attitudes toward health care reform.	Report regarding analysis of data and focus groups	Change in Government strategy regarding health care reform P.R.
September 2000 -	Conduct and analyze public opinion polls, focus groups, interviews of opinion leaders regarding reforms and government policies.	Report regarding polling data and focus groups and analysis	
September 2000 -	Analyze media trends and opinions to measure effectiveness of PR strategy.	Daily reports regarding media	
September 2001	Conduct and Analyze focus groups among issuers trading on the Stock Exchange, shareholders and investment intermediaries to identify problems in the capital markets filed	Report on findings	Suggest possible solutions and adjust strategy
November 2000 DONE	Conduct and analyze focus groups with the general public, GP's, hospital care specialists and emergency care staff to test messages and register difference in perceptions towards health	Report on findings	Adjustment in PR and Communications strategy

Timing	Activity	Output	Measurement
	reform		
July 2001	Conduct and analyze follow-up survey on public and medical professionals opinion on health care reform	Report on findings	Plan for next stages in the implementation of the communications strategy

Task 2: Campaign Development and Implementation

Timing	Activity	Output	Measurement
General Economic Reform			
June 2000 -	Organize Q & A live television program and assist in production	Television programs, broadcasts	Viewership rates; increase in public awareness and understanding of reforms (measured by various surveys and polls)
Health Care Reform			
June 2000 DONE	Development and coordination with the respective USAID – sponsored technical projects of a communications plan for campaigns in support of the reform process in the health care system	Action plan	
June – August 2000 DONE	Draft text, design and produce two brochures on the health care reform – “The rights of the patients”; “Restructuring of the health care establishments”	brochures	Increase in levels of understanding of and confidence in health care reforms (measured by MSI/Alpha Research surveys)
June 2000 – DONE	Assist in the design of the Ministry of Health Care web-site	Operational web-site	Number of visits to website; increase in levels of understanding of and confidence in health care reforms (measured by MSI/Alpha Research surveys)
June – October 2000 DONE	Prepare Health Care Reform film series.	Film	Viewership rates; increase in levels of understanding of and confidence in health care reforms (measured by MSI/Alpha Research surveys)

Timing	Activity	Output	Measurement
November 2000 DONE	Televise Health Care Reform film series.	Television broadcast	Number of people viewing film; increase in public understanding regarding health care reforms (measured by MSI/Alpha Research surveys)
September 2000 – DONE	Organize interviews on Darik radio on health reform issues on a regular basis	Radio interviews	Raise public awareness on the reform process (measured by MSI/Alpha Research surveys)
September – October 2000 DONE	Draft text, design and produce two posters on health care reform	posters	Increase in public understanding regarding health care reforms (measured by MSI/Alpha Research surveys)
October 2000 – DONE	Draft, design and produce bimonthly bulletin directed to the medical professionals in coordination with the Ministry of Health	Regular materials	Increase in health care professionals' understanding of and support for healthcare reforms (measured by MSI/Alpha Research surveys)
October, 2000 DONE	Organize the public presentation of the National health care Strategy of the Ministry	Presentation	Increase in understanding of and support for healthcare reforms (measured by MSI/Alpha Research surveys)
October 2000 – DONE	Regular publications in Trud newspaper on current issues in the health reform		Readership rating; increase in understanding of and support for healthcare reforms (measured by MSI/Alpha Research surveys)
Capital Markets Development			
June 2000 -	Development and coordination with the respective USAID – sponsored technical projects of a communications plan for campaigns in support of the capital markets development process	Action plan	
June - September 2000 DONE	Prepare Capital Markets television series for educational use, including preparation of teaching materials; promote series for rebroadcast.	Video and materials, distribution	Number of people viewing video and using materials
September	Organize interviews on Darik radio on capital market	Radio interviews	Increase in public awareness on capital market development

Timing	Activity	Output	Measurement
2000 -	development issues on a regular basis		(measured by MSI/Alpha Research surveys)
January 2001 -	Establish a regular 10-minute live program on Darik radio to discuss current capital markets issues	Radio programs	Rates of listenership; increase in public awareness on capital market development (measured by MSI/Alpha Research surveys)
January 2001 -	Organize roundtable discussions on the opportunities for the business community to participate in the capital market – Varna, Sofia	Roundtables	Increase in level of businesses' understanding of capital market; increase in listed companies; increase in capital market turnover (measured by MSI/Alpha Research surveys)
Pension Reform			
June 2000 DONE	Development and coordination with the respective USAID – sponsored technical projects of a communications plan for campaigns in support of the reform process in the pension system	Action plan	
June - December 2000 DONE	Continue airing of Pension Reform television series and distribution of pension reform brochures and posters.		Number of people viewing television series, increase in public understanding of health care reforms; increase in public awareness of and support for the reform process (measured by various surveys and polls)
September – November 2000 DONE	Set up and monitor regular live radio series on Bulgarian National Radio dedicated on the pension reform – 10 issues	Radio programs	Level of sophistication questions asked; rate of listenership; increase in public awareness of and support for the reform process (measured by various surveys and polls)
September 2000 -	Organize interviews on Darik radio on pension reform issues on a regular basis	Radio interviews	Increase in public awareness of and support for the reform process (measured by various surveys and polls)
October – November 2000	Draft, design and produce a brochure on the II pillar directed to workers from work category I	Brochure - circulation 100,000	Number of workers receiving brochure; increase in the level of employees' understanding of

Timing	Activity	Output	Measurement
DONE	and II		reforms
March 2001	Layman's guide on III pillar	Brochure - circulation 2,000	Number of employers receiving brochure; increase in the level of employers' understanding of reforms
Banking Sector			
June 2000 -	Development and coordination with the respective USAID – sponsored technical projects of a communications plan for campaigns in support of the reform process in the banking system	Action plan	
on going	Provide PR assistance for Deposit Insurance Fund.	Brochures, news conferences	Increase in level of understanding of Deposit Insurance Fund
September – November, 2000	Provide PR assistance for the Bankers' Training programs	press conferences; press releases	
DONE			
September 2000 -	Organize interviews on Darik radio on banking issues on a regular basis	Radio interviews	Raise public awareness on the reform process
SME			
January - December 2001	Develop educational brochures for SME Agency.	Brochures	Number of people receiving brochures, increase in quality of management of SMEs, number of business start-ups
June – December 2001	Design and produce educational TV series – 10 issues (business plan development, staff recruitment, legislative issues, tax policy, loan extension requirements, procedures for business start up, donor assistance, etc.)	TV film for Channel I, BNT	Rate of viewership; enhanced economic activity
January 2002-	Design and produce bimonthly economic bulletin	Bulletin	Increased sales in SMEs

Timing	Activity	Output	Measurement
January 2002-	Establish a new TV program – “Business for Everybody”	Television program and broadcast	Increased sales in SMEs; increased public understanding of business issues
January 2002 -	Establish a regular newspaper column	Newspaper column	Increased sales in SMEs

Task 3: Media Behavior and Presentation Skills Training for Government Officials and PR Officers

Timing	Activity	Output	Measurement
October 2000 -	Provide one on one PR and media behavior consulting to Government Ministers and other officials.	Trip report, training programs, news conferences	Adjusted PR strategies
October 2000 -	Organize series of seminars for PR officers from all the Ministries and some Government agencies and commissions	Training program	Adjusted PR Strategies; improved operations of the PR departments
December 2000 -	Follow-up activities with PR officers	Training programs	Improved operations of the PR departments
June 2000 – on-going	Provide consulting services to Information and PR Directorate and Ministry PR Departments		Adjusted PR strategies; increase in public awareness of and support for reforms (measured by various surveys and polls)

Attachment 6

Activities for Expanded Workplan (YR 2 of 3, Jan. 2002 to Jan. 2003)												
<i>Description of Activity</i>							<i>Labor Units (daily)</i>	<i>Event Units (yearly)</i>	<i>Cost/unit</i>	<i>Total Cost</i>		
<u>I. Institutionalization of Effective Dialogue</u>												
A. Legislative Drafting Activity												
1. Drafting Law on Legal Instruments (Normative Acts)												
Employment of local drafting experts							15		220	\$3,300.00		
Roundtables to discuss drafts (including translation)								2	2000	\$4,000.00		
2. Drafting Regulatory Impact Analysis Act (RIA)												
Employment of drafting experts							30		220	\$6,600.00		
Roundtables to discuss drafts (including translation)								2	2000	\$4,000.00		
3. Drafting Act on Consultative Commissions												
Employment of drafting experts							30		220	\$6,600.00		
Roundtables to discuss drafts (including translation)								2	2000	\$4,000.00		
4. Analysis by IME of commercial legislation								12	1780	\$21,360.00 (IME--Labor hours x .78)		
5. Roundtable discussions on relevant draft legislations								3	1000	\$3,000.00		
B. Training Activity for Gov't Organs												
1. Training gov't. officials about RIA												
Expert trainers--local							60		220	\$13,200.00		
Traning seminars								3	4000	\$12,000.00		
2. Training gov't. officials on principles of Dialogue and Policy Reform (IPAEI)												
Expert trainers--expat							25		1049	\$26,225.00		
Expert trainers--local							60		170	\$10,200.00		
3. Seminars (IPAEI)								3	600	\$1,800.00		
4. Regional Training								6	1500	\$9,000.00		
C. Facilitation of Dialogue Implementation by Gov't. Organs												
1. Strategically planning dialogue implementation at 2 organs												
Experts on government administration and cultural change (expat)							30		1049	\$31,470.00		
2. Facilitating acceptance and buy-in by organization												
Facilitators and trainers (local)							80		170	\$13,600.00		
3. Managing process of dialogue												
Facilitators and process engineers (local)							30		170	\$5,100.00		
4. Coordination and buy-in by public												
Facilitators (expat)							30		1049	\$31,470.00		
5. Logistics and material production									4000	\$8,000.00		

Description of Activity					Labor Units (daily)	Event Units (yearly)	Cost/unit	Total Cost
D. Public Education on Dialogue								
1. Research opinions about, and experience with, dialogue Researchers, questionnaires (4 f.gr.+1 poll)						1	5500	\$5,500.00
2. Design campaign, emphasizing success stories, concepts					5		373	\$1,865.00
3. Implement campaign								
Preparation and placement of articles highlighting success stories						12	50	\$600.00
Local Labor					6		220	\$1,320.00
Radio and TV interviews and reports (highlighting success stories)						12	50	\$600.00
Local Labor					6		220	\$1,320.00
Organization of public fora						2	4000	\$8,000.00
Local Labor					10		220	\$2,200.00
Organization of seminar for journalists						3	1900	\$5,700.00
Local Labor					6		220	\$1,320.00
Educational newspaper column (building public demand)						26	100	\$2,600.00
Local Labor					15		373	\$5,595.00
Design and production of a leaflet						2	1500	\$3,000.00
Local Labor					15		220	\$3,300.00
4. Effective Dialogue Internet page								
Set-up costs; production costs								\$5,000.00
E. PR Training for Governmental PR Officers and Ministers								
1. PR Training for governmental PR officers								
Employment of expat experts					60		1071	\$64,260.00
Employment of local experts					5		373	\$1,865.00
Series of trainings following a pre-set training program						6	550	\$3,300.00
Materials design, reproduction and dissemination								
2. Media behavior training for ministers								
Employment of expat experts					60		1071	\$64,260.00
Employment of local experts					5		373	\$1,865.00
3. PR Strategy Drafting for ministries and gov'tal agencies								
Employment of expat experts					36		1071	\$38,556.00
Employment of local experts					5		373	\$1,865.00

Description of Activity				Labor Units (daily)	Event Units (yearly)	Cost/unit	Total Cost
II. Small and Medium Enterprise Strengthening							
A. Legislative Activities							
1. Economic Development (Deregulation) Act (licenses, permits)							
Employment of drafting experts				30		220	\$6,600.00
Roundtables to discuss drafts (including translations)					2	2000	\$4,000.00
2. Economic Policy Review Publication					48	500	\$42,720.00 (IME--Labor hours x .78)
B. Capacity Building at ASME Agency							
1. ASME Advisory Council Strengthening							
Expat Consultants				90		1071	\$96,390.00
2. Strengthening connections between ASME and consituents							
Town hall meetings at regional level					6	2000	\$12,000.00
SME summit					1	30000	\$30,000.00
3. Regional cooperation with SME agencies abroad							
Travel							\$3,000.00
C. Public Education on SME and ASME							
1. Campaign on Economic Development Act							
Air Campaign on Purposes/provisions of Act					15	100	\$1,500.00
Local Labor				10		373	\$3,730.00
Ground Campaign training public and government (seminars, public fora)					6	1000	\$6,000.00
Local Labor				10		373	\$3,730.00
2. Campaign on SME and ASME development							
Needs Assesment							\$5,500.00
Educational TV series - 10 issues - design, production, airing					10	2200	\$22,000.00
Local Labor				40		373	\$14,920.00
Establishment of TV kaleidoscope program - tackling issues of SME's, competitiveness, public/private dialogue					52	300	\$15,600.00
Local Labor				52		373	\$19,396.00
Small Business of the Year Awards							

<i>Description of Activity</i>				<i>Labor Units (daily)</i>	<i>Event Units (yearly)</i>	<i>Cost/unit</i>	<i>Total Cost</i>
IV. Advocacy and Lobbying Skills Building							
A. Business Associations							
1. Advocacy workshop							
Expat Experts				10		1071	\$10,710.00
Local Experts				20		170	\$3,400.00
Material production and general seminar costs					3	8000	\$24,000.00
2. Lobbying campaign							
Consultants (Expat Experts)				20		1071	\$21,420.00
B. Public/Private Partnerships							
1. Dobrich PPP							
Complete work on the Beautiful Dobrich sites (Expat Expert)				14		1071	\$14,994.00
Design and develop Action Plan for future activities (Local Experts)				40		170	\$6,800.00
2. Grass Roots Public Education on PPP							
Popularize best practices (disseminate experience)							\$5,000.00
C. Young Leaders Initiative							
1. Training seminars							
Local Experts				48		170	\$8,160.00
Seminar organization/logistics costs					12	1200	\$14,400.00
2. PR campaign							
Design PR strategy for YLI						3000	\$3,000.00

							TOTAL :	\$1,080,276.00	
V. Fixed costs - basic needs									
A. LABOR									
	Expat. - Howard Ockman				260		1071	\$278,460.00	
	CCN (Locally Hired Staff) - Stojanovic, Pazaitova, Joujou, Kalchishkova				1040	2	35942.4	\$71,884.80	
B. TRAVEL, TRANSPORTATION, PER DIEM									
	Airfare							-	
	Per Diem							-	
	Vehicle Lease/Car & Driver Rental							\$12,000.00	
	Vehicle Fuel and Maintenance							\$960.00	
C. ODC's									
	Communications							\$20,400.00	
	Exchange Fees and Exit Taxes							\$600.00	
	Courier Services							\$1,080.00	
	Office Supplies							\$4,200.00	
	Office Utilities / Maintenance - office rent, electricity, water, cleaning, comp. maint., security, insurance							\$34,500.00	
	Local admin. Support							\$18,600.00	
D. Allowances									
	Living Quarters Allowance & Utilities - house rent, electricity, security							\$18,300.00	
	Social Costs for Local Hires							\$45,600.00	
							Total	\$506,584.80	
							Grand Total	\$1,586,860.80	
I. Total Labor									
	Expat				700		Blended	\$700,969.00	
	CCN				1958		Blended	\$342,195.80	

Attachment 7

MONTHLY PROJECT SUMMARY AND REPORT – DECEMBER’ 2001

A. GENERAL INFORMATION

PROJECT: GENERAL BUSINESS TRADE AND INVESTMENT – ASSISTANCE TO BULGARIAN POLICY REFORM AND ADVOCACY

CONTRACT NUMBER: PCE-I-00-98-0016-00

CONTRACTOR: NATHAN-MSI GROUP

PROJECT MANAGEMENT: Russ Webster
Howard Ockman
Filip Stojanovic
Diana Pazaitova
Lilia Joujou
Milena Nikolova
Tanya Veleva
Lilia Kalchishkova
Radka Kardjalieva

REPORT PERIOD: **December 2001**

CONTACT INFORMATION: 57 Maria Luiza Blvd.
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Bulgaria
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PROJECT DESCRIPTION: The project builds upon the Bulgaria Implementing Policy Change project. The current focus is on the enhancing the competitiveness stature of Bulgarian industry, institutionalization of policy dialogue between the public and private sectors, evaluation and development of business associations, development of mechanisms for improving government transparency, assistance to the Bulgarian Government in public relations and communications, and increasing the institutional capacity of the Agency for Small and Medium Business (“ASME”). Key partners are think tanks, including the Institute for Market Economics, business associations, including branch associations such as the Associations of Meat Producers and Bread Producers, and government institutions, such as the Ministries of Labor, Health, Economy, and Justice, and the ASME.

B. HIGHLIGHTS/SUCSESSES

- Strategic planning discussion with the Agency for SMEs about future activities.
- Held an introductory meeting about dialogue with Ms. Sofia Kassidova, Deputy Minister of Economy and was introduced to Mr. Nikolai Yankov, Deputy Minister of Economy.
- Conducted a two-day seminar for regional government officials on the topic of Managing Public/Private Dialogue and Policy Reform, under the auspices of the Institute for Public Administration and European Integration.
- Organized a PR seminar for the PR officers from all the ministries and some state agencies and commissions as well as held one-on-one trainings in media behavior skills and message development and coordination for Ms Lydia Shouleva, Deputy Prime Minister and Minister of Labor and Social Policy, Mr. Milen Velchev, Minister of Finance, Mr. Finkov, Minister of Health Care, and Mr. Abrashev, Minister of Culture.

C. PROJECT MONTHLY REPORT

The Project engaged in the following activities during the period covered by this report:

I. Competitiveness Analysis and Dialogue

- The participants in the training in Ireland formed a small working group and met once in December (6th) to discuss the prospect of a National Competitiveness Council for Bulgaria. The group began strategic planning of the steps needed to gain support for the implementation of the idea of a National Council, and developed drafts of the documents needed to represent the idea.
- The Project reviewed and discussed the final draft of the Bulgaria Competitiveness Analysis Report and shared preliminary excerpts with partner organizations
- The summary of the website activities is attached.
- The Project participated in, facilitated and focused the discussions in the second meeting of all associations representing the garments, sewing and textiles sectors on establishing a common front. The participants concluded that uniting themselves in a federation is the logical next step.
- The Project continued the dissemination of information to the regional e-mail list (335 individuals / organizations). Attached is a full list of the 31 messages that were sent during the month of December 2001 under the SEETI program.
- The Project continued to collaborate in information sharing and partnering with colleagues in the region under SEETI.
- The Project participated in an investment promotion event organized by colleagues from the Macedonian Business Resource Center (MBRC) and established several new contacts with Macedonian organizations.
- The Project participated in a regional cooperation event organized by the European Movement in Serbia and established contacts with several Serbian organizations and donor organizations involved in SEE.

II. Institutionalization and Enhancement of Dialogue

- The Project continued dissemination of information to the network of over 200 business associations, agencies, think tanks and institutions. The information sent consisted of: Institute for Market Economics' weekly newsletter "Overview of the Economic Policy" (two documents

for the month of December); two announcements from the EUPraxis partner search newsletter on various future projects and potential partners list, invitations for trade fairs organized by the Bulgarian Export Promotion Agency and numerous other announcement for seminars / forums and various news from the NGO sector from members of the list serve.

- The Project monitored the legislation in the pipeline together with IME of the Economic and Budget Commissions. Draft legislation discussed in the Economic Commission include: First Hearing of the amendments in the *Law on National Standardization*; Second hearing of the *Law on Privatization and Post-privatization Control*; First hearing of the *Tourism Law*. Draft legislation discussed in the Budget and Finance Commission include: Second hearing of the amendments in *Corporate Income Tax Law and Personal Income Tax Law*; Second hearing of the amendments in *Personal Income Tax Law*; Second Hearing of *State Budget Law for 2002*; Second Hearing of the *Budget of National Health Insurance Fund*.
- The Project continued support for The Weekly Economic Policy Review (in Bulgarian) as a means for spreading information, background reading and independent assessment of selected economic regulations and current issues to enhance understanding of economic policy. The December newsletters included comments and analyses on the following issues: comments on the *Government White Book*; comments on the Supreme Administrative Court decision on the energy prices; comments on the second hearing of the Law on Privatization and Post-privatization Control; comments on the Budget and Finance Committee's debates on the Budget 2002, and the second hearings of the amendments in Corporate Income Tax Law; Amendments in the National Standardization (comments on the draft law); comments on the debates on the Law on Privatization and Post-privatization Control; comments on the Sixth BIBA White Book and the Dialogue with the Government; comments on the government ideas for energy sector development; comments on the Privatization Agency's decision regarding payments with compensatory bonds; Some Thoughts on the GDP Statistics; comments on the second hearing of the Law on Privatization and Post-privatization Control; comments on the business environment developments; comments on the principles of the Tourism draft-law.
- The Project conducted two-day training workshop for regional government executives at the Institute for Public Administration and European Integration ("IPAEI") on the topic of Dialogue Management and Policy Change
- The Project held a series of meetings with the management of the IPAEI for coordination of the participation of MSI in the trainings organized by the Institute;
- The Project accumulated foreign and local examples and success stories in the area of public/private dialogue and partnership;
- The Project continued Internet search for case studies and analyses on dialogue from other countries and gathering of a pool of web sites for resources on different issues to be covered by training;
- The Project continued contacts with other USAID projects for gathering successful practices from their experience in Bulgaria in the area of partnership and dialogue;
- The Project continued the development of a manual with presentations, discussion outlines, exercises and additional background materials for the training on public/private dialogue with the prospect of developing a tool for use in other similar trainings
- The Project met with the IPAEI Director and Secretary General to plan further cooperation and make a strategic plan for a series of training, including agreement of the need to introduce the concept of dialogue and its importance before top government officials (Ministerial Secretary-Generals, Regional Governors, etc.);
- The Project carried out meetings with possible experts to be involved in the training of public administration officials and in the Project's future work in institutionalizing dialogue at the GOB;

- The Project delivered a lecture in business and commercial law at a training on legislative drafting for governmental drafting lawyers at the IPAEI;
- The Project delivered a speech on Managing Implementation of Public/Private Dialogue at a Forum on Encouraging Foreign Investment in Bulgaria, sponsored by Albena Investments;
- In consultation with World Bank, the Project delivered a package of materials presenting our Effective Dialogue Initiative and various proactive pieces of legislation concerning dialogue to request Sofia office of the World Bank;

III. Advocacy and Lobbying Skills Building

- The Project continued work on next steps for the development of the Public Private Partnership in the Municipality of Dobrich. After reviewing the Beautiful Dobrich Project, which was identified by the working group as a first step in uniting the efforts of both the municipality and the private sector, the Project drafted a Memorandum of Understanding to be approved and signed by both MSI and the Dobrich Municipality. The Project also began planning for a January trip to Dobrich.
- The Project continued research work for updating the Advocacy manual. Identifying sector specific associations that will be trained and assisted in developing and implementing an advocacy campaign.

IV. SME Strengthening Work

- The Project established dialog with selected business association members of the ASME Advisory Council to determine their current perceptions of the council and what its future policy role should be.
- The Project completed the outline for an SME Advisory Council Handbook based on content research provided by ASME, USSBA, and other sources.
- The Project began discussions with ASME regarding the possible implementation of a national President's Conference on Small Business

V. Public Education and Awareness

- The Project participated in a study tour to the US (Washington, Tucson and Phoenix) organized for the ministerial PR officers for gathering experience on public relations both on state and federal levels. The Project facilitated discussions and training activities to focus the tour participants on relevant PR issues. Topics covered included: media relations, conduct of press conferences, strategy and message development, defining success indicators, lobbying for the public, building of positive public image, counteracting negative publicity, crisis management, web-board usage, etc. Participants were public relations officers from the Council of Ministers, the Ministry of Economy, the Ministry of Finance, the Ministry of Labor and Social Policy, the Ministry of Transport and Telecommunications, the Ministry of Foreign Affairs, the Ministry of Health Care, and the Ministry of Culture.
- The Project carried out a series of discussions with PR officers on return from the US trip to assess application of skills learned during the US training.
- The Project coordinated one "Q&A" program issue (12/05): The microlending program – principles, requirements, terms – guest in studio – Ms. Lydia Shouleva, Deputy Prime Minister and Minister of Labor and Social Policy.

- The Project coordinated the airing of the fifth issue of the radio series on microlending: 12/04 – Application form for the credits – Mr. Yordan Dimitrov, Expert, MoLSP; case – Ms. Dora Holyanova, Velingrad – production of linen and work clothes
- The Project coordinated the sixth issue of the radio series on Microlending – 12/06: The administration of the microlending program – Ms. Evgeniya Koldanova, Chief of Cabinet of the Minister, MoLSP; case – Mr. Todor Damyanov – Razlog – printing house
- The Project coordinated the seventh issue of the radio series on Microlending – 12/11: The application form – instructions for filling out - Mr. Dimitar Matev, Director, Pre-accession Programs and International Projects Department, MoLSP; case – Ms. Nenka Nikolova – accounting, informational and computer services
- The Project coordinated the eighth issue of the radio series on Microlending-- 12/18: Intermediaries in the labor offices - Mr. Yordan Dimitrov, Expert, MoLSP; case – Ms. Stanka Petrova – men’s and women’s wear
- The Project coordinated the ninth issue of the radio series on Microlending– 12/27: The requirements of the banks - Mr. Dimitar Matev, Director, Pre-accession Programs and International Projects Department, MoLSP; correspondence from the labor office in Vratsa
- The Project organized the publication of the following articles and interviews on Microlending:
 - 12/03 – What Type of Business Could Be Done with the “Tsar” Credits- 24 Chassa
 - 12/08 – Only Disabled Will Receive Interest Free Credits – 24 Chassa
 - 12/17 – Three Banks Will Extend the “Tsar” Credits – Capital
 - 12/28 – The Application Forms for The First “Tsar” Credits Are Ready – 24 Chassa
 - 12/28 - A Blind Printer Has Taken the First Credit – Trud
 - 12/28 – The Confirmation Term for he Micro Credits Is 10 Days – Monitor
 - 12/29 – The “Tsar” Credits Have Started To Be Given Out – 24 Chassa
 - 12/29 – The First “Tsar” Credit Has Been Extended – Sega
 - 12/29 – A Blind Printer Has Received The First Credit – Duma
 - 12/29 – One of the “Tsar” Credits Has Been Given – Demokratsia
- The Project continued preparing materials for the regional newspapers
- Coordinated “Q&A” program issue (12/19) – Finance and Tax Policy - guests in studio – Mr. Ljubomir Datsov, Advisor, Ministry of Finance, and Mr. George Ganev, Program Director on economic issues, Center for Liberal Strategies

D. PREVIOUS REPORT UPDATE

I. Issues of Importance from Previous Report that Remain Unresolved

No issues of importance from the November 2001 Monthly Report are unresolved.

II. Changes/Revisions of Forecasts from Previous Report and Reason/Cause

There have been no changes or revisions of forecasts from the November 2001 Monthly Report.

E. FORECAST OF NEXT FOUR WEEKS

I. Forecast of Progress Against Tangible Results

1. Bulgaria Competitiveness Exercise – The Competitiveness Report prepared by J. E. Austin will be edited and finalized for distribution.
2. The Project will continue to explore ways to institutionalize dialogue about competitiveness, preferably through the establishment of a National Competitiveness Council.
3. The Project will continue to solicit support for institutionalizing dialogue procedures and practices at the Ministry of Economy.
4. The Project will continue to develop training materials for government officials in public/private dialogue management techniques.
5. A design for capacity-building at the Agency for Small and Medium Enterprises, and enhancement of small business issues will be completed and implemented.
6. Public awareness and understanding of key economic reforms will be increased due to the continuing public relations assistance provided to the GOB in the areas of microlending and the Q&A television program.
7. Work on organizing PR training for PR officers from the ministries and some governmental agencies and commissions as well as one-on-one media behavior training for ministers will continue.
8. A trip to Dobrich to consolidate Private/Public Partnership activities will be planned and taken.

II. Anticipated Problems

No problems are anticipated.

III. Opening or Developing Issues

There are no open or developing issues requiring a decision.

IV. Anticipated Coordination Needs

- MSI expects to continue the partnership with ABA CEELI and Local Government Initiative (“LGI”) for implementing the Effective Dialogue Initiative and coordinate with them the activities in the areas of lobbying, legislative drafting, and policy dialogue.
- MSI expects to continue coordinating with Firm Level Assistance Group (“FLAG”) in the areas of Competitiveness and the South East Europe Trade Initiative (“SEETI”).
- MSI expects to begin coordinating with LGI, ABA-CEELI, Democracy Network Programme (DemNet), FLAG, ICNL, AFL CIO Solidarity Center, Judicial Strengthening Programme, and the ARD-Bulgaria - Biodiveristy, Conservation and Economic Growth Project in building a coalition to support the Effective Dialogue Initiative.
- MSI expects to coordinate with Bannock Assocs. from DFID on drafting and providing public education on the Economic Regulation Act.

Attachment 8

Policy Reform and Advocacy Project						
DRAFT Yrly. Activities for 5/03--5/04						
TANGIBLE RESULTS	Final Support Date	Embassy/ USAID Support by conditionality, discussion, messaging needed	Counterpart	Step-by-Step Implementation Activities--Each Consecutive Step Contingent on Meeting Prior Step	Intermediate Timing	TA LOE%--Each successive expenditure contingent upon the success of preceding step: Underline=initial expense; brackets=contingent expenses
A. SME SUPPORT			Agency for Small and Medium Enterprises (ASME)			
SMEs Access Gov't/Business Info USAID IR 1.3.2.1						
--Local Info. Kiosks--3 minimum	03/01/04			1. Agency (with consultant) drafts detailed matrix of information products	to 07/30/03	<u>2.00%</u>
--Hard/soft info. Brochures--6 minimum	03.31.04			2. Agency staff implements matrix with consultant guidance	to 02/28/04	{2.00%}
--Business Resource Guides--2 minimum	04.30.04					
GOB SME Loan Guarantee Fund Set Up USAID IR's 1.3.2.1; 1.3.3.1	06/01/04	Yes		1. Agency forms wrk.group, including bankers, to design scheme	to 05/30/03	<u>1.00%</u>
				2. Scheme is designed with participation of broad coalition	to 10/31/03	{4.00%}
				3. Lobbying campaign, incl. banks, is carried out	to 01/31/04	{1.50%}
				4. Scheme passes legislative process	to 04/30/04	{0.50%}
Online SME Procurement Facility Functioning (including standardized SME procurement forms, up to date SME registry for PP) USAID IR 1.3.2.1	02/01/04	Yes		1. Agency forms wrk.grp. To analyze problem and causes, and make recs.	to 6/15/03	<u>0.50%</u>
				2. Analysis finished and presented to relevant gov't bodies and SME community	to 9/15/03	{2.50%}
				3. Anaysis accepted by other gov't bodies and processes for improvement found	to 12/30/03	{2.00%}
"Easy" SME Tax Form and Instructions adopted USAID IR 1.3.2.1	06/01/04	Yes		1. Agency forms broad wrk. group to analyze tax procedure burdens	to 7/15/03	<u>0.50%</u>
				2. Agency completes analy's and presents to Unified Revenue Agency and SME's	to 11/31/03	{2.50%}
				3. Agency bird-dogs necessary changes to be done by Unified Revenue Agency	to 04/30/04	{2.00%}
				Other SME priorities for ASME and USAID: To be determined in ASME plans (USAID IR 1.3.2.1)	TBD	up to <u>2.00%</u>
				Public Education and PR support for above SME activities (USAID IR's 1.3.1.1; 1.3.2.1)	As needed	<u>3.00%</u>

TANGIBLE RESULTS	Final Support Date	Embassy/ USAID Support by conditionality, discussion, messaging needed	Counterpart	Step-by-Step Implementation Activities--Each Consecutive Step Contingent on Meeting Prior Step	Intermediate Timing	TA LOE%--Each successive expenditure contingent upon the success of preceeding step: Underline=initial expense; brackets=contingent expenses
Passage of new or amended Normative Act that includes Notice and Comment Period and mandatory Regulatory Impact Analysis <i>USAID IR 1.3.1.1</i>	07/01/04	Yes		1. Working group formed at Ministry of Justice and Council of Ministers sanction work	to 06/30/03	<u>0.25%</u>
				2. Draft completed and vented before business and government institutions	to 12/31/03	{1.50%}
				3. Public education work done and favorable support received from Gov't and public	to 03/31/04	{1.00%}
				4. Ministry of Justice sponsors before COM and Parliament	1/7/2004	{0.25%}
						Total 29.00%

TANGIBLE RESULTS	Final Support Date	Embassy/ USAID Support by conditionality, discussion, messaging needed	Counterpart	Step-by-Step Implementation Activities--Each Consecutive Step Contingent on Meeting Prior Step	Intermediate Timing	TA LOE%--Each successive expenditure contingent upon the success of preceeding step: <u>Underline=initial expense;</u> <u>brackets=contingent expenses</u>
B. RAISE COMPETITIVENESS						
Council for Economic Growth ("CEG") functions as national economic planning forum, stressing national competitiveness growth <i>USAID IR 1.3.1.1</i>	11.30.03	Yes	MOE, BIA, BIBA, Employer's Asn, BCCI	Private sector agree on competitiveness as vision 1. Discussions with individual members 2. Retreat with all private sector members 3. Private sector presentation to Gov't 4. Government buys-in and agreement on working themes	to 05/31/03 to 06/30/03 to 10/15/03 to 11/30/03	1.75% {1.75%} {1.75%} {2.75%}
Action recommendations made by CEG on at least two strategic competitiveness themes (e.g. education, infrastructure, commercial legislation, electronic capability, entrepreneurship development, innovative capacity, public administration capacity) <i>USAID IR 1.3.1.1</i>	03.30.04			5. Working grps begin work on strategic competitiveness themes 6. Recommendations reported out of working groups	to 03/30/04 1/4/2004	{7.00%} {0.50%}
National IT Cluster Strategy Accepted <i>USAID IRs 1.3.2.1, 1.3.2.2, 1.3.3.2</i>	09/01/03		Major IT Associations, Companies and Interested Gov't. Institutes	1. Strategic plan completed as draft 2. Strategic plan vetted, presented and accepted by Government 3. Strategic plan implemented (performance benchmarks will accord to plan)	04/30/03 to 09/30/03 through 04/04	<u>0.50%</u> {1.50%} {3.50%}
Innovation Center at Bulgarian Industrial Association Functions to Commercialize Inventions <i>USAID IRs 1.3.2.1, 1.3.3.2, 1.3.1.2</i>	06/01/04		Bulgarian Industrial Association	1. Invention data base organized by sector potential 2. Other data bases and "inventor" sources contacted 3. Inventors "introduced" to business 4. If concept successful, build "invention fair" idea with BIA PR and Public Education Support for Above Competitiveness Activities (USAID 1.3.1)	to 08/31/03 to 08/31/03 to 10/31/03 to 04/30/04 as needed	0.30% {0.30%} {0.40%} {1.00%} {3.00%}
						Total 26.00%

TANGIBLE RESULTS	Final Support Date	Embassy/ USAID Support by conditionality, discussion, messaging needed	Counterpart	Step-by-Step Implementation Activities--Each Consecutive Step Contingent on Meeting Prior Step	Intermediate Timing	TA LOE%--Each successive expenditure contingent upon the success of preceeding step: Underline=initial expense; brackets=contingent expenses
C. <u>PROMOTE FOREIGN INVESTMENT</u>			Bulgarian Foreign Investment Agency			
New (Foreign) Investment Law USAID IRs 1.3.1.1, 1.3.2.2, 1.3.3.2	11/01/03	Yes		1. Agency will provide resources and coop to expat lawyer assisting on drafting	to 06/30/03	<u>1.50%</u>
				2. Agency will use all best efforts to seek interministerial support for draft	to 10/30/03	{2.00%}
Bulgarian Investment and Marketing Strategy Developed; Implementation Begun USAID IRs 1.3.1.1, 1/3/2/2, 1.3.3.2	11/01/03			1. Phase One design, research, implement, test results (low-hanging fruit)	to 10/31/03	<u>11.50%</u>
				2. Phase Two implement more strategic plan for long-term	to 04/30/04	{11%}
						Total 26.00%

TANGIBLE RESULTS	Final Support Date	Embassy/ USAID Support by conditionality, discussion, messaging needed	Counterpart	Step-by-Step Implementation Activities--Each Consecutive Step Contingent on Meeting Prior Step	Intermediate Timing	TA LOE%--Each successive expenditure contingent upon the success of preceeding step: Underline=initial expense; brackets=contingent expenses
D. DIALOGUE INSTITUTIONALIZED						
Business Sectors Routinely Dialogue with Government USAID IR's 1.3.1; 1.3.1.1			MOE (Department of Sectoral and Regional Analysis)			
--Sustainable monthly sectoral forums between MOE and branch organizations (business associations)	03/01/04			1. Dept. Staff evaluation of monthly mtngs to date	to 06/30/03	<u>0.20%</u>
				2. Recommend workflow change for optimum dialogue	to 09/15/03	{0.40%}
				3. Obtain staff buy-in; discuss w/private sector	to 10/15/03	{0.40%}
				4. Implement recommendations and monitor adherence	to 12/30/03	{1.00%}
				5. Ground test results, satisfaction, increased impact of dialogue	to 02/28/04	{1.00%}
--Three sectoral economic plans completed and implementation begun	04/01/04	Yes		1. Evaluation of GTZ experience, esp. impact of plans	to 06/30/03	<u>0.10%</u>
				2. If go ahead, one sector at time w/expat assistance	to 04/30/04	{up to 5.00%}
				Skill training of staff (e.g., how to prepare sector and firm profiles for policy analysis): one-time training of entire staff of Dep't.	to 12/01/03	<u>0.50%</u>
				"Roll-out" dialogue experience to other departments of MOE	TBD	
Regional Governor Administration Coordinates Regional Economic Planning and Development USAID IR 1.3.1.1			Stara Zagora Regional Administration, Sofia Regional Administration			
--Stara Zagora Regional Governor Coordinates Formation and Implementation of Rural Tourism Strategy	06/01/04			1. Monitor compliance with yr.-long plan and suggest adjustments	to 10/30/03	<u>0.10%</u>
				2. Assist dialogue pilot project where Admin. is facilitator of rural tourism initiative	to 06/01/04	{0.40%}
Policy dialogue training manual provided to, and used by, GoB USAID IR 1.3.1.1	04/01/04		Institute for Public Administration and European Integration	1. Prepare Materials, case studies in policy dialogue (using our experiences) and train IPAEI staff	to 04/30/04	<u>1.00%</u>
				Public Education and PR Support for above policy-dialogue activities	As needed	<u>1.00%</u>
						Total 11.00%

TANGIBLE RESULTS	Final Support Date	<i>Embassy/ USAID Support by conditionality, discussion, messaging needed</i>	<i>Counterpart</i>	<i>Step-by-Step Implementation Activities--Each Consecutive Step Contingent on Meeting Prior Step</i>	<i>Intermediate Timing</i>	<i>TA LOE%--Each successive expenditure contingent upon the success of preceeding step: Underline=initial expense; brackets=contingent expenses</i>
E. GOB PUBLIC RELATIONS ON MESSAGE						
Professional PR Corps Functions at GOB USAID IRs 1.3.1, 1.3.2, 1.3.3	04/01/04		<i>Government Information Service Council of Ministers</i>	<i>Train Press Liaisons and Government Officials in Press Relations</i>	<i>to 04/30/04 (every 4 mns)</i>	<u>8.00%</u>
						Total 8.00%

Attachment 9

USAID Approved Workplan for May, 2004 - April 30th, 2005

The following is the Investment Growth and Investment Project's approved USAID workplan for 2004 - 2005, under alternative conditions of funding. The column entitled Obligated Funds (\$105,000) lists approved Program Costs that the Project can accomplish with currently obligated money (Scenario 1). The \$105,000 amount is arrived at by subtracting overhead, contracted LOE and operational costs from funds that have been obligated to the project. **It must be noted** that out of the \$105,000, we have also subtracted the labor and social costs/taxes of three consultants whom we will retain. The total amount for their employment is \$36,877, which reduces the \$105,000 amount available. Particulars of the employment of those consultants is listed below. Going ahead with hiring those consultants will require us to request an increase in CCN days over the amount of days approved in the contract. However, this change will not entail an increase in the LOE monetary ceiling price. Accordingly, it will not require a contract modification.

There is also a column entitled Workplan if Fully Funded (\$200,000) (Scenario 2). This reflects spending projections if the Project receives the remainder of its contractually promised amount. This money can all be used for Program Costs, and the column reflects how the Project will spend this extra amount with respect to its work plan's Program Costs. This column does not have any relation to LOE; an infusion of obligated funds will allow for \$115,000 of LOE, which the Project will use on the above three consultants, and on other local and expat consultants, to be agreed upon with the CTO.

By setting forth the Work Plan in this way, we illustrate what can be accomplished with full funding and what must be sacrificed if no additional funds are obligated to the Project.

Details of additional LOE for Local Consultants that must be subtracted from \$105,000:

Alexander Babinov (SME expert)	102 days	\$ 5909.88
Mircho Mirchev (Innovation/Comp)	180 days	\$ 12447.00
Dimitar Tzvetanov (CEG consultant)	130 days	\$ 8261.50

Plus social costs for above: \$10,258.77

THEME 1 - Foreign Direct Investment

Task	Activity Description	Due date	Partners	LOE/Contract/O DC	Resources	Scenario 1		Scenario 2	
						Expended OR Contractually Bound with \$-in-country	Work Plan Obligated Funds (\$105,000)	Work Plan if Fully Funded (\$200,000 ODCs)	
FY 05 Objectives and Outcomes	Assist the new Invest Bulgaria Agency to build a true sales approach and pipeline for US and Europe market, create a one-stop for investment, "branded Bulgaria" and land at least 3 green-field, value-added investments that will create more than 500 new jobs								
<i>Investment Package (presentations, brochures, CDs etc.)</i>		12.31.04	MoE, BFIA	LOE / ODCs					
	-- Invest Bulgaria Brochure				\$ 9,800	\$8,520.00			
	-- Short Steps to Agency Service				\$ 2,500				\$2,500.00
	-- Agency Desk Manual				\$13,000				\$13,000.00
	-- ICT Sector Manual	08.31.04			\$ 5,000	\$2,000.00	\$3,000.00		\$3,000.00
<i>Guide "How to provide services to investors"</i>	Develop and disseminate to stakeholders	11.15.04	MoE, BFIA	ODCs	\$3,000.00		\$1,500.00		\$3,000.00
<i>Tool kit (guidelines)</i>	Create 2 and disseminate to Central / Local Government reps, STIVs and other BG reps abroad	12.31.04	MoE, BFIA	Contract / ODCs	\$3,000.00		\$1,500.00		\$3,000.00
<i>Investment Attraction Delegation to the US</i>	Trade and Promotional delegation to show Bulgaria and build ventures and business	11.30.04	BFIA / IT Sector Representatives / Bulgarian Diaspora	Contract / ODCs	\$71,000				\$71,000.00
<i>R&D, Inventions and Innovations Brochures, Catalogues, CDs</i>	Brochures of R&D projects for each meeting: Bulgarian and translation	03.30.05	BIA	ODCs	\$15,000.00	\$6,566.56	\$3,000.00		\$6,000.00
<i>Project Cycle Management System</i>	Purchase system, install and train	08.15.04	MoE, BFIA	ODCs	\$8,000.00	\$7,954.00			
<i>National Investment Strategy</i>	Develop, Finalize, Accepted by GoB	by 10.30.04	MoE, BFIA, CEG	LOE / ODC	\$ 6,000	\$4,000.00			\$1,000.00
<i>Offset</i>	Develop offset procedures and negotiation points	07.15.04	BFIA	LOE					
<i>"Investment Projects & Evaluation" Training</i>		01/10/04	MoE, BFIA	LOE					
<i>Regulatory Reform; Business Environment; Communication of USAID Support and Successes</i>	Investment Agency sustainable restructuring, Investment law, network of investment intermediaries, promotion and presentations	03.31.05	MoE, BFIA	LOE / ODC	\$9,200.00	\$8,217.00			

\$9,000.00

\$102,500.00

THEME 2 - Enterprise growth and SME development

Scenario 1

Scenario 2

Task	Activity Description	Due date	Partners	LOE / Contract / ODC	Resources	Expended OR Contractually Bound with \$-in-country	Work Plan Obligated Funds (\$105,000)	Work Plan if Fully Funded (\$200,000 ODCs)
<i>FY 05 Objectives and Outcomes</i>	Help the new Enterprise Agency (former SME Agency) to organize a basic level curriculum for start up businesses and SMEs, and distribute "development tool kits" (based on US SBA model); continue to advocate for simplified tax procedures for SMEs through cooperation with National Revenue Agency; set up an interactive information system to coordinate outsource opportunities with incoming investors							
	Establish an online English-language innovation exchange so that global financial bankers and business can commercialize Bulgarian scientific innovation; organize Bulgarian "inventors fair" for businesses, scientists and financial bankers that will lead to twenty new contracts for Bulgarian scientific research centers							
	The MoE's Enterprise and Investment Directorates and implementing agencies will all have the capacity to maintain and grow their successes; the Economic Growth Council will continue to function and set the national economic strategy, even after elections instate a new government							
<i>Business Resource Guides</i>	Develop for the Bourgas Region	7.31.04	MoE, JOBS Centers	LOE / ODCs	\$ 2,500	\$250.00		\$2,500.00
	Develop for the Rousse Region	7.31.04	MoE, JOBS Centers	LOE / ODCs	\$ 2,500			\$2,500.00
	Develop for the Vidin, Plovdiv and Sofia Regions	3.30.05	MoE, JOBS Centers	LOE / ODCs	\$10,000			\$5,000.00
<i>SBA SME Topics (toolkits)</i>	Develop 10 toolkits and disseminate	03.31.05	MoE, JOBS Centers	LOE / ODCs	\$16,500	\$9,000.00	\$4,000.00	\$7,500.00
<i>B2B Brochures "How IT Solutions make other Economic Sectors more Competitive"</i>	Develop and disseminate	3.30.05	MoE, IT Sector Representatives	ODCs	\$ 10,000	\$3,500.00	\$3,500.00	\$3,500.00
<i>SME Tax Pilot Project</i>	SME tax simplification procedures including forms, web page, publications and CDs / products	On-going to 03.31.05	MoF, National Revenue Agency, US Treasury	LOE / ODCs	\$30,000	\$11,142.00		\$11,000.00

THEME 2 - Enterprise growth and SME development

Scenario 1

Scenario 2

Task	Activity Description	Due date	Partners	LOE / Contract / ODC	Resources	Expended OR Contractually Bound with \$-in-country	Work Plan Obligated Funds (\$105,000)	Work Plan if Fully Funded (\$200,000 ODCs)
<i>Regional Meetings with business</i>	"SME economic development in the period up to 2007" meetings (5 regional, 1 Sofia)	In Progress to 1.31.05	MoE - Shuleva	ODCs	\$ 5,000	\$3,000.00	\$1,200.00	\$1,200.00
	"Cluster Development" meetings (ICT, Tourism, Food Processing)	In Progress to 1.31.05	MoE - Ivanovski	ODCs	\$ 4,000	\$2,710.00	\$1,300.00	\$1,300.00
<i>Business / Science Meetings</i>	Monthly presentations of research institutes to business sectors	03.30.05	BIA, GIS Transfer Center, European Innovation Center	ODCs	\$10,000	\$3,806.00	\$4,000.00	\$6,000.00
<i>National SME Conference</i>	Organize, publicize conference	Late '04; early '05	MOE Directorate and new Agency	ODCs	\$ 5,000			
<i>Innovation Forum</i>	Event in fall with European Innovation Center	11.30.04	European Innovation Center	ODCs	\$ 8,500	\$8,500.00		
<i>Information Kiosks</i>	Development and dissemination	Design complete by 8.31.04	MoE	LOE	\$ 5,000			
<i>Innovation Exchange Network</i>	PPP to develop on-line innovation exchange and inventory of practicable R& D projects.	09.30.04--proto; 01.30.05--full	Above Partners	ODCs	\$ 8,000	\$9,600.00		
<i>Loan Guarantee Fund</i>	Technical advise to MOE	02.30.05	MoE - Ivanovski, MoF	LOE				
<i>Limiting Regulation of Economic Activities Act</i>	Guidelines, public education; finding champions to adopt guidelines	12.30.04	NA - Valeri Dimitrov, MoE	LOE / ODCs	\$ 6,000		\$3,000.00	\$4,000.00

THEME 2 - Enterprise growth and SME development

Scenario 1

Scenario 2

Task	Activity Description	Due date	Partners	LOE / Contract / ODC	Resources	Expended OR Contractually Bound with \$-in-country	Work Plan Obligated Funds (\$105,000)	Work Plan if Fully Funded (\$200,000 ODCs)
<i>Regulatory Reform; Business Environment; Communication of USAID Support and Successes</i>	Sustainable restructuring of the new Enterprise Development Agency and its Regional SME Development Agencies, Enterprise Development Council, Normative Act	03.31.05	MoE	LOE				

\$17,000.00

\$44,500.00

THEME 3 - Competitiveness and IT sector

							Scenario 1	Scenario 2
Task	Activity Description	Due date	Partners	LOE/ Contract/ ODC	Resources	Expended OR Contractually Bound with \$-in- country	Work Plan Obligated Funds (\$105,000)	Work Plan if Fully Funded (\$200,000 ODCs)
<i>FY 05 Objectives and Outcomes</i>	Implement the IT cluster strategy by: creating an ICT Cluster Center, two Virtual Centers of Excellence, three quick-start e-Centers, with one North American Business/Technology Park Developer committed to partner in the development of a green-field e-Center expansion area; continue to facilitate ongoing R&D links with 15 US-based business and academic counterparts							
<i>IT Cluster Support Center</i>	Establish Center	11.30.04	IT Sector Representatives, Business Park Sofia	ODCs	\$29,000		\$29,000.00	\$29,000.00
<i>IT Public - Private Joint Ventures</i>		03.31.05	IT Sector Representatives, MoE, Municipalities	LOE / ODCs	\$15,000		\$5,000.00	\$15,000.00
	-- eCenters and Virtual Incubator toolkits and pilot projects							
	-- Hi-tech and Business Parks toolkits and pilot projects							
<i>IT Symposium</i>	"Niche" symposium on topic of e-centers and continuous stream research	02.28.05	European Software Institute	ODCs	\$10,000			
<i>Regulatory Reform; Business Environment; Communication of USAID Support and Successes</i>	Promotion, communication of USAID support, best practices, success stories, ICT Logo for Bulgaria	03.31.05	IT Sector Representatives		\$29,600	\$18,216.00	\$7,518.00	\$7,518.00

\$41,518.00 \$51,518.00

**for Sheet
1,2,3:**

\$67,518.00 \$198,518.00

Attachment 10

CLOSE – OUT DOCUMENTS

Table of Contents

I. COMPETITIVENESS

- *Competitiveness Exercise*, (BG & ENG) – all documents
- *Council for Economic Growth*, (BG) – all documents
 - 2002 Archive
 - Agendas
 - Brainstorming Sessions (Bansko, Kopitoto)
 - Contacts
 - Facilitation
 - List of participants
 - Materials
 - Media
 - Members Business
 - Members Government
 - Minutes
 - Reports
 - Working Group – Iraq Reconstruction
 - Working Group – National Advertising
 - Working Group – Transport and Infrastructure
- *ICT Cluster Development*:
 - National Strategy, (BG & ENG)
 - Bulgarian ICT Profile (2004), (BG & ENG)
 - Bulgarian ICT Profile (2005), (BG & ENG)
 - Toolkit for the establishment of eCenters and Technology / Business Parks, (BG & ENG)
 - ICT Cluster Scheme, (ENG)
 - ICTalent logo, (ENG)
 - ICTalent Presentation, (ENG)
 - Court Decision for ICT Cluster Establishment, (BG & ENG)
 - Brochure – IT Solutions for Your Business, (BG)
- *Innovation and Business Initiative*:
 - Brochure – Chemical Engineering, (BG & ENG)
 - Brochure – Biotechnologies and Competitiveness, (BG & ENG)
 - Brochure – Machine Building- part 1, (BG & ENG)
 - Brochure – Machine Building- part 2, (BG & ENG)
 - Brochure – Machine Building- part 3, (BG & ENG)
 - Brochure – Textile, Knitwear and Tailoring Industry, (BG & ENG)
 - Brochure – Electrical Engineering, Electronics and Automatics, (BG & ENG)
 - Brochure – New Technologies in the Food and Beverage Industry, (BG & ENG)
 - Brochure – Varna - Innovations and Competitiveness, (BG & ENG)
 - Brochure – Energy Efficiency and Technological Renewal in Industry, (BG)
 - Brochure – Polymers, (BG)
 - Brochure – Bourgas - Innovations and Competitiveness, (BG)
 - Catalogue – “Casting and Forge-and-Pressing Production and Fasteners” , (BG & ENG)
 - Agenda – National Innovation Forum, (ENG)
 - Agenda – Biotechnology Investment Conference, (ENG)
 - Technology Market Poster, (BG)

- Technology Market Flyer, (BG & ENG)
- *Q&A TV Program – List of topics*, (ENG)
- *White Paper on Business Environment Reforms, Institute for market Economics*, (ENG)

II. SMALL AND MEDIUM ENTERPRISE GROWTH

- *Agency Institutional Strengthening and Organization:*
 - SME Advisory Council Handbook, (BG & ENG)
 - Communication Strategy, (BG)
 - 2005 SME Product Matrix, (ENG)
 - Capacity Framework, (ENG)
 - Capacity Framework, (ENG)
 - Information Clearing-house, (ENG)
 - Media Management, (ENG)
 - Problem Identification Matrix, (ENG)
 - RO Operations Handbook 2005, (ENG)
 - SME Policy Implementation Retreat, (ENG)
 - Time Matrix, (ENG)
 - Advisory Council Handbook Frontpage, (BG & ENG)
 - Advisory Council Handbook, (BG & ENG)
 - Regional Offices 2005 Handbook, (ENG)
 - RO 2005 Handbook Cover, (ENG)
 - Benchmark Concept Mapping, (ENG)
 - Quality Regional Office Benchmarks, (ENG)
 - 2004 MOE SME Product Matrix, (ENG)
 - KIOSK Suggestions, (ENG)
 - Advisory Councils, (ENG)
 - Benchmark Concept Mapping, (ENG)
 - Establishing a Parliamentary Subcommittee, (ENG)
 - Example of Product Development Worksheet, (ENG)
 - Example of Product Development Worksheet, (ENG)
 - MSI MOE Product Delivery Plan, (ENG)
 - Public Dialog, (ENG)
 - Benchmarks for Annual Report, (ENG)
 - Building ASME Regional Offices, (ENG)
 - Example of Work Matrix, (ENG)
 - Public Management and Communications, (ENG)
 - Public-Private Initiatives, (ENG)
 - Quality RO Benchmarks, (ENG)
 - BSO Review, (ENG)
 - Regional Office Review, (ENG)
- *Loan Guarantee Fund:*
 - Concept Paper, (BG & ENG)
 - Revised and Final Proposal, (ENG)
 - MSI Strategy, (ENG)
 - Work Plan, (ENG)
- *Business Education Information:*
 - Business Guide – Varna, (BG)
 - Business Guide – Bourgas, (BG)
 - SBA Brochure, “How to Develop a Business Plan”, (BG)
 - SBA Brochure, “Signs: the Face of Business”, (BG)

- SBA Brochure, “Market Research”, (BG)
- SBA Brochure, “Creative Selling: the Competitive Edge for Bulgarian SMEs”, (BG)
- SBA Brochure, “Strategic Planning”, (BG)
- SBA Brochure, “Financing your business”, (BG)
- SBA Brochure, “Pricing for Profit”, (BG)
- Regional Meetings – Ministry of Economy & SMEs (Kjustendil, Pleven, Shoumen, Smolyan, Stara Zagora, Tryavna), (BG)
- Presentation – Child Care SMEs, (BG)
- Presentation – Labor Safety for SMEs, (BG)
- Poster – Quality Management Seminars for SMEs, (BG)
- SME Awards – Varna Expo Balkanika, (BG)
- Child Care SME's Presentation, (ENG)
- Iraq Presentation, (ENG)
- Labor Safety for SME's Presentation, (ENG)
- *SME Public Opinion Surveys*
 - SME Survey (April 2005), (BG & ENG)
 - SME Survey (November 2002), (BG & ENG)
- *Regulatory Reform Work:*
 - SME Strategy, (BG)
 - SME Act, (BG)
 - How-to Manual: “How to better understand and implement the Law on Curbing State Regulation and Administrative Control over Economic Activity”, (BG)
 - Presentation – Licensing Act, NAMRB, (BG)
 - Presentation – Licensing Act, Bourgas and Veliko Turnovo, (BG)
- *Tax Regime Simplification and Education:*
 - Instructions on the implementation of the Law on Curbing State Regulation and Administrative Control over Economic Activity (as published on the MoE website), (BG)
 - Presentation – SME Tax Products, (ENG)
 - Presentation – SME Tax Payer Education, (ENG)
 - VAT On-line Registration
 - Dir.bg Banner, (BG)
 - Internet Campaign, (ENG)
 - VAT on-line Poster, (BG)
 - Taxpayer Education Presentation, (ENG)
 - Products Presentation, (ENG)
 - National Revenue Agency 2004 - Strategy, (ENG)
 - Instructions Implementation Act MoE Web Site, (ENG)
 - ASME NRA Draft Agreement, (ENG)
- *Microlending Program*
 - Brochure – Entrepreneur Support, (BG)
 - Manual – Regional Intermediary, (BG)
 - Leaflets – Lom, Panagjurishte, Silistra, Ispereh, Sliven, Nova Zagora, Turgovishte, Shoumen, Vratsa, Montana, Mezdra, (BG)

III. FDI PROMOTION AND ATTRACTION

- *Agency Institutional Strengthening and Organization:*
 - Rules and Regulations of the Law, (BG & ENG)
 - BiiN Concept Paper, (ENG)

- Investor Protection in the Law (Legal Counsel), (BG & ENG)
- *Bulgarian Investment Information Network (BIIN)*
 - BIIN Concept Paper, (BG & ENG)
 - BIIN Survey – Information Services Market, (BG)
- *National Investment Strategy:*
 - National Investment Strategy, (BG)
 - Investment Act, (BG & ENG)
- *Offsets:*
 - Offset Policy Guidelines, (ENG)
 - Offset Policy Memo, (ENG)
 - Training Materials (Offset Assessment in Transitional Markets), (ENG)
 - Offset Ordinance, (BG & ENG)
- *PR and Promotional Materials:*
 - Investment Brochure, (ENG)
 - IT Investment Brochure, (ENG)
 - Monthly Investment Flyers, (ENG)
 - IBA Poster, (ENG)
 - IBA Legal Guide, (ENG)

IV. DIALOGUE AND PUBLIC-PRIVATE PARTNERSHIPS

- *Dialogue Initiative:*
 - Concept Paper, (BG & ENG)
- *Dobrich Activity:*
 - Consultant Reports, (ENG)
 - Sevlievo Case Study, (BG & ENG)
- *IPAEl Training:*
 - Dialogue Training (November 2001), (BG & ENG)
 - Management Skills Training (December 2001), (BG & ENG)
 - Dialogue Training (June 2004), (BG & ENG)
- *Sofia Regional Governor Project:*
 - Meetings – Botevgrad, Ihtiman, Pirdop, Samokov, Svoge, (BG)
- *Ministry of Economy Dialogue Strengthening:*
 - Brainstorming Handbook, (BG & ENG)
 - Company Profile Training, (BG)
 - Consultants Observations, (BG & ENG)
 - Phase 2, (BG)
 - Phase 3, (BG)
- *Stara Zagora Dialogue Strengthening:*
 - Dialogue Strengthening, (BG & ENG)
 - Tourism Pilot Project, (BG & ENG)
- *Young Leaders*
 - Initial Project bylaws, (ENG)
 - Overview Presentation, (ENG)
- *Business Associations Training*
 - Advocacy and Lobbying Skills Manual for Business Associations in Bulgaria, (ENG)
 - Advocacy and Lobbying Skills Manual for Business Associations in Bulgaria, (BG)
 - Survey and Analysis of the State of the Bulgarian Business Associations, (ENG)

V. COOPERATION WITH OTHER PROJECTS

- *Banking*
 - Survey on Deposit Insurance May 2002, (BG & ENG)
 - Brochure- Q&A on Deposit Insurance, (BG)
- *Capital Markets Development*
 - Brochure – General – Capital Markets, (BG & ENG)
 - Leaflet – BG Capital Market Development Team, (ENG)
 - TV Educational Series - Capital Market Development, (BG & ENG)
 - Brochure - Capital Market Development - accompanying TV series, (ENG)
- *Health Reform*
 - Brochures
 - Brochure - Medical Establishments, (BG & ENG)
 - Brochure - Patients Rights, (BG)
 - Survey
 - Conclusions – Quantitative + Qualitative, (ENG)
 - Executive Summary – Survey, (ENG)
 - Health Reform-Quantitative Survey, (ENG)
 - Qualitative Analysis, (ENG)
 - Questionnaire - Quantitative Survey, (BG)
 - TV Educational Series
 - TV Educational Series - Health Reform – 1, (BG)
 - TV Educational Series - Health Reform – 2, (BG)
 - TV Educational Series - Health Reform – 3, (BG)
 - TV Educational Series - Health Reform – 4, (BG)
 - TV Educational Series - Health Reform – 5, (BG)
 - TV Educational Series - Health Reform – 6, (BG)
 - TV Educational Series - Health Reform – Scenario Book, (BG)
- *Pension Reform*
 - Brochures – set of 6, (BG)
 - TV Educational Series
 - TV Series - Pension Insurance - Series 1, (BG & ENG)
 - TV Series - Pension Insurance - Series 2, (BG & ENG)
 - TV Series - Pension Insurance - Series 3, (BG & ENG)
 - TV Series - Pension Insurance - Series 4, (BG & ENG)
 - TV Series - Pension Insurance - Series 5, (BG & ENG)
 - TV Series - Pension Insurance - Series 6, (BG & ENG)
 - TV Series - Pension Insurance – Background Text, (BG & ENG)

VI. PR TRAINING

- *One-on-one Media Behavior Trainings*
 - Bulgaria Communications Model, (BG & ENG)
 - Bulgaria Media Behavior Training, (BG & ENG)
- *PR Seminars*
 - PR Seminar – ASME – Regional Offices
 - ASME Media Case Studies, (BG & ENG)
 - ASME Regional Offices Capacity Building, (BG & ENG)
 - Press Conference, (BG)
 - Press Release, (BG)
 - PR Seminars – Regional PR Officers

- Bulgaria Media Training Presentation, (ENG)
 - Concepts and Practice, (BG & ENG)
 - Media Relations, (BG)
 - Public Attitudes, (BG)
- PR Seminars – Central PR Officers
 - Analysis of Results, (BG & ENG)
 - Communicating in an Electronic Age, (ENG)
 - Conducting Interviews, (BG & ENG)
 - Crisis Communications, (BG & ENG)
 - Crisis Management - Strategic Approach, (BG & ENG)
 - Focus Group Overview, (BG & ENG)
 - General Guidelines For Press Office Operational Procedures, (BG & ENG)
 - Governmental Communications in a Democracy, (ENG)
 - Modern Political Campaign Organization, (ENG)
 - Positioning Statement, (BG & ENG)
 - PR Scandal Solutions, (BG & ENG)
 - Preparation of Focus Group, (BG & ENG)
 - Presentation-PR Practical Aspects, (BG & ENG)
 - Press Conference, (BG & ENG)
 - Press Office Procedures, (ENG)
 - Promoting Common Good, (BG & ENG)
 - Strategy & Structure, (BG & ENG)
- Creating Media Interest, (ENG)
- *US-based PR Training*
 - Bulgarian PR Proposal, (ENG)
 - Program Calendar, (ENG)

VII. SEETI INFORMATION NETWORK

- *List of Messages for 2000 (June - December), (ENG)*
- *List of Messages for 2001, (ENG)*
- *List of Messages for 2002, (ENG)*
- *List of Messages for 2003, (ENG)*
- *List of Messages for 2004, (ENG)*
- *List of Messages for 2005 (January - April), (ENG)*

LESSONS LEARNED – ECONOMIC GROWTH AND INVESTMENT PROJECT