

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

**QUARTERLY REPORT
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A. Executive Summary

This quarter ended on a positive note with the selection of a partner to replace CSDF. 3NET was chosen after a comprehensive and transparent process which included initial interviews, calls for proposals, proposal evaluation, site visits and interviews and the elaboration of our justification in choosing 3NET. The program staff is especially excited about the prospects of having assistance in implementing the Community Funds segment of the program. It was a difficult year without a partner, and the staff is to be commended for their success. On the recommendation of Counterpart's attorneys, the relationship with CSDF is considered closed. Counterpart is currently in the process of closing the financial books with CSDF.

All three Community Funds are legally registered entities. Chepelare successfully implemented its test fundraising activity: generating funds to replace public lighting with energy efficient lamps. A survey of the population indicated that the project was well received and that the Community Fund is a trusted organization that listens and responds to the needs of the community. They are currently planning their next fund raising activity.

Gabrovo's test fundraising kick-off was attended by the wives of the American and Spanish Ambassadors, the President of the International Women's Association and the President of the Rural Women's Clubs. Their attendance increased the credibility and visibility of the Community Fund. During the reception, approximately 7,000 BGN were donated to the Fund. Renovating the emergency care department of the regional hospital and the creation of a breast cancer screening center are the two goals of the Gabrovo Community Fund's initial drive.

Blagoevgrad, although slow to start, is registered and has also begun its first test fundraising activity. The goal of the Blagoevgrad Community Fund's drive is to improve sports facilities and create a rehabilitation hall for children with Cerebral Palsy. The swimming facility offers rehabilitation courses for children with disabilities. These courses were started by Bulgaria's Olympic swimmer, Tanja Bogomilova, who has offered to participate in the fundraising activity.

Chepelare and Gabrovo Community Funds have the full support of the municipality, while Blagoevgrad, due to the political split in the community, lacks that support. This situation has created an interesting environment for the Community Fund as it is more dependent upon the businesses, NGOs and individual citizens than the other two Funds. We saw an example of how this can work in Slovakia at the Bratislava Community Fund, which also failed to garner the support of the municipality. As a result, the amount of funds raised for projects will be considerably less; however, the funds will come from the community as opposed to the municipality. Efforts will be made in the coming quarter to gain the support of the municipality.

The Funds have been supported with training by both local and international consultants, the facilitation of networking opportunities, exposure to other local and international organizations. These efforts will continue throughout the program.

The Counterpart program's Social Enterprises participated in a Social Enterprise study tour to the Czech Republic funded by World Learning/USAID and organized by NESsT. The overriding lesson learned was that operating a Social Enterprise would not be easy but all participants were committed to proceed with their efforts. The study tour provided the participants with a variety of ideas for Social Enterprises and was also the impetus for starting a working group of the Social Enterprise Network in Bulgaria. The goal of the working group is to advocate for improved legal conditions for the development and operation of Social Enterprises in Bulgaria.

The Social Enterprises have received topic-specific trainings and individual consultation from our Training and Technical Assistance (TTA) provider, BARDA. In addition, Counterpart has researched and provided individual organizations with consultations and information that is specific to their enterprise. Counterpart has enlisted the assistance of a volunteer who spent considerable time researching other programs and funding possibilities for the Social Enterprises. Aid to Artisans is interested in assisting the enterprises that produce crafts and Heifer International has expressed interest in assisting enterprises engaged in animal husbandry.

B. Project Purpose

To enhance the sustainability of Bulgarian NGOs

C. Project Impacts

Community Fund Development

Chepelare Community Fund Implements Tourism Development Project

The Chepelare Community Fund completed its initial fundraising drive and project implementation. The community defined project was to modernize the city street lights. The change in Chepelare's appearance was highlighted by visiting officials and journalists at the municipal celebration of the beginning of the tourist season – winter 2002/03. The chair of the National Association of Private Hotel Owners publicly stated that the town has become a truly European tourist center with the new street lights.

Media Promotion in Gabrovo Fosters Community Fund Participation

Counterpart worked with local media representatives to design and air promotional radio advertisements for the Gabrovo Community Fund. The promotional radio clips were so popular and widely-heard, that citizens began calling the Community Fund office directly to express their opinion on various public matters and project ideas for the fund. One suggestion was that the Community Fund starts coordinating all fundraising efforts in the town, because it is the only organization that provides regular feedback to the public about funds raised and goals achieved.

Public Forum in Blagoevgrad – a Working Example of Participatory Decision Making

Blagoevgrad lacks a tradition of civic participation in local decision-making and building community consensus. The Public Forum organized by the Community Fund in December 2002 was the first event of this size that brought together local government officials and active citizens from various social groups. Participants sat together for more than 3 hours discussing local priorities and projects that could possibly be implemented by the mobilization of local resources.

Low-income Citizens Support the Community Fund in Blagoevgrad

One of the strongest examples of civic support for the Community Fund in Blagoevgrad was the individual donation of a blind pensioner who gave BGN 40 as an unrestricted contribution to the work of the Community Fund (the average pension in Bulgaria is 60 BGN.). His name is Alexander Mitrevski and he is 81 years old and a life-time community activist. He was introduced to the Community Fund by his friend Ilija Kukov, 83 years old, also a life-time activist for public good and one of the founders of the Community Fund.

Employees from Gabrovo Begin Payroll Donations to Community Fund

Seventy-seven workers from one company made a group donation to the first fundraising campaign of the Community Fund in Gabrovo. The employees expressed interest in the possibility of monthly

deductions from their paychecks that would be donated to the Community Fund. This method of fundraising was shared with other companies who have since invited the Community Fund to introduce the payroll donation scheme to their workers.

The Successes of Pilot Community Funds Leads to Increased Interest of Other Communities

The exchange of experiences with other organizations working around Bulgaria, through participation in various conferences and workshops, has increased the visibility of Counterpart's methodology for supporting Community Funds. Counterpart was approached by representatives of various Bulgarian communities with requests for future collaboration. Among the interested organizations were: Coalition of NGOs, Institutions and Citizens – Public Council for Social Development, Stara Zagora; “Partners – Lom” Foundation; Coalition of NGOs working with children and youth in Plovdiv; and representatives from the Municipality of Pazardjik. The Public Council of Stara Zagora was particularly active in initiating further contacts and has submitted a request for long-term collaboration with Counterpart Bulgaria.

Social Enterprise Development

Social Enterprise Boosts NGO Credibility

One of the participants in the Social Enterprise program, “Open Door” in Pleven, has increased its credibility among the local community and other donors. Due to its commitment to start a Social Enterprise as part of a long-term strategy for self-sustainability, the organization was approved for a grant from United Netherlands Foundations to open a shelter for women who experience violence. The organization will expand the social services it provides and combine them with the activities of the social enterprise, both contributing to its self-sustainability.

Social Enterprises Recognize the Need to Follow the Movements of Markets

The training and technical assistance program of Counterpart-Bulgaria helped two organizations from the Social Enterprise program recognize the need of responding to market changes. The Regional Union for Diabetics in Burgas bought a computer which would allow the Social Enterprise to maintain an electronic database of its clients and a computerized accounting system in order to follow increased market demands for accountability and efficiency. The other NGO, Center for Mental Health “Chovekolubie” in Pazardjik, bought a cash register that brought the Social Enterprise in compliance with the legal and tax regulations for tracking the revenues from business activities.

Twenty-three Social Enterprises Participate in Study Tour

Counterpart facilitated a study tour to the Czech Republic for the program's 23 participating Social Enterprises. The study tour exposed the Bulgarian Social Enterprises to new ideas, insights and motivation for the development of their own Social Enterprises in Bulgaria. In a post-tour assessment, the participants reported that they received new information that they could adapt to Bulgarian conditions and that the study tour provided them with new motivation. Furthermore, the group was introduced to a new network of Social Enterprises.

D. Management Overview

Management

Extension of Sub-Grant Agreement

In December, Counterpart – Bulgaria approved a no-cost extension for the first Sub-Grant Agreement signed with Foundation “Community Fund – Chepelare” on September 12, 2002 within Cooperative Agreement No. 183-A-00-00106-00. The no-cost extension extended the completion date of the project to March 31, 2003 due to an increase of the scope of work.

Procedure for Award of Sub-Grant Agreement

During this quarter, Counterpart – Bulgaria staff finalized and officially implemented the procedures for awarding Sub-Grant Agreements to Community Funds in applying for matching funding. The document consists of (1) the procedure to apply for a Sub-Grant Agreement (2) the criteria for projects funded with matching grants and (3) project proposal, application and budget templates. The Community Funds were trained on how to apply for matching grants from Counterpart during a workshop conducted by the Financial Officer and the Administrative Officer on December 15, 2002. The participants received guidelines on completing the project proposal application and the budget. Counterpart will provide on-going methodological assistance and support in developing future project documents.

Loan Implementation Procedure

In November, 2002, Judith Kaufman, Counterpart, International's Enterprise Development Senior Program Officer, visited Bulgaria and facilitated a meeting to design a Loan Implementation Procedure manual for the Social Enterprise Project. During this quarter, after a series of consultations with Counterpart DC, a draft of the Loan Implementation Procedure was articulated and agreed upon. This document will serve as an internal procedural manual and will be used in discussing and finalizing the process with the Loan Service Provider. Some of the issues are still in need of research and clarification in terms of its compliance within the Bulgarian legal framework.

Civil Society Development Foundation (CSDF)

There has been no communication with CSDF since November 5th, 2002. Counterpart attorneys recommend that we not initiate any further contact with them and consider the case closed. At year's end Counterpart International's Chief Financial Officer was reviewing the financial documents received from CSDF and will advise on how to close out the books.

Human Resources

Staff Evaluations

Counterpart's Community Fund Project Manager conducted a performance evaluation of the Blagoevgrad Local Community Fund Coordinator. Through the evaluation process, areas of strong performance and areas that need improvement were identified. The Project Manager will provide ongoing feedback to the Local Coordinator on her progress.

Staff Development

In-house Training on USAID Regulations

The Financial Director facilitated a training session designed to describe and review in detail applicable USAID program guidelines and regulations. This in-house training enhanced the ability of the staff to clearly understand USAID's financial and accounting requirements and was beneficial in terms of program planning and implementation.

Seminar on Accounting and Financial Regulations

The Administrative Officer attended a one-day seminar organized by Counterpart's accounting service provider, Chronika. The seminar participants learned about the new 2002 Bulgarian accounting standards and the changes in the Bulgarian tax laws. Legislative requirements for the end of the fiscal year were also discussed. This will help in ensuring compliance with the financial and administrative formalities required under the Bulgarian laws.

Finance and Administration

Tax Compliance Activities

Following the USAID procedures for VAT exemption, Counterpart succeeded in contracting with several service providers but encountered some difficulties in persuading some Bulgarian suppliers to follow the legal procedure for VAT exemption. Counterpart – Bulgaria's administrative staff is working with USAID to locate suppliers that qualify for the VAT exemption. In addition, as requested by USAID, the Financial Director and the Administrative Officer visited the territorial Tax Directorate of Sofia for a review and audit of documents pertaining to the period July 01, 2001 to June 30, 2002 that were previously provided to USAID for VAT reimbursement.

Revision of Administrative Policies

In an effort to manage the program and its funds in a more efficient manner, several changes and updates of Counterpart Bulgaria Administrative Policies and Procedures were adopted. The per diem policy and rates for in-country travel were revised based on an informal survey of various organizations running USAID funded projects.

The weekly General Staff meetings were rescheduled to twice a month in order to accommodate weekly Program meetings. These have become an inseparable part of the ongoing process of improving and optimizing the institutional capacities of our organization. During Program meetings, in-depth discussions are held on all matters pertaining to program activities. These meetings also provide a forum for the staff to express their opinion, share ideas and learn from others' experiences, which on one hand helps in building their capacity and on the other ensures their participation in the decision making process.

Information Technology

Counterpart Website

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

E. Project Activities by Objective

Objective #1: Facilitate the process of Community Fund development in three communities in Bulgaria.

The main objectives of the Community Funds component during this quarter were:

- Legalization of the Community Funds in Gabrovo and Blagoevgrad.
- Provide ongoing assistance to the Managing Boards and the Executive Directors of the Gabrovo and Blagoevgrad Community Funds for their first fundraising campaigns.
- Assist the Chepelare Community Fund in monitoring and closing out their first fundraising campaign and to help plan future activities.
- Support the Steering Committee in Gabrovo and the newly established Community Fund in Blagoevgrad in conducting Public Forums to reach community consensus about priority areas for the Community Funds.
- Facilitate an ongoing exchange of information between the three Community Funds.
- Provide trainings on Fundraising and Board Development to the three Community Funds.
- Provide networking and additional capacity building opportunities to the Community Funds through participation in conferences, seminars and workshops organized by other community development organizations.

Community Fund Achievements

A common organizational structure was adopted by the three Community Funds.

The Community Funds in Gabrovo and Blagoevgrad were formalized during this quarter. The Founding Assembly in Gabrovo involved 47 founders, and in Blagoevgrad involved 48 founders. The Steering Committees that mobilized both communities, adopted the same fund structure that was earlier chosen by the Chepelare Community Fund. The existence of a Council of Donors, that grows and diversifies with the development of the Community Fund, was seen as an advantage that will enable both large and small donors to take part in decision-making. The internal control body, the Board of Trustees, was seen as a guarantee for the transparent use of funds. The Managing Boards of the two newly created Funds included civic-minded professionals from the three sectors, which will assure a balance of viewpoints in the formation of the Funds' policies. An expert from Bulgarian Center for Not-For-Profit Law (BCNL) hired by Counterpart, provided assistance with the organization of the Founding Assemblies and the preparation of required registration documents. The minimum founding fee was set at a very low level (BGN 5) to enable a greater variety of community members to become founders. The Community Fund in Gabrovo collected BGN 785 from founding fees, because many of the founders gave more than the minimum fee. The Founding Assemblies were widely promoted by local media and a number of announcements and calls for participation were aired free of charge. The Steering Committees inspired local media to act as partners in the process of mobilizing the communities and demonstrate their social responsibility by providing free coverage of all activities related to formalization of the Funds.

A notable achievement for the newly established Community Funds was the gradual process of transition from Steering Committees to Boards of Directors. Most of the members of the Steering Committees were elected to either the Managing Board or the Board of Trustees. The Local Coordinators were appointed as Executive Directors in all three test sites. This validated the self-identification of the community leaders who took part in the initial stages of community mobilization for starting up the Funds.

Increased knowledge and use of specific tools for local fundraising by the Community Funds.

In October, the Managing Boards and the Executive Directors of the newly created Community Funds received their first training on Fundraising. The training focused on methods and opportunities for community fundraising; specific fundraising tools used by community foundations; types of funds that the foundation manages; planning, organizing and implementation of fundraising campaigns; marketing of the community foundations; and addressing specific fundraising problems. The knowledge and skills acquired in this training were utilized by the Managing Boards of the Community Funds in Gabrovo and Blagoevgrad as they started planning and organizing their test fundraising campaigns. The Community Fund of Chepelare applied the knowledge in planning their second fundraising campaign and in initiating donor-advised funds.

Community Funds develop sub-committee structure and internal communication schemes.

The Managing Boards and the Executive Directors received training on Board Development. The training focused on the internal communication between the Managing Board, the Board of Trustees and the Executive Director, as well as on the role of support committees to enhance the work of the Managing Board. There were slight variances in the names and responsibilities of the committees planned by the different Boards, but in general they were aimed at strengthening the work of the Managing Boards in several areas: community needs assessment and planning of development initiatives; fundraising and managing of the funds; grant making; PR and marketing; project proposal development; donor recognition and attracting new donors.

- Development Committee: assesses community needs; assesses community resources; defines development directions; plans development initiatives; develops funding proposals to various international donors; works to attract new members of the Council of Donors and to diversify the Board.
- Financial Committee: assists with local fundraising; organizes grant-making competitions and evaluates applications; assists with financial planning.
- PR Committee: responsible for marketing; attracting of new donors; advertising of the Fund's activity; contacts with other local NGOs.

Each committee has one member who represents the Managing Board of the Fund. This person provides the link between the Board and the committee. The other members are local experts and experienced professionals in the areas of the committees' work who volunteer their time, skills and expertise. They report either directly to the Managing Boards (in Blagoevgrad and Chepelare) or to the Executive Director (Gabrovo) who maintains communication with the Board.

Following the training, the Managing Boards began recruiting people for the committees. The first meetings of the PR and Development Committees in Gabrovo took place shortly after the start of the test fundraising campaign in December. In Chepelare, the Development Committee assisted with organizing a survey on the effects of the first project implemented by the Community Fund, and on potential future goals for fundraising activities. In Blagoevgrad, the PR Committee assisted with organizing a charity ball devoted to the official start of the test fundraising campaign.

All Community Funds agreed that in addition to permanent committees, there could also be temporary committees formed to assist the Managing Board with implementation of specific tasks.

Counterpart gives workshop on financial reporting and matching funding requirements to the Community Funds.

In December, a USAID financial regulations and matching funds procedure workshop took place at Counterpart's office. The workshop was attended by representatives of the Managing Boards and the Executive Directors of the Funds and focused on the procedure for applying for matching funds. This procedure, along with the format for project proposals and USAID financial regulations, was discussed in detail and clarified to the participants. The participants had the opportunity ask

questions related to their financial reporting to Counterpart. This was the first of a series of meetings between Community Funds representatives and the Financial Director of Counterpart.

Counterpart facilitates monthly planning and information exchange meetings for Community Funds.

In December, the Community Funds conducted their first monthly planning meeting facilitated by the Community Fund Project Manager. The goal of the meeting was to introduce a common planning tool – The Monthly Workplan. Using a common planning format facilitates the exchange of ideas between the Funds and helps the Funds to coordinate and organize activities that require Counterpart’s assistance. The monthly meetings will take place on the last working day of each month, and will involve the Executive Directors of the Community Funds and the Counterpart Community Fund Project Manager.

Counterpart publicizes Community Fund development model at a networking event for all community development organizations operating in Bulgaria.

At the end of November, Counterpart and representatives of the Managing Boards of the Community Funds, and their Executive Directors attended a Conference on Community Development in Bulgaria, organized by the DemNet Program of the Institute for Sustainable Communities. The conference focused on the methodology for community mobilization applied by various community development programs implemented in Bulgaria as well as their successes, challenges and lessons learned. Counterpart’s methodology for the creation of Community Funds received considerable attention and organizations from Lom and Plovdiv expressed interest in future collaboration with Counterpart. The Community Fund representatives had the opportunity to share their experience and exchange contacts with other grassroots NGOs, as well as with potential external donors who participated in the small group discussions.

Counterpart makes contact with coalitions of local NGOs from other Bulgarian towns interested in adopting Counterpart’s model for Community Fund development.

Counterpart Bulgaria has been approached by a group of community leaders from Stara Zagora who expressed an interest in applying Counterpart’s methodology for the development of a Community Fund. Counterpart delivered a presentation on the Community Fund model to a public meeting attended by a coalition of NGOs and institutions from Stara Zagora. Participants expressed a strong interest in future collaboration and networking. They sent a Letter of Intent to Counterpart explaining their interest in future cooperation and their desire to be included in our network of Community Funds. Counterpart staff provided immediate legal and methodological support for the preparation of the Fund’s registration documents.

Chepelare

Successful completion of the first Community Fund project - modernization of the streetlights.

In December, Community Fund Chepelare completed the project for modernization of the streetlights in the town of Chepelare. The total amount spent was BGN 89,200 of which 44,600 was collected from local citizens, companies and the local government (70% from local government; 25% from companies and 5% from citizens) and the other 44,600 came through the Counterpart matching funds. The fundraising campaign for this project was supported by 1300 citizens, 13 companies and the municipal administration.

The project outcomes included:

- The replacement of all street lights with energy-efficient lights: 550 new fixtures and bulbs were installed.
- An anticipated 60% savings in the public lightning costs of the municipality.

- 42 fixtures were installed for lighting the facades of public buildings.
- Installment of 20 park lights and the improvement of recreational areas.
- Free lights for the sports playground and the ski slope “Mechi Chal” as a donation by the company implementing the project.
- A friendlier and safer urban environment for citizens and tourists.

The Community Fund conducted a public survey on the impact that this project has had on the community. Over 85% of the 500 citizens who completed the questionnaires responded that the new street lights have greatly improved the condition of life in the town, and has made it more attractive to tourists. The project met its goal as set by the participants in the Public Forum in April 2002 and demonstrated the capacity of the Community Fund to efficiently mobilize resources and meet the local needs in an efficient and accountable manner.

Community Fund creates a volunteer database.

One of the goals of the Chepelare Community Fund’s Executive Director and Technical Assistant in this quarter was to create a volunteer database. A questionnaire was developed and distributed throughout the community. The questionnaire enquired about the volunteer’s interests and availability, and what areas of the Community Fund’s work s/he is willing to support. Twenty-six people responded positively to the initial call for volunteers. A volunteer database was created and will be updated regularly by the staff of the Community Fund.

The Community Fund also organized an initial meeting with the group of new volunteers. Volunteers were informed of the mission, strategic goals and the activities of the Fund. The analysis of the volunteer questionnaires shows that the volunteers were willing to assist the Community Fund in the following ways:

- Distribution of promotional materials
- Assistance with cash collection during fundraising campaigns
- Volunteer labor during project implementation
- Preparation of promotional materials and publications of the Fund
- Graphic design
- Web site development and support
- Distribution of public surveys and processing of information
- Organizing and conducting special events

Public survey on possible goals for the second fundraising campaign is conducted.

The Community Fund surveyed possible goals for its second fundraising campaign. Several suggestions were formulated by the Managing Board and introduced to the public. These included the creation of a monument for a prominent local citizen, Dimitar Raichev who was the founder of the Cave Museum in Chepelare; the construction of a children’s playground; and the expansion of the street lights project. Opinions were gathered by e-mail; via the Internet forum of the Community Fund and by hard copy enquiries that were distributed by volunteers. From the 500 people surveyed over 80% supported the first suggestion for creating a monument of Dimitar Raichev who passed away a few months earlier. As a next step in assessing community support for this fundraising goal, the Community Fund is planning to organize a public meeting with different community stakeholders. The strategy of the Managing Board for future fundraising campaigns is to promote and raise funds for 2 or more goals simultaneously. They decided to approach local donors with various suggestions, approved by the community, and in this way provide potential donors with a choice of funding opportunities.

Creation of partnerships and coalition building with other local NGOs.

The Community Fund of Chepelare has been the agent for social change since its creation. The Fund organized a partnership meeting for local NGOs in October during which the participants discussed opportunities for development of the third sector in the municipality. The effects of the Fund's work were recognized by local NGOs who have expressed interest in partnering with the Fund on various community development projects. The Community Fund became the leading NGO in a coalition of local organizations and representatives of local government that applied for AOL Peace Pack Initiative funding for the creation of the NGO Center for Sustainable Development. The project, which was developed with the help of a Peace Corps Volunteer, was approved for funding. The aim of the Center is to integrate information technology into development projects focusing on alternative tourism, eco-agriculture, and nature management across the entire municipality. It will also provide general training on the use of information technologies to the larger community, emphasizing its usefulness in addressing local needs. The information technology services will be provided with the help of volunteers, and the municipality will pay the salary of one full-time Office Assistant. Acting as a leading partner within the coalition, the Community Fund initiated a number of strategic planning meetings and a strategic plan for the establishment and development of the Center.

Community Fund promotes its activities and accomplishments.

The Community Fund has developed strategic partnerships with the local cable TV and radio stations. As a result, the local media gave wide coverage to the streetlight project. The Community Fund Executive Director was also interviewed by the local radio regarding the NGO meeting initiated by the Fund. The Executive Director was also interviewed by several regional and national media about the streetlight project: TV Europa and TV Foton K – Smolyan. The national newspapers Trud and Dnevnik published articles on the modernization of the Chepelare streetlights.

Another form of promoting the work of the Community Fund was the creation of its web site, which was developed and is maintained entirely by volunteers. The Internet Forum of the Community Fund, hosted by the Municipality of Chepelare web page, has received more visits in the last three months than all other hosted discussion forums. Approximately 200 people filled in the on-line questionnaire that surveyed public opinion of the goal of the next fundraising campaign.

The completion of the first Community Fund in Chepelare project was officially announced at a press-conference organized on December 13, 2002 by the Tourist Council and was attended by more than 20 journalists from regional and national media. The Regional Governor and the Chairman of the Union of Bulgarian Restaurant and Hotel Owners praised and complemented the Community Fund for its efforts to improve the conditions for tourism development.

Shortly before Christmas, the Community Fund published and distributed calendars to all large donors who supported the test fundraising campaign. The production of these promotional calendars was 100% sponsored by the largest local donor: the Orion ski factory.

Gabrovo

Community Fund conducts Public Forum for determining local priorities.

In October, the Steering Committee organized a Public Forum for a participatory community needs assessment and the prioritization of areas to be supported by the Community Fund. The Forum was conducted at a municipal hall provided free of charge to the Steering Committee, and attended by 80 people who represented the socio-economic diversity of the community. It was covered extensively by the local media as an example of democratic decision-making and civic participation

in developing community consensus. The Forum participants selected the following areas of support for the Community Fund:

- Improvement of the urban environment
- Children and youth
- Health care
- Education
- Tourism (including cultural tourism)
- Preservation of cultural and historic heritage

The working groups, which represented the diversity of the community (business; local government; education; health care and social assistance; sport; ecology; NGOs; youth; and other interested citizens), reached a consensus that the above mentioned areas of community life are the most vulnerable and deserve highest attention and common efforts for their support and improvement.

The other objective of the Forum was to determine the goal of the test fundraising campaign. Several goals were discussed and consensus was reached on two goals that would be combined into one fundraising campaign: renovation of the emergency care department of the regional hospital and creation of a screening center for women's breast cancer. It is notable that both of these goals were earlier discussed and prioritized by citizens taking part in the Municipal Forum - Gabrovo 2001, funded by the Swiss Agency for Development Cooperation. This proved that the Community Fund initiative in Gabrovo developed as a natural continuation of the community mobilization efforts of previous locally implemented development programs.

The Forum was also used to advertise the forthcoming Founding Assembly of the Community Fund and to explain the procedure for becoming a Founder. Participants were presented with the draft By-laws developed by the Steering Committee.

Community Fund structure and activities are formalized.

The Founding Assembly of Community Fund – Gabrovo took place on October 24, 2002 and united 47 founders, several of whom were legal entities, among which were the Association of Employers “Gabrovo 21”; Charity Association “Mother’s Care”; and the Trade and Industry Palace. The Assembly was widely advertised by the media and open to every community member who was interested in becoming a founder. The members of the governing bodies were democratically elected on the basis of prior nominations received by the Steering Committee. The assembly was a good example of the participatory approach applied to the process of formalization of the Community Fund. With the help of local media partners, the assembly was organized in an open and transparent manner.

The Managing Board of the Gabrovo Community Fund consists of 7 members: 1 business representative, 2 NGO activists, 1 school director, 1 representative of the local authorities, 1 doctor and 1 director of an institution. Mrs. Galina Bankovska, owner of a private company was unanimously elected as Chairman of the Managing Board. The Board of Trustees, the other Managing Body of the Community Fund, consists of 11 members.

Community Fund prepares and initiates first test fundraising campaign.

Following the Founding Assembly, the Managing Board developed a plan for the test fundraising campaign. The plan involved promoting the goals of the campaign by distributing information leaflets and sending press releases to media publications. It also involved strategies for attracting local donors and donor recognition. The fundraising goal was set at BGN 160,000. The Community

Fund aimed to raise BGN 80,000 from local sources, and another 80,000 from matching funds from Counterpart.

The start of the campaign was officially announced at a reception attended by over 60 people, including representatives of viable local businesses, local government, NGOs and other popular figures. The Chair of the Managing Board of the Community Fund gave notes of acknowledgement to those representatives of the Steering Committee who did not become part of the governing bodies of the Community Fund. The event was attended by the wives of the USA and Spanish Ambassadors, as well as the President of the International Women's Club. Their presence attracted a lot of media attention and raised the profile of the Community Fund's campaign. The reception was a sponsored event and students from the local professional schools for cooks and restaurant service workers prepared the food and served the guests. The Fund raised BGN 6,800 from 6 local donors who took part in the event and demonstrated the popularity of the fundraising objectives.

Other activities included in the test fundraising campaign included:

- Distribution of brochures and posters of the Community Fund and leaflets about the fundraising campaign with the help of the Regional Association of Hospitals and the Fund's media partners: Darik Radio; Newspaper "Gabrovo Today"; Regional TV "Gabrovo Cable"; Radio Gabrovo and Newspaper "Day".
- Distribution of promotional packs for donors, including information about the Community Fund and how it works, as well as the goals of its current fundraising campaign were distributed at one-on-one meetings with local donors.
- Broadcasting and publication of appeals to citizens to support fundraising for the hospital and the screening center: promotional clips, reports on activities and interviews with Community Fund members were broadcasted for free. Each local newspaper published a few articles on the same topic.
- Involving citizens in fundraising with the help of volunteers from YMCA-Gabrovo, the Bulgarian Red Cross and other youth organizations. The Community Fund produced promotional ceramic coins that were given to citizens who donated at least BGN 1 to the campaign. It was negotiated with some drug store and café owners to place cash boxes in their establishments, as well as promotional materials about the campaign. The motto of this activity was "Donate one Lev, get one gift!"
- Hosting the Annual Get Together of the Association of Employers – Gabrovo 21 that is one of the founders of the Community Fund. The goal of the current fundraising campaign of the Fund was announced at the event and BGN 1,000 was collected by the participants.

The total amount raised by the Community Fund in Gabrovo during the month of December was BGN 8,805, equivalent to \$4,630 USD.

Community Fund develops contacts with local donors and supporters of the Fund.

The Community Fund began cultivating its donor base immediately after its registration. All members of the Managing Board and the Executive Director were engaged in tracking and contacting potential local donors and initiating long-term relationships with them.

Local media outlets are engaged as partners of the Community Fund.

A number of local media outlets agreed to work as partners with the Community Fund in the process of community mobilization by publishing and broadcasting materials free of charge or at reduced prices. Radio "Gabrovo" and Radio "Darik" opened hotlines for citizen opinions regarding the goal of the test fundraising campaign of the Fund. The local Newspaper "100 Vesti" published an enquiry: "Would you donate BGN 1 to the Community Fund?".

Radio “Darik” broadcasted a free promotional clip of the fundraising campaign throughout November and December. The members of the Managing Board and the Executive Director were regularly invited to take part in talk shows or to give interviews. There were 2 participations in the TV program “Economic horizons” of TV “Media”; 10 appearances in “Darik” radio and 5 in Radio “Gabrovo”; 2 participations in the morning news of the local cable TV station. Local media published and broadcasted reports on the major activities related to the formalization of the Community Fund and the beginning of its first fundraising campaign.

Blagoevgrad

Community Fund structure and activities are formalized.

In Blagoevgrad, the formalization of the Community Fund preceded the process of community needs assessment. The Steering Committee organized a public meeting to get citizens’ input on the mission, structure and strategic goals of the Community Fund. Following this event, a wide information campaign was initiated to promote the forthcoming Founding Assembly of the Fund and inspire citizen participation. The Steering Committee organized a press conference attended by the Regional Governor and the Chair of the Municipal Council who were both strong supporters of the idea of starting a Community Fund. Several interviews and participation in TV talk shows helped clarify the process of nominating the members of the governing bodies of the Community Fund and the requirements for physical and legal persons to become Founders. Local media outlets publicized major activities that preceded the Founding Assembly, as well as the Assembly itself.

The Founding Assembly took place on October 17, 2002 and was attended by 48 Founders from various social groups and sectors that represented the diversity of the community: business people, local government representatives, NGO representatives, education specialists, youth parliament members, sports clubs members, pensioners, health workers, and lawyers.

Community Fund prepares and conducts a Public Forum for selecting community priorities.

After the formalization of the Community Fund, the Managing Board was challenged to demonstrate their ability for community mobilization and engaging citizens from various social groups and sectors in decision-making regarding the Fund’s activity. Their task was to involve as many community members as possible in determining the priorities that would be supported by the Community Fund, and selecting the goal of its first fundraising campaign. The Fund used focus group discussions and a Public Forum for achieving these goals. Counterpart provided methodological assistance to the Managing Board and the Executive Director in conducting the focus groups, and hired an external consultant as Moderator of the Public Forum. The focus group meetings were attended by about 150 people (10 focus groups of about 15 participants each). The Managing Board also decided to reach out to citizens through publicly distributed questionnaires. Of 500 questionnaires distributed, 196 were completed and returned to the Fund’s office. This method provided additional quantitative information about citizen’s perception of the priority areas. The results from the focus group discussions and the ideas expressed in the questionnaires were summarized in a brochure. The latter was distributed to all participants of the Public Forum and used as a starting point of the discussions and decision-making.

The Public Forum was conducted in a hall provided by the Municipality and was attended by approximately 80 people. Participants were divided into 10 working groups: local government, business, education, sports activities, culture, social activities, health care, NGOs, tourism, and citizens. The participants reached a consensus that the Community Fund should support the following areas of local development:

- Urban and natural environment
- Creation of healthy leisure activities for children and youth

- Preservation of the cultural and historic heritage
- Sports and recreation facilities with public accessibility
- Services to children and people at risk including the homeless and drug addicts
- Creation of new jobs through support of the business sector
- Health infrastructure

The goals selected for the test fundraising campaign of the Community Fund were the improvement of sports facilities (increase the safety of a swimming pool) and the creation of a rehabilitation hall for children with cerebral palsy. The Public Forum embraced the idea of providing additional opportunities for rehabilitation and socialization to these children.

Community Fund prepares and initiates test fundraising campaign.

Following the Public Forum, the Managing Board and the Executive Director developed a plan for the test fundraising campaign of the Community Fund. The Board and the Executive Director engaged the sports clubs who train at the swimming pool in promoting the campaign to their sponsors, children’s parents and other clients of the swimming pool. Tanja Bogomilova, a Bulgarian Olympic swimmer, agreed to publicize the campaign. The Fund prepared leaflets with information about the campaign’s goal and opportunities to donate. The official start of the campaign was announced at a charity event organized by the Community Fund shortly before Christmas. The charity event was co-sponsored by local wine producers and a local bakery, as well as other local companies who provided prizes for the charity raffle. There was also a charity auction of art objects provided by local artists. The total amount collected at this event was BGN 2,979.

Other individual donations were received at the office of the Community Fund and in its bank account. The total amount collected by the end of December, two weeks after initiating the campaign, was BGN 3,384 or \$1,780 USD.

A strong example of civic support for the Community Fund was the individual donation by a blind pensioner who gave BGN 40 as an unrestricted contribution to the work of the Community Fund. His name is Alexander Mitrevski and he is 81 years old and a lifetime community activist. He was introduced to the Community Fund by his friend Ilija Kukov, 83 years old, also a lifetime community activist and one of the founders of the Community Fund.

Community Fund promotes its activities and accomplishments.

Besides promotional materials produced and distributed by the Community Fund with the help of volunteers, the Managing Board and the Executive Director worked actively to attract local media as partners in the process of popularizing the activity of the Fund. Practically all local media produced reports on major activities related to the Community Fund’s formalization, the Public Forum and the beginning of the fundraising campaign. In the period October-December there were 9 articles in the local newspapers “Struma” and “Vjara”, the local edition of the national newspapers “Trud” and “24 Hours”. There were 12 media appearances of Managing Board members and the Executive Director in the local TV stations: “Okolo”, “Pirin SOT” and “Canal Pirin”, as well as in Darik Radio and Radio Blagoevgrad. Radio FM+ produced a promotional clip encouraging citizens to support the work of the Fund by expressing their opinion on the Fund’s priorities. The clip was produced and broadcasted at a discount price by Radio FM+, and also broadcasted by Radio Aura and Radio Blagoevgrad within two weeks prior to the Public Forum. Radio Blagoevgrad opened a listener’s hotline and provided the Executive Director of the Community Fund with a list of calls and expressed opinions, ideas, suggestions by the listeners.

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

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

- Continue the process of Social Enterprise capacity building by organizing a series of trainings following the first year training plan and by providing technical assistance through one-on-one consultations.
- Increase the technical assistance provider's capacity.
- Initiate and develop a network of Social Enterprises in Bulgaria.
- Research and design a Social Enterprise Loan Fund.

Social Enterprise Study Tour

Social Enterprise Study Tour to Czech Republic

The purpose of the Social Enterprise study tour was to respond to the expressed need among Bulgarian Social Enterprise leaders to learn from the practical experience of their peers in Central Europe in an effort to develop their knowledge and skills and thus be able to further their individual Social Enterprise goals as well as to foster the overall Social Enterprise field in Bulgaria. One representative from each of the 23 NGOs included in our project participated in the study tour hosted by NESsT - a worldwide leader in the field of Social Enterprises. The NESsT training curriculum was delivered in the Czech Republic in the period October 14-20, 2002.

This training opportunity fundamentally influenced the understanding and approach of the Bulgarian organizations to the development of a Social Enterprise. The main achievements were in the area of goal setting, both mission and financial expectations of self-financing and the role of the Social Enterprise for NGO long-term sustainability. The Social Enterprises understood the context of self-financing and Social Enterprise, which gave them a better feel for the types of ventures which might be successful. Participants left with individual and group action plans for fostering Social Enterprise in Bulgaria based on their study tour experience.

Social Enterprise Study Tour Debrief

After their return from the study tour all the participants prepared a report with their impressions and ideas from the study tour to the Czech Republic. They participated in a study tour debrief meeting on November 4th, which was comprised of the following activities:

- Overview of the study tour facilitated by the Social Enterprise Manager
- Discussion – participants exchanged views and experiences from the Study Tour
- Presentation of a draft group action plan for creation and development of a network of Social Enterprises in Bulgaria

Training Workshops

Social Enterprise Training of Trainers for BARDA Consultants and Counterpart Staff

In November, Counterpart – Bulgaria organized a one day training of trainers (TOT) workshop for the BARDA Consultants. The objective of the TOT was to enhance the level of understanding and knowledge about Social Enterprises and to thus improve the level of business training and individual consultations provided to the Social Enterprises. The workshop consisted of an introductory section that outlined the concept and theory of Social Enterprises, explained what differentiates it from a traditional for-profit business activity, and what sets it apart from standard NGO activities. In addition, the workshop included concrete examples of different models of Social Enterprise activities. TOT results included:

- Counterpart staff and BARDA consultants learned basic Social Enterprise principals and concepts so that they will be more effective in providing technical assistance to organizations developing a Social Enterprise venture.

- BARDA consultants improved their understanding and developed skill sets that will help them in their work with emerging or expanding Social Enterprises.
- The BARDA consultants and Counterpart staff understood the concept of a “double bottom line” and learned how to trouble shoot and identify problems related to the NGO’s mission.
- The consultants learned about the different forms of Social Enterprise income-generating activities that can be implemented by an NGO.

Development of Social Enterprises

Because the concept of Social Enterprise is new for Bulgaria, Counterpart staff invited Kim Alter, a Social Enterprise consultant and author, to conduct a training workshop on the development of Social Enterprises in Bulgaria. The purpose of this one-day seminar was to present the different models of Social Enterprise, to outline the risks and benefits of Social Enterprise and to discuss different strategies for selecting a Social Enterprise idea. The participants also learned the process and stages of conducting a business feasibility study. The training included 20 participants from the organizations enrolled in Social Enterprise program. The participants received a Bulgarian translation of Counterpart’s case study publication on Social Enterprises. Feedback from the participants was gathered through a questionnaire, which evaluated workshop content and relevancy as well as the quality of the trainer. The Social Enterprise Program Manager analyzed the information and created an evaluation report and summary.

Accounting for Non-profit Organizations that Conduct Economic Activities

The purpose of this seminar was to provide participating NGOs with specific accounting training on non-profits that conduct economic activities. Counterpart staff identified two professional and knowledgeable experts with extensive practical experience: Beatrice Mavrova (Resource Center) and Snejana Nikolova (Price Waterhouse Coopers). The one-day seminar included:

- An overview of the accounting policy of an NGO in regards to business activities
- An in-depth understanding of how to report on capital, reserves and how different asset types are valued, depreciated and accounted for
- The method used to divide general administrative costs between the non-profit and business activities
- Revenues and expenses and how different financing should be accounted for and reported
- How to make the annual closure of accounts and prepare the necessary reporting documents

Accountants and financial experts from 19 organizations participated in the training seminar organized by Counterpart in Sofia. All the participants were pleased with the training seminar because it provided them with professional knowledge about utilizing accounting legislation for the business activities of the NGOs. It also provided them with the methodology for dividing the cost and revenues between the program activities and the economic activities of the NGO.

The Basics of Marketing and Creating a Marketing Plan

The last training for the quarter was Marketing. Doroteya Andreeva, a consultant from the Agency for Regional Development in Dobrich, was the trainer. The participants were divided into two groups depending on their level of business knowledge. There were 13 participants at the basic level and 16 in the advanced group. The training was 2 ½ days and included two modules: (1) The Basics of Marketing and (2) The Marketing Plan as Part of a Business Plan.

Feedback from the participants was gathered through a questionnaire, which was evaluated on the basis of workshop content, relevancy and the quality of the trainers. The Social Enterprise Manager analyzed the information and developed the evaluation report and summary, which were sent to BARDA for their review and comment. The evaluation summary of the results from the training showed that the participants were satisfied with the organization of the training event. The trainer

used interactive methods and was able to present the material in a clear and understandable way. There were practical cases after each section for group work. This helped the participants to better understand and practice the presented material. All of the participants appreciated the practical examples and the work in groups.

Individual Business Consultations and Additional Social Enterprise Support

BARDA Consultations

During this quarter, BARDA field consultants continued to provide one-on-one consultations to the designated Social Enterprises thus increasing their business skills and knowledge to successfully operate a Social Enterprise. Over 300 hours of individual consultation was provided to the 23 organizations participating in the Social Enterprise Project. The consultations for the Social Enterprises provided information on several aspects related to the proper structuring and planning of the business venture. Most of the NGOs received practical advice in terms of:

- Preparation of action plans for the organizations that have specific Social Enterprise idea
- Assistance in conducting feasibility studies – defining target groups, characteristics of competitors, etc.
- Gathering information for business planning including – client specifications, products, distribution, planning for market research and analysis specific consultations, and development of staff selection procedure.

Specialized Consultancy to Artisan Social Enterprise

In addition to the support outlined in the program document, Counterpart - Bulgaria has provided additional support to the Social Enterprises in line with the concrete needs of the organization and based on the specifics of their Social Enterprise idea. In the middle of October one of the Social Enterprises, the Center for Mental Health “Chovekolubie” in Pazardjik, received individual marketing consultation product development for crafts and souvenirs. The consultation focused on:

- Identifying and assessing existing and potential products
- Advising on new product development
- Advising on how to advertise and market the products
- Assisting in the development of product distribution strategy

The consultant submitted a report with analyses and recommendations on the development of new crafts products and the marketing and distribution strategy. The report was translated and delivered to the Social Enterprise and the business consultant that provides one-on-one consultation to the NGO to provide follow-up technical assistance.

Counterpart Supports Social Enterprise in Finding Markets

The Counterpart office and the staff members purchased all of their Christmas cards from one of the participating Social Enterprises. They also facilitated a connection between the Social Enterprise and a UNDP JOBS craft expert who in turn invited the Social Enterprise to present their cards at the December Traditional Crafts Fair at the Radisson Hotel in Sofia.

Social Enterprise Loan Fund

Loan Implementation Procedure is Drafted

Counterpart – Bulgaria continued its preparation for the first round of disbursements of the Social Enterprise Loan Fund. As this is a unique microfinance model for the Bulgarian context, a profound analysis of existing practices was made. In addition, information on potential organizations to administer the loans was gathered. In November, the first draft of the loan implementation

procedure was discussed and articulated. The next steps in finalizing the procedure include a series of legal consultations that will ensure compliance with the Bulgarian legislative framework.

Objective #3: Enhance the capacity of Bulgarian partner organization to support Community Funds throughout Bulgaria.

Assessment of Possible Replacement Community Fund Partners

In the fourth quarter, Counterpart – Bulgaria renewed the process of replacing CSDF as a co-implementing organization for the Bulgaria Pilot Community Fund and Social Enterprise Program. Following the initial meetings in July, invitations for proposals were sent to four organizations: Foundation for Local Government Reform (FLGR), Bulgarian Charity Aid Foundation (BCAF), Foundation for Entrepreneurship Development (FED) and 3NET. Proposals were received from FLGR, BCAF and 3NET by the mid-November deadline. FLGR responded that they would only be interested in working with us on a case by case basis. FED did not respond, however, they were included in 3NET's proposal as consulting experts.

The Review team, consisting of the Chief of Party, Program and Financial Director and Community Fund Project Manager, reviewed the proposals, filled in an evaluation matrix and short-listed two organizations for site visits: BCAF and 3NET. The site visits were conducted on December 6th and their objective was to gain more information in the following areas: (1) financial sustainability, (2) experience in community mobilization and fundraising at the community level, (3) understanding of supporting the Community Funds at closure of the program, (4) governance, (5) motivation to become a co-implementer, (6) mission and (7) goals.

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

Counterpart's Approach for Community Fund Development Presented at a National Conference

In November, Counterpart – Bulgaria staff attended a conference on community development in Bulgaria, organized by the DemNet Program of the Institute for Sustainable Communities. The conference focused on the methodology for community mobilization applied by various community development programs in Bulgaria: successes, challenges and lessons learned. The conference created a valuable opportunity for exchange of information between organizations working in various parts of the country. The methodology of Counterpart for creation of Community Funds was presented together with the specific approach applied in the Bulgarian context and the lessons learned. The presentation was delivered to 120 participants from more than 80 organizations, donors and international agencies. As a result of the conference and the networking opportunity it presented, organizations from Lom, Stara Zagora and Plovdiv expressed a strong interest in future collaboration with Counterpart-Bulgaria in the development of Community Funds in their areas. All of the participants were impressed with the program's results, especially from the Community Fund in Chepelare who succeeded in mobilizing the amount needed for their first community project.

Counterpart Brochure on Social Enterprises

In October, prior to the study tour of the Social Enterprises to Czech Republic, the staff of Counterpart – Bulgaria developed a brochure to serve as a marketing tool for the project. It was published in English and Bulgarian and gives an overview of the project scope, objectives and methodology. The brochure contains a short profile of the organizations included in the project with a description of their Social Enterprise idea and contact information. 1000 copies were printed and are currently being distributed to promote the project and the enrolled organizations.

Social Enterprise Public Window at “Factor” Newspaper

Counterpart – Bulgaria, upon an agreement with “Factor” newspaper, started a regular presentation: a public window of the Social Enterprise Project. “Factor” is a weekly newspaper with national coverage that aims to increase information to small and medium size enterprises. One of the pages is traditionally devoted to civil society and presents good examples of partnerships between businesses and NGOs. Four recent editions of “Factor” contained a Social Enterprise Window: a short presentation of the organizations that want to develop a Social Enterprise, along with an interview with a representative of the organization. Ten of the organizations included in the Social Enterprise program received national publicity through “Factor” newspaper. Counterpart also publicized its methodology for developing Social Enterprises through the newspaper.

F. Coordination and Cooperation

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

World Learning

During the past quarter, the staff of Counterpart - Bulgaria continued active cooperation with World Learning in preparation for the Social Enterprise study tour. A representative of one of the Social Enterprises, “Center for Psychological Research”, has been approved to participate in World Learning’s Advocacy Study Tour to the USA in 2003. This opportunity will be beneficial for the network of Social Enterprises. It is envisioned that the participants will apply their knowledge in organizing and implementing campaigns and activities for legal reforms in the social sphere with a focus on social entrepreneurship. Coordination and cooperation with World Learning will increase the training opportunities for Counterpart supported organizations and will disseminate the experience and lessons learned.

Peace Corps

In December, Counterpart – Bulgaria invited the Director of the Community Economic Development program of Peace Corps - Bulgaria to present the opportunities for collaboration between both programs. The three Community Funds and all the Social Enterprises were very interested in the opportunity to work with a volunteer who can help them in strengthening the organization and developing the community. All participants in the presentation received an information pack with a description of the program and the requirements to apply for a Peace Corps Volunteer. The cooperation with the Peace Corps - Bulgaria has proven to be fruitful and we expect that it will bring a positive change in the communities where Counterpart works.

International Women’s Club

Counterpart’s Chief of Party and Program Director participated in a number of meetings and activities with the International Women’s Club. It was agreed that there are several common goals in which the two organizations can share resources. Counterpart staff provided logistical support for the meetings of the wives of the US Ambassador and Spanish Ambassador to raise breast cancer awareness amongst the women from remote communities. The ladies from the Women’s Club supported the initiatives of Community Fund – Gabrovo and participated in the official launch of the test fundraising campaign. Their participation raised the public profile and the media interest in the event and ended with successful fund raising from the businesses in attendance.

National Alliance for Volunteer Action

On 13th December the Program Director participated in a meeting organized by the National Alliance for Volunteer Action (NAVA) to discuss the opportunities of forming a working group of

interested organizations to provide advice and support to the Alliance. The mission of NAVA is to revive the traditions of volunteerism in Bulgaria and to change society's attitudes towards volunteering through initiatives and activities, promoting the values of volunteerism. The Program Director presented the interest of the three Community Funds to mobilize volunteers locally and to improve their skills in working with volunteers. Another opportunity for collaboration with the National Alliance for Volunteer Action is the application of their model for a Volunteer Center. Such models successfully operate in Varna, Gabrovo and Plovdiv, and the alliance is planning to include more organizations and form an active network. The establishment of a volunteer center in the locations of the Community Funds can be of great benefit for the promotion of volunteerism as a mechanism of community mobilization and can strategically support the activities of the Community Fund.

Bulgarian Center for Non-Profit Law

In December, Counterpart's Program Director and Social Enterprise Manager conducted a meeting with Luben Panov, Director of BCNL, to discuss future cooperation between the organizations in terms of advocating for a better legislative environment for Social Enterprises. The group action plan for the development of a network of Social Enterprises was presented and joint activities that require legal support and advice were outlined. As part of the meeting, BCNL acquainted Counterpart staff with a number of current or planned changes in the legislation that will affect the Social Enterprises. It was agreed that a double approach should be applied in order to develop successfully functioning Social Enterprises: (1) from the bottom up to establish and promote working models of Social Enterprises and (2) a top down approach for a change in the national-level policy and legislation.

Individuals and Organizations

- Georgi Mitev, Executive Director of Union of Bulgarian Foundations and Associations
Georgi Mitev met with the COP and Program Director to discuss the opportunities for participation of the Union in the program. The Union is a membership organization of more than 250 NGOs from throughout the country who represent a variety of civic organizations. The role of the union is to provide information, consultancy and technical support to the NGOs thus improving their capacity. They were very interested in the Social Enterprise model applied by Counterpart in Bulgaria and it was agreed that there will be an exchange of information on Social Enterprise development. Mr. Mitev suggested that in the future both organizations leverage their resources for the well being of civil society in Bulgaria. He graciously suggested that all publications and research be shared with Counterpart so our partner organizations can also benefit from them.
- Peter Tashev, Executive Director of Integra - Bulgaria
In November the Social Enterprise Manager met with Peter Tashev, Executive director of Integra Bulgaria, to discuss the opportunities for collaboration between the two organizations. The Social Enterprise Manager acquainted Mr. Tashev with Counterpart activities and in particular with the Social Enterprise program, explaining in detail the program work and the profiles of the different Social Enterprises. Mr. Tashev shared his experience and Integra activities in Bulgaria. Integra is a non-profit association that works mainly with small and medium entrepreneurs and helps them to expand their businesses and become agents of community transformation. In January 2003 the organization is planning to launch a Micro Enterprise Development Program for Disadvantaged Women, which is supported by Citibank Foundation. The program will consist of 4 stages: training, developing a business idea and a business plan, providing micro loans for approved business plans, monitoring the development of the business and the repayment of the loan. Opportunities of future partnership and cooperation between the both programs were discussed.

- Bulgarian Business Leader Forum

In December the Social Enterprise Manager met with Snejana Shtonova, ex-Executive Director and Desislava Miteva, the new Executive Director of the Bulgarian Business Leaders Forum to discuss the possibilities for future cooperation. After presenting both programs, it was agreed that there are many similar aspects that can serve as a basis for sharing information and cooperation. They expressed a strong interest in social partnerships. Counterpart – Bulgaria envisages the future collaboration with BBLF to be in relation of serving as an intermediary between non-profit organizations and businesses that want to invest in social activities.

- Mrs. Kathy Pardew (wife of the American Ambassador)

In November, the COP contacted Mrs. Pardew in follow-up to her expressed interest of supporting our Social Enterprises and Community Funds. The COP invited Mrs. Pardew to work with the Rural Women's Clubs whose aim is to provide mammograms to the women in remote villages of Bulgaria. The response was immediate and positive. Through this communication, a meeting was arranged with the President of the Rural Women's Clubs, the President of the Bulgarian Business and Professional Women, Mrs. Pardew, the Spanish Ambassador's wife, and the President of the International Women's Club. This meeting led to the support of the Gabrovo Community Fund's launching of their Test Fundraising activity. Further cooperation will be elaborated next quarter. The group of international women has as their priority breast cancer awareness.

- Aid to Artisans

In an effort to further support the Social Enterprises that produce crafts, the COP contacted Aid to Artisans to invite them to work in Bulgaria. They currently have an office in Macedonia and are interested in expanding their work into Bulgaria, however, they are not in a financial position to open and staff an office. The Counterpart COP and the Aid to Artisans Country Director discussed the possibilities of an Aid to Artisans staff member having a desk in Counterpart's office. Collaboration in craft development will be the focus of the working relationship. Counterpart Bulgaria will assist Aid to Artisans in locating and working with organizations that are not included in our program as well.

- USAID/SEED

Counterpart-Bulgaria was called upon to host delegates from SEED for a meeting with program implementers. The COP presented the BPCFSE program and later attended a dinner for the group.

Discussion Forums, Conferences and Public Meetings

- Roundtable on “Computer training – a window for the world for children with disabilities” October 3, 2002 Sofia

In October, the Program Director attended a roundtable organized by Knowledge Association with the financial support of United Netherlands Foundation aiming to present contemporary methods for computer training of children with disabilities. Opportunities of improving training methods for children with cerebral palsy to enhance their social inclusion were discussed.

- Workshop “Opportunities for NGOs to influence legislative activities” October 15, 2002 Sofia

The Program Director participated in a workshop organized by BCNL and the Politological Center with a focus on skills and knowledge necessary for lobbying and advocacy. The trainers were professionals from the Parliament and the media that gave valuable advice on the methods of communicating with the members of Parliament and media representatives. The presentation on the legislative process and the procedures to participate in the formulation of laws is of great

importance to Counterpart's future plans to participate in the creation of a better legislative environment for the Community Funds and Social Enterprises.

- Workshop on "Public Central Registration Database for NGOs" October 29, 2002 Sofia
Counterpart Administrative Officer attended a seminar "The Public Central Registration Database of NGOs for Socially Useful Activities - Registration Procedure, Structure, Functions", which was organized by BCNL in collaboration with the Ministry of Justice, and with the financial support of the US Agency for International Development. The purpose of the seminar was to outline the legal framework on NGOs for Socially Useful Activities and to introduce to the participants the regulations of the Central Registration Database, its structure and way of functioning. The training was very beneficial in providing practical information on the various requirements and privileges for NGOs that are registered at the Central Database and how its means of information technology could be fully utilized.
- Round Table – DemNet Bulgaria Results and Impact, 1st November 2002, Sofia
On 1st November 2002 the Program and Financial Directors participated in a roundtable on the prospects for the third sector in Bulgaria in 2003. The objective of the roundtable was to define the main results of the DemNet program and to assess the impact on the third sector. Also, it provided an excellent opportunity for the NGO leaders, journalists, researchers and think tanks to network and discuss the future development of the third sector. The discussion was very beneficial in defining the major problems for the NGOs and formulating the role of the international support organizations in this process.
- National Meeting of Trainers and Training Providers, 7 - 8 November 2002, Sofia
In November, the Community Funds Project Manager and the Executive Director of Community Fund - Gabrovo attended a national working meeting of trainers and training providers working in the third sector. The event was organized by a Bulgarian NGO, Workshop for Civic Initiatives, and brought together professionals who work either as individual trainers, or are affiliated to NGOs and/or development programs. They shared ideas on the quality of training services provided to NGOs in Bulgaria; the methods and approaches for increasing NGO capacity; the interactive methods of learning; best practices of the Bulgarian market of training providers, and last but not least – the trainers' ethics code. The participants were given copies of a handbook on training providers compiled by the conference organizers. The participants developed a vision for the future of training services in the third sector in Bulgaria. They were introduced to the Hungarian and the Slovak experience in NGO training and were able to exchange ideas with foreign NGO consultants.
- Press conference for the Launch of World Days Against Violence, 24 November 2002, Pleven
The Financial Director and the Social Enterprise Manager participated in a press conference for the launch of a week against women's violence organized by the Open Door Center in Pleven. During the press conference, the start-up of the Social Enterprise was officially announced. Counterpart staff used the opportunity to promote Counterpart's activities in Bulgaria, and these were widely reflected by the local media. The Financial Director, at a meeting with the Mayor of Pleven, emphasized the role of the local authorities in supporting the development of Social Enterprises. Furthermore, he presented the Social Enterprises as an emerging field in the world and as a mechanism for NGOs to support socially disadvantaged groups through income-generating activities.

- National Conference “Partnership for Community Development” November 29 – December 01, 2002, Borovets
 The COP, Financial and Program Directors, and the Community Fund Project Manager participated in the National Conference “Partnership for Community Development” organized by the Institute for Sustainable Communities within the DemNet ENGAGE Community Action Planning Program. The objective of the conference was to present all the existing programs and practices in Bulgaria aiming to mobilize communities and local resources. Participants in the conference included 18 international programs and agencies that implement programs for community engagement, local and international consultants, more than 50 NGOs from all over the country, donor representatives and community leaders. Counterpart’s approach and methodology for community mobilization was presented to the 120 participants. During the second day, the representatives of the three Community Funds actively participated in small working group discussions and presented three good local practices. Participation in the conference was beneficial in terms of increasing the awareness of Counterpart’s program in Bulgaria, and assisted the Community Funds in establishing contacts and building partnerships. All the participants received a certificate from the organizers in recognition of their contribution to the success of the conference.
- Forum “Advocacy and Lobbying—challenges and opportunities” 3rd December 2002, Sofia
 The Program Director participated in a Discussion Forum organized by the Institute for Sustainable Communities within the DemNet Program. The focus was on the capacity of Bulgarian NGOs to successfully implement campaigns and activities that lead to legal reform or change of attitudes. A research on the experience of NGOs to participate or organize lobbying campaigns was presented together with a few examples of successful campaigns. The NGO leaders in the field of advocacy shared best practices and lessons learned from the work in Bulgaria. The major problems defined by the participants were: lack of knowledge and experience in the third sector; difficulties in building coalitions; and lack of political will.
- Counterpart – Bulgaria Annual Get Together, 15 December 2002, Sofia
 Counterpart – Bulgaria invited all program participants, supporters and partner organizations for an Annual Get Together. The event took place at “City” Hotel and was attended by 70 people. In the spirit of the incoming holidays it turned out to be a good networking opportunity that was enjoyed by the participants. The COP officially opened the event and complemented the participants for their work and efforts. This was the first event organized by Counterpart – Bulgaria that encompassed the participants from both components: the three Community Funds and the 23 organizations participating in the Social Enterprise program.
- Conference “One Year After the Municipal Forum” December 18, 2002 in Gabrovo
 In December, the Community Funds Project Manager, the Executive Director and the Chair of the Managing Board of Community Fund - Gabrovo attended a conference organized by Balkan Assist Association that reviewed the outcomes of projects developed by the Municipal Forum Gabrovo 2001 and funded by the Swiss Government. Another objective of this event was to give the local government the opportunity to report on how it implemented the Forum recommendations. The Community Funds Project Manager presented the Community Fund program of Counterpart Bulgaria as a natural continuation of the community development initiatives started by the Swiss program “Public Forum”. The same view was expressed by the Secretary of Gabrovo Municipality and by the Municipal Forum Assistant, who were both members of the Steering Committee for starting up the Community Fund. They underlined that the Community Fund has undertaken in its test fundraising campaign the implementation of two ideas that were widely discussed and supported by the participants of the Municipal Forum Gabrovo 2001: modernization of the emergency care department of the regional hospital and

creation of a screening center for women's breast cancer. All participants at the conference, mainly NGOs and local government representatives, expressed interest in future collaboration with the Community Fund in addressing important community needs in Gabrovo.

- Training Workshop on Lobbying 18 – 20 December 2002, Bansko
The Social Enterprises Program Manager attended a two and a half day training on lobbying that was organized by the Women's Alliance for Development, a participant in the Social Enterprise program. The objective of the workshop was to assess their capacity of organizing training workshops, as their idea for a Social Enterprise is to expand their training center. In general the training was well organized and was useful for the participants. Counterpart Program Manager took an active part in the training.
- Fundraising event Open Society Club in Veliko Tarnovo, 29 December 2002, Veliko Tarnovo
The Program Director was invited to attend a fundraising event of one of the participants in the Social Enterprise Project, Open Society Club in Veliko Tarnovo. The objective of the campaign was to raise funds for the drug rehabilitation center, which is the idea for the Social Enterprise. This was the final event of a one month anti-drug campaign, which will continue at a national level. The campaign was jointly conducted with the local media: Radio "Darik".

International Cooperation

- Training on "Social Enterprises" for CHAP – Ukraine, 9 – 12 December 2002
Upon invitation from CHAP – Ukraine, the Program Director of Counterpart – Bulgaria conducted a one-day training workshop on "Social Enterprises" for the organizations included in the technical assistance program of CHAP – Ukraine. The training was within the framework of NGO Management School training series for 10 NGOs and included 15 participants. The main goal of the training was to provide the participants with information on how to start and effectively operate a Social Enterprise, as well as to provide them with the skills and instruments necessary to assess their organizational readiness to start a Social Enterprise. The trainer shared some experience and lessons learned from the process of starting up Social Enterprises in Bulgaria and provided them with valuable practical advice. The training sessions were as follows: Social Enterprise – introduction and models; Mission Relevance – ethical aspects of Social Enterprise; Why start a Social Enterprise? - the risks and benefits of the Social Enterprise; assessing the organizational readiness to start a Social Enterprise and strategies for selecting a Social Enterprise idea.
- Training on "Community Fund Start Up" for Counterpart - Belarus, November 2002
In November 2002, at the invitation of Counterpart Belarus, Community Funds Project Manager conducted a 3-day workshop on Community Funds for their team and local partners. The first day was devoted to presenting the overall process of Community Funds start-up in Bulgaria to representatives of 4 Belarus regions with whom Counterpart works, and who are interested in creating Community Funds. The participants were active citizens from the three sectors who have formed Rural Clubs for sustainable local development with the methodological and financial assistance of Counterpart Belarus. The second and third day were structured as a TOT. They included an in-depth presentation of the methodology used by Counterpart Bulgaria for community mobilization in the process of Community Fund start up. Other questions discussed included the Community Fund structure and governing bodies; the process of electing members of the governing bodies; opportunities for local fundraising that exist in Bulgaria; legal context and local donor incentives. The participants gave a positive evaluation of the workshop, and expressed interest in future exchange of experience between Counterpart Bulgaria and Counterpart Belarus; joint trainings and study tours, etc. In December, Counterpart Bulgaria was approached by Counterpart Belarus with the request to

host a study tour for Community Funds. The agenda of the tour will also include a focus group discussion on Counterpart Bulgaria's experience with the Social Enterprises.

G. Leveraging

Physical Assets

- Chepelare – 15 street light projectors were donated by the company that is implementing the project for modernization of the street lights in Chepelare. The donated equipment was installed at the ski slope and a sports playground and also supplemented the new public lightning of the town. The estimated cost is 1500 BGN. Office equipment and consumables donated to Community Fund in Chepelare to the amount of 550 BGN.
- Gabrovo – All of the refreshments for the charity reception for the launch of the fundraising campaign in Gabrovo were donated by a local producer. The estimated cost of the goods is 50 BGN.
- Blagoevgrad – All the material needed for the organization of the first charity ball of Community Fund - Blagoevgrad were donated by local companies. Also the prizes for the charity raffle were donated by local citizens. The estimated cost of the goods is 250 BGN.

Volunteers

- Counterpart - During this quarter, an international volunteer joined the team of Counterpart - Bulgaria. She is devoting an average of 12 hours of voluntary work per week and complements the existing team. She provides support to both Community Funds and Social Enterprises mainly in the following areas: development of marketing materials, Internet research on different topics, establishing contact with interested organizations, design letters and invitations.
- Chepelare – 20 volunteers were mobilized by the Community Fund and participated in the community assessment process. They assisted with the distribution of enquiries and processing of the information gathered. The estimated cost is 200 BGN.
- Gabrovo – 10 students from the local professional school were attracted by the Community Fund in Gabrovo to participate in a charity event for the official launch of the fundraising campaign. They were the servers at the charity reception and participated in the decoration of the hall. The estimated cost is 100 BGN
- Blagoevgrad – 8 volunteers participated in different events organized by the Community Fund in Blagoevgrad. Some of the students helped with distribution of posters, others participated in a campaign for cash collection. The estimated cost is 60 BGN.

Services

- Chepelare – The Community Fund in Chepelare negotiated with a local IT specialist for free web design and updating. Also, they received free design services for their promotional materials. The estimated cost of the service is 100 BGN.
- Gabrovo – the local branch of Post Bank in Gabrovo provided a substantial discount for the administration of the bank account of the Community Fund. Currently the fund is using the bank account for free and has signed a partnership agreement with the bank.

Access to Publicity

- Blagoevgrad – The Community Fund in Blagoevgrad has developed a strong partnership with the most widely read newspaper in the city. The local newspaper “Struma” in Blagoevgrad provided a discount for publishing Community Fund information. Also they inserted specially designed enquiries that were distributed with the newspaper. The estimated cost is 140 BGN.
- Gabrovo – The Community Fund in Gabrovo attracted the local media and a printing house as partners. Both are providing discounts for their services – printing of media publications and

design of promotional materials. All the promotional material developed for the start-up process of the Community Fund was with a discount. The estimated cost of savings is 300 BGN.

H. Lessons Learned

Community Fund Development

Total Consensus is Difficult within the Public Forum Format – Project Commission Mechanisms can be Used to Finalize Project Decisions

The Public Forum in Blagoevgrad clearly showed that consensus building takes longer in a town with deep political schisms. Reaching consensus about the goal of the test fundraising campaign of the Community Fund turned out to be complicated, since it was difficult for most of the working groups to accept the ideas of the others. A conclusion was drawn that the Public Forum cannot always be used as an effective decision-making mechanism, although it is an appropriate tool gauging the needs of the community in a participatory fashion. In a community with inter-group divisions it is difficult to find a goal that will satisfy everyone. The Managing Board of the Community Fund decided to use the Public Forums in the future as a mechanism for generating ideas, validating work principles, and for promotion of accomplishments. The final decisions about projects will be taken by the Project Commission of the Fund. This group of professionals from different fields will evaluate the ideas promoted by the citizens on the basis of preliminary agreed upon criteria for effectiveness. In this way, the Community Fund will continue to be truly responsive to community needs, and at the same time avoid ineffective proposals.

Lack of Training Capacity for Community Fund Development in Bulgaria

Finding appropriate consultants for organizational development trainings of the Community Funds turned out to be very difficult, since most Bulgarian consultants lack in-depth knowledge of the Community Funds. Counterpart will deal with this challenge by developing a contact list of international consultants who have a multi-cultural experience in the area of Community Funds development, and can be hired to assist the local Funds when needed. Counterpart will also utilize its Training of Trainers methodology to ensure that skill transfer is taking place. At the completion of this project, Counterpart anticipates that there will be at least 25 Bulgarian consultants/trainers with an in-depth knowledge of Community Funds.

Covering Operational Costs will Take Longer than Anticipated

By the end of the 6th month of work of Community Fund – Chepelare, it was determined that the organization will not be able to become self-sufficient for covering operation expenses in its first year of operation. It seems that none of the CFs will be able to raise enough money to cover operation costs in less than a year or year-and-a-half. Counterpart decided to continue direct support for covering operation costs until the end of 2003. At the same time, the needs of each Community Fund will be evaluated separately, and individualized assistance will be offered to meet the goal of raising funds for operational costs.

Social Enterprise Development

When Planning a Study Tour to a Foreign Country Include More Site Visits

After the return from the Czech Republic all the participants in the study tours shared views that it could be more beneficial if more site visits to real social enterprises were included.

Preparation Time is Needed When Organizing Trainings with International Consultants

The experience of Counterpart – Bulgaria in the last quarter showed that when inviting international consultants to conduct a training there should be enough time for the preparation of

the training materials, they should be sent to Counterpart office well in advance in order to have enough time for the translation.

Effective Work is Dependent on Network Coordination and Communication

Our 3 months experience working with BARDA convinced us that strong networks are important to avoid problems with communication, coordination and payments. Weaker networks lead to problems in these areas, which could directly reflect on the one-on-one consultations to the social enterprises. Direct work with the consultants has turned out to be more effective and reliable.

Organizations with Large Resource Bases Did Not Participate in Individual Consultations

Two of the largest organizations in Sofia – Center for Independent Living and Center for Psychological Research and Psychotherapy are not taking advantage of the opportunity to use one-on-one consultations. They have participated in the Social Enterprise trainings but have not utilized the technical assistance. Counterpart intends to work with these organizations directly on partnership activities and advocacy issues.