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**VOLUNTEERS FOR ECONOMIC GROWTH ALLIANCE
BULGARIAN TRADE AND DEVELOPMENT**

VEGA/BTD

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1. VEGA/BTD Program Objectives and Implementation Context

The VEGA/Bulgarian Trade & Development (BTD) program was initiated in June 2004, to assist Bulgaria's business development in the form of technical assistance, awareness and trade facilitation activities. In compliance with USAID/Bulgaria Strategic Objective 1.3 "Economic Growth and Increased Prosperity," this initiative managed to create and improve already existing business systems and consultancy mechanisms, ensuring the strengthening of Bulgarian Business Support Organizations (BSOs) and SMEs, as well as securing their future sustainability and economic prosperity in the international market.

Over the past decade in Bulgaria, an important shift in the thinking about BSOs has taken place, from fully-subsidized, supply-driven to increasingly self-sustaining, demand-driven services providers. VEGA/BTD initiated activities in a market environment that traditionally had been distorted by subsidized donor interventions providing numerous services to small and medium enterprises (SMEs) at no cost or for a nominal fee. Market development, however, called for a new approach based on a healthy, private-sector market selling its products and services to buyers and VEGA/BTD efforts over the years helped stimulate BSO product development and market efficiencies.

The primary goal of the VEGA/BTD program was to strengthen the capacity of local, industry-specific BSOs to be more effective and to provide sustainable market-based services that could help their trade-focused SME clients to successfully expand into new markets and increase their international competitiveness. This approach addressed the USAID Bulgaria mission shift in emphasis from firm-level assistance to increased support for intermediate support organizations (ISOs), which would provide the means to sustainable business services and advocacy. All program activities were designed in such a way as to encourage VEGA/BTD clients to be more effective and sustainable market-based service delivery agents for their SME clients.

In addition, VEGA/BTD efforts were directed towards promoting dynamic and efficient public-private policy dialogue through targeted support to the Government of Bulgaria SME policy agencies. The Economic Growth and Investment Policy (EGIP) component was an off-shoot of the work previously delivered by Management Systems International in the areas of competitiveness, SME agency capacity building, public education, and enterprise regulatory policy. Areas of emphasis included: SME assistance and promotion activities, investment promotion and development, economic policy reform initiatives, and improved competitiveness, particularly through assistance to industry-specific clusters active in the local economy.

For a small project with limited funding, VEGA/BTD was required to deliver a broad, and often-times complex agenda that included a mix of SME and BSO capacity building, attracting foreign investment, and stimulating Bulgarian trade. This multi-level approach



required a high level of flexibility and organization. VEGA/BTD developed a rapid response approach to address industry-specific needs and synergies identified in local counterpart requests. Policy demand required VEGA/BTD to be inventive in how to match its resources with various implementation vehicles, so awareness events were structured to be industry-specific and responsive to a common set of local counterpart needs. In addition, these events sought to promote local BSO consulting services as well as to heighten awareness of other donor/technical assistance initiatives and served as forums for networking and information sharing among community leaders, government institution representatives, sector-specific and business associations, local consultants, domestic and foreign investors, SMEs, and other donor organizations.

VEGA was established to consolidate the technical services delivery and project management capability sixteen (16) US-based member organizations, which provide volunteers for economic growth programs. The VEGA model, i.e., use of paid professional project management staff supporting the work of Expert Volunteers (VEs) that provided technical assistance as needed, allowed the BTD program to achieve its goals, within the established budget and project implementation period. By utilizing volunteers in the BTD program, VEGA provided \$1.2 million in contributed services, which exceeded the project's cost-share goal, and was equal to about 20% of the U.S. Government contribution.

2. Assessed Performance and Results Achieved

The VEGA/BTD program delivered TA projects to 55 BSOs and 75 tourism operators, impacting over 772 Bulgarian businesses through SME trade show participation, EU standards certification processes, facilitation of consultations with potential investors, and awareness and training events. Supported BSOs increased their revenues by \$259,554 and their profitability increased by an average of 19%. Fifty-three (53) new jobs were created and another 287 were sustained. The lower increase in employment compared to the percentage increase in revenues demonstrates increased efficiency (revenues/employees ratio) for BSOs and SMEs. Over 81% of the new jobs created were for females. Eighty-one (81) new products and services were developed and introduced; another 154 were improved. These led to attracting 424 new members and an additional 432 new clients served. Four business linkages amounting to \$1,014,200 were completed, and another 95 potential linkages were established. BSO clients conducted 213 consultations with potential investors, resulting in the development of 128 new business leads.

Results related to foreign and domestic investments are difficult to achieve in the shorter term, as a result of the length of time needed to negotiate investment deals – and even after long and positive negotiations, deals were sometimes not consummated. It is important to note the numerous linkages/contacts made and knowledge imparted, as a result of VEGA/BTD assistance, to local companies and foreign investors who took part in the awareness investment events, regardless of how many actual deals have been



signed in the short-term. In this respect, the significant qualitative VEGA/BTD program achievements include:

- numerous networking opportunities for SMEs and BSOs with local and foreign investors;
- one-on-one feedback on how to approach foreign investors, assess local companies preparedness in terms of the products offered/developed in their respective industry;
- evaluation of the essential ingredients needed to attract the attention of an investor;
- comparison of trends in targeted sectors in the US and Europe to determine if what is being developed in Bulgaria is in line with what foreign investors are looking for outside their own markets; and,
- a chance for foreign investors to learn firsthand about Bulgaria's investment climate; meet with companies in private consultations as well as visit a select number of their sites – see local conditions; meet researchers/developers and company management, get a feeling of the country, its investment potential and sense of the existing infrastructure and climate for investment as well as make the appropriate high level contacts (Agency for SMES and IBA), connect with local consultants who could help them on investment related issues.

During the initial phase of the project, VEGA/BTD prepared three needs assessments to define the services it would support for the duration of the project. These provided a good starting framework for matching VEGA/BTD resources with local BSO-perceived demands for assistance. The assessments evaluated the needs of BSOs and SMEs, and listed primary areas for assistance, including: association and membership-based BSO training for upper-level executives and development of membership campaign and service delivery programs; development of new and innovative financing schemes for SMEs; certification-related standards and procedures (development of criteria, strategy, implementation); customer service/care training for SMEs; quality standards (Quality Seals; Food Safety, etc); fostering inter-regional/local community forums/communication networks (among regional associations, regional business centers, etc.); development of marketing materials/web sites, regional and business specific marketing strategies (how to attract members/clients: domestic and international; regional branding and logo creation; developing seals of quality; web sites and information bulletins).

A. Tourism

The Tourism Assessment, conducted by VEGA/BTD in the second half of 2004, revealed a tremendous gap in tourism development and awareness across Bulgaria, particularly in the less-developed rural areas. It also revealed the lack of a uniform strategy for cooperation and sharing of information among the regional tourism associations/boards, minimizing their potential to act as a lobbying force; lack of an official national tourism strategy; little or no support offered by the government to regional tourism associations and tourism-orientated SMEs; and, no formal standards for the inspection and rating of



guesthouses, although the Bulgarian Association of Alternative Tourism (BAAT) had taken the lead in developing draft criteria for the inspection, evaluation, rating, and certification of Bulgarian B&Bs/Guesthouses and Inns.

VEGA/BTD VEs also performed evaluations of the wine production and wine-tourism sectors in selected regions of Bulgaria to evaluate the regions' commercial wine production potential, as well as the tourism product/development potential of the individual wineries and tourism industry players in the local communities. The evaluation revealed that wine tourism still possesses untapped potential for attracting foreign tourists, creating new jobs, and alleviating poverty in rural areas throughout the country. The research showed that there was a great potential for collaboration between the wine and tourism sectors in attracting large numbers of foreign tourists and by extension supporting regional development and growth around the wineries. The findings of all this research gave direction to focus of activities of VEGA/BTD in the tourism sector.

VEGA/BTD international tourism consultants advised the local administration, service providers, tourism associations, SMEs and B&B providers in the regions of Kalofer and Gotse Delchev on how to bring local communities to work together and start a successful business in tourism and established the basic guidelines for good service training, B&B certification and sustainable tourism. An essential part of increasing the community's tourism awareness was the use of local consultants, who shared their success stories from other regions of the country and also presented alternative methods of financing for SMEs in the tourism sector. Both seminars generated tremendous interest and stimulated ideas for follow-up activities in those regions. Three BSOs, 7 SMEs, 7 members of local government, and other interested parties were trained in Kalofer. Twelve (12) BSOs; 6 SMEs; 8 members of local government; and other participants with general interest in tourism products were trained in Gotse Delchev. The immediate results of these events were: facilitation of linkages with other regional associations and BSOs active in this sector (information sharing; collaboration for lobbying purposes; sharing lessons learned); development of new training products to be utilized by the BSO consultant trainees; promotion of services and products offered by local and Sofia-based BSO consultants; raised awareness of local investment opportunities.

A VEGA/BTD tourism consultant assisted BAAT by assessing its B&B evaluation system and providing recommendations for its improvement before final submission to the government. Assistance involved review of the draft criteria developed by BAAT for the evaluation and certification of inns and guesthouses in order to ensure its conformity with international and EU certification standards, as well as provision of additional advice on new eco-labeling criteria established by the EU.

VEGA/BTD supported the National Association on Spa Tourism's participation in the second annual New York Times Travel Show in March 2005. Association representatives displayed products of their members and promoted Bulgaria as an up-and-coming destination for spa tourism. While at the event, the Chairman of the Spa Association met



with representatives of the United States Tour Operator Association (USTOA), the National Tour Association (NTO), the American Society of Travel Agents (ASTA) and the Canadian Tourism Commission (CTC) and established valuable connections with US travel agents. The representatives from NAST learned about the vast opportunities for new product development and improvement of services in the spa tourism sector by communicating directly with other reputable spa resort agents. NAST also received excellent exposure for its product at one of the best Tourism Travel shows in the world. As a result of this event, NAST was able to attract new members to the association due to its established international exposure, and build its capacity and its recognition to be the official representative of spa tourism in Bulgaria.

In 2005, VEGA/BTD organized a study tour to Ireland for Bulgarian Tourism industry representatives. A total of six Bulgarians took part in the study trip, including one representative of the Ministry of Culture and Tourism, one representative from the UNDP Job Center, and three BAAT members. The group was introduced to European standards for B&B certification and inspection procedures, tourism marketing, new/specialized tourism product development, EU funding vehicles and methods of accessing and utilizing these funds, and mechanisms for development and implementation of joint programs by various government agencies. This study tour encouraged the improvement of existing tourism products and the creation and implementation of new products and services in the Bulgarian tourism sector.

In 2005, VEGA/BTD, in cooperation with the USAID-funded Labor Market Project, organized an informational and workshop event on standards and best practices and customer-service training for local consultants, SME owners, local community leaders and other tourism-industry representatives in Sliven. The three-day joint event was aimed at breaking the pattern of the lack of endorsement of a unified tourism strategy at the local level and responding to the needs for strong community leadership by conducting informational sessions around leadership issues. Taking part in the event were: 9 B&B and small hotel owners; 10 municipality representatives, among which the mayor of a local village with tremendous tourism potential; 9 representatives of local attractions (museums, parks); and, 5 BSOs. As a result, one local consultant established a linkage with the Sliven municipality and competed in the tender for an eco-trail project and the promotion of a new tourism product at the national park in Sliven.

In 2006, VEGA/BTD, again in cooperation with Labor Market Project, organized two awareness events on regional tourism development and marketing in Berkovitsa and Gotse Delchev. The two locations were selected based on their demand for training, potential for local tourism development, as well as community commitment to host and participate in such events. Thirty-three (33) representatives of small hotels, restaurants, municipalities and regional associations, community leaders and artisans participated in the event in Gotse Delchev and 36 in Berkovitsa. As a result of the training, Gotse Delchev and Berkovitsa enhanced their respective community performance and started to provide better and more competitive tourism products to a wider target group of tourists.



Another three-day informational and workshop event was organized by VEGA/BTD in cooperation with Labor Market Project in Sliven. The event focused on best standards and practices and customer-service training for local consultants, SME owners, local community leaders and other tourism-industry representatives.

In May 2006, VEGA/BTD initiated the Authentic Bulgaria Quality Mark Program. The program was designed to help smaller hospitality and tourism providers develop better tourism products and attract high-value tourists, as opposed to the low-value, mass-market tourists common in the Bulgarian sea and ski resorts. VEGA/BTD utilized the services of two international consultants with strong experience in this field and the region for the development of the overall strategy of this tourism project and the creation of the quality assessment and certification system. A working group was formed by VEGA/BTD team and some experienced Bulgarian tourism providers to lead this activity. This activity contributed towards a better understanding of target markets, creation of a certification and assessment system geared toward international standards and tourist preferences, e.g., service, hospitality, community integration, local products, knowledge and culture, and a well designed market strategy.

To develop and implement a communication strategy for the Authentic Bulgaria Project, including writing periodic press releases and organizing media events as well as to build cooperative relationship with the media, the Authentic Bulgaria team utilized the services of the local PR consultant who was hired by VEGA/BTD to develop a stronger working relationship between the media, SMEs, Business Support Organizations (BSOs) and selected government counterparts. As a result, all major activities and results of the program were broadly announced and strong relations with representatives of media were built. In December 2006 the Authentic Bulgaria team organized a special workshop for media representatives to explain the objectives of the program and to raise the awareness of the program. This resulted in strengthening the existing relations with selected journalists and raising their interest in the program results.

VEGA/BTD announced a tender to identify a consulting company to subcontract the assessment process and a Bulgarian tourism consulting company was selected. The assessors were trained in executing the first round of assessments. This was a completely new line of service and, therefore, VEGA/BTD contributed to the addition of a new expertise in the service portfolio of this local BSO.

By November 2006, over 75 tourism operators (B&Bs, small family owned hotels and boutique city hotels) throughout the country were assessed and 54 of them were certified and awarded the Authentic Bulgaria Quality Mark. Accommodation owners reported \$17,397 increase in revenues, an average increase of 18%, as a result of introducing 11 new services and attracting 401 new tourists. Eleven (11) new jobs were created and another 67 sustained. Two of the tourism operators participated in EU standards certification programs, mainly Hazard Analysis and Critical Control Point (HACCP)



standards. The Authentic Bulgaria Project was successful in creating awareness among Bulgarian B&Bs and family hotel operators on how to use their local offerings and flavor to differentiate themselves from others in the tourism business. The certified hotels and B&Bs acquired a guaranteed authenticity, unique character, individuality, personalization, experience and high standards of unobtrusive service, and anticipation of guests needs. On the other hand, the better service delivery and incorporation of local attractions, food, wine, and culture resulted in attracting higher value customers and contributed towards establishing Bulgaria as an attractive tourism destination.

In November 2006, VEGA/BTD organized a study tour for selected tourism industry representatives, with participants in the working group serving as an advisory board for the project. The study tour aimed at highlighting the best practices in tourism customer service and exposing Bulgarian tourism providers to a variety of tourism offerings in nearby regions – accommodation, culinary, product development, etc. – that cater to a higher-value form of tourist than Bulgaria normally attracts. The group visited Croatia and Slovenia, regions which have established themselves as very successful tourism destinations.

Later, in March of 2007, VEGA/BTD international consultant Susan Warren trained consultants at another consulting company to be included in the assessment teams. There were two categories of accommodations established as well – B&Bs and small hotels up to 10 rooms and family owned hotels and urban hotels between 11 and 50 rooms.

To ensure that the quality mark holders uphold the high standards of the quality mark, in April 2007 VEGA introduced the “Mystery Checks” program which utilizes consultants who visit the hotels to evaluate them but are unknown as evaluators to the property owners or managers. The mystery guests made 10 checks of accommodations and evaluated the quality of the services offered by those accommodations.

To promote the unique Bulgarian tourism product, VEGA/BTD tendered for a marketing strategy for the Authentic Bulgaria Quality Mark. A local company, Markenstein and Bildebrand, was contracted to develop the marketing plan and the visual identity, and for establishing the “Authentic Bulgaria” Quality Mark as a credible brand. They produced several research documents including Target Market Analyses and Research on the EU Media. VEGA/BTD also hired an external consultant to prepare a US Target Market Analyses in order to determine the best opportunities for tourism trade show participations. The findings revealed that the new brand should focus on attracting European travelers in the initial stage of development of the program. Markenstein and Bildebrand also prepared a one year marketing strategy for the “Authentic Bulgaria” quality mark and a complete marketing package to promote the activities of the VEGA/BTD project in and outside of Bulgaria. They also designed the Authentic Bulgaria guidebook of awarded accommodations which was published in three languages – Bulgarian, English and German.



As part of the marketing strategy of the Authentic Bulgaria Program, VEGA/BTD prepared the presentation of the Authentic Bulgaria Quality Mark and its members for the tourism exhibits in Hanover, in February 2007, and in Brussels, in March 2007, as well as Vacantsia, in Sofia, in February 2007. An important part of the promotional materials was the unique guidebook published by VEGA/BTD with descriptions of all the certified hotels. The guidebook was published in three languages: Bulgarian, English, and German. Another important marketing tool was the promotional website of Authentic Bulgaria – www.authenticbulgaria.org. The website was developed by the software company Netage which also was selected through a tender procedure. VEGA/BTD published information about the Quality Mark, the goals of the program, the application, assessment and awarding procedures and information about the quality mark holders. Now, the guidebook and the website are the most powerful and successful marketing tools of the program and are highly appreciated by the hotels and travelers.

As a result of the successful marking and awareness campaigns, another 21 hotel owners applied for assessment, were assessed, and received consultancy by September 2007. In October 2007, 14 of them were certified and awarded Authentic Bulgaria Quality Mark at a special ceremony. It was at this time, with the roll-out of the Authentic Bulgaria Association (see below), that the trademark for Authentic Bulgaria was secured and adopted by the Association with the assistance of a local law firm. While USAID had given permission to VEGA to hold the trademark, VEGA passed the permission to its implementing partners who agreed that a non-profit Association independent from any VEGA member organizations would be best situated to carry the mark as the name implies.

Due to the success of the Authentic Bulgaria Quality Mark Program and the growing interest on behalf of the tourism industry in Bulgaria, VEGA/BTD team and the program working group decided to register a non-profit entity – Authentic Bulgaria Association. The owners of all awarded accommodations were invited to become members of the Association. The mission of the Authentic Bulgaria Association is to develop further the activities of the Authentic Bulgaria Project and to accelerate the repositioning and competitiveness of the tourism sector through supporting the development of sustainable tourism and well-being of local communities by attracting visitors to places that carry the Authentic Bulgaria Quality Mark. The structure of the Association entails three basic levels of governance and management: General Assembly, Board of Directors, Executive Office and Licensing Committee. The business plan of the new association was developed by the Authentic Bulgaria team and adopted by the Board of Directors.

To support the professional development and growth of the Association and to ensure its financial sustainability, in October 2007, VEGA funded a small grant to the Authentic Bulgaria Association. The grant was focused on the implementation of the business plan of the Association. This included expansion, refinement and provision of member



services including for-fee and subscription-based services to provide for financial sustainability of the Association, marketing the Authentic Bulgaria brand to any and all target markets as able (to increase revenues of members and increase the participation of the local tourism market), and maintenance of the Authentic Bulgaria brand via regular assessments and mystery guest checks.

During the final three months of 2007, the activities of the Association were focused on three major areas: strengthening the organizational structure; marketing and promoting awareness of the Authentic Bulgaria Quality Mark; and providing the maintenance of the brand including regular assessments and mystery checks.

To strengthen the organizational structure of the Association and to ensure its sustainability it was very important to define and clarify the responsibilities of the executive staff members and those of the Board of Directors. In December the Board of Directors of the Association voted that Gergana Yankova acts as an Executive Director of the Association effective of December 15, 2007. Ms Yankova has been part of the Authentic Bulgaria project team from the very beginning and the Board believes she has the capacity and abilities to manage the operational work of the association. Over the course of the grant period the efforts of the executive staff were focused on improving communication with members and promoting active participation and involvement of all board members in the Association's work and business plan implementation.

Consolidating the membership network is another important part of institutional strengthening. As of program closeout, the Association has 21 member accommodations with the goal to attract all 66 quality mark holders to become members of the Association by March 2008.

Another important part of the organizational structure strengthening was to define the services provided to members. It was decided by the Board of Directors that the inclusion in the Authentic Bulgaria Guidebook and the internet site will continue to be a promotional service for the Association members. Dissemination of specialized information is another for-free service which the Association will continue to provide. At its December meeting the Board of Directors voted for an electronic newsletter to be developed and launched by the Association. This is yet another service focusing on longer term sustainability and adding new values for members. The newsletter will publish news, advice, information on financing opportunities, and articles on the major assessment sectors and specialty tourism trends worldwide.

Paid services will include assessment and re-assessment as well as specialized trainings and consultations. The Association will also start collecting membership fees in January 2008.

During the final three months of 2007, marketing and promoting the Authentic Bulgaria Quality Mark was a major activity. The Authentic Bulgaria team worked on the preparation and publication of the second annual guidebook. The guidebook included all newly assessed and awarded accommodations during the first ten months of the year, as well as updating the information and write-ups for the previously assessed hotels and



guesthouses. The second edition was published in Bulgarian and English languages and the circulation is 2500 copies (1000 Bulgarian and 1500 English guidebooks). It was distributed to more than 20 foreign embassies and important tourism organizations in Bulgaria. The future distribution of the guide is part of the communication plan of the Association and will be done through promotional events where the guidebook will be sold in order to provide revenues for the association and to fund further publishing costs.

The team also developed a promotional brochure in the Bulgarian and English languages. The Bulgarian is focused on new members but is also for general promotion of the Association. The English is focused on potential foreign tourists with targeted distribution at major points of interest for foreign tourists in Bulgaria as well as tourism fairs and expos.

Another value-added product that the team developed is a branded postcard for the gold quality mark holders to be sold by them and used as a special promotional material by the association.

The Association team also worked on constantly developing and improving the Authentic Bulgaria website. New search opportunities were added to the existing ones, as well as a map to ease the searches and give new features of the website.

During the grant period Authentic Bulgaria was presented at two tourism expos. The first was a domestic tourism fair in Smolyan and focused on building trans-border opportunities with Greece. The second was the WTM Expo in London, in November 2007. The Association was represented by its board member Daniela Stoeva. Ms Stoeva distributed guidebooks to interested tourism operators and established contacts with agencies interested in Bulgaria that were impressed with this unique opportunity. The Association has decided to participate also in the B&B Expo in Brussels next March and has paid to reserve space, airline tickets and hotel rooms for its representatives.

During the final three months, due to continued efforts, the AB team finally succeeded in receiving the recognition and support of the State Tourism Agency. The Agency agreed to provide funding for printing additional 1000 copies of the AB Guidebook and to distribute them at international tourism expos in 2008. The Agency also agreed to publish information about the Association and its members on its website and to provide funding for more copies of the guidebook if needed.

At its December meeting, the Board of Directors decided that it is very important for the sustainability of the Association to have a professional communication strategy for the next year. To do this, the executive staff of the Association utilized the services of the Bulgarian firm DAR-BG. As part of the communication strategy, AB team started a promotional media campaign including TV and radio broadcasts. The intention is to present the activities of the Association as well as to promote each quality mark holder.

Under the third major area of work, maintenance of the Authentic Bulgaria brand, 10 new assessments of accommodations were made and 1 new accommodation was certified and



awarded the AB Quality Mark. The association also performed 7 mystery checks of previously-awarded accommodations.

To continue the implementation of the business plan and the communication plan of the Association, the immediate actions of the executive office during the first months of the new year will be focused on strengthening the financial sustainability of the Association by consolidating the membership network, seeking the support of international donors and improving the Association's relations with other tourism organizations in and outside of Bulgaria.

B. Assistance in Support of BSOs

In 2004, VEGA/BTD conducted an overall assessment of Bulgarian BSOs. The purpose of this assessment was to compile relevant data and provide initial direction to the initiatives of VEGA/BTD for the promotion of the BSO sector, as well as to measure Bulgarian BSOs' ability to meet the service needs of trade and investment-focused private enterprises. The assessment provided suggestions for strengthening the capacity of Bulgarian BSOs, endorsing the sustainability of Bulgarian-owned SMEs, and boosting their competitiveness in the domestic and international market. VEGA BSO assistance and volunteer-based TA projects within the 3-year term of the program in Bulgaria were based on the findings and recommendations incorporated in the BSO report. VEGA/BTD remained open to working with BSOs from all sectors, especially in apparel, trade and investment, ICT, financial services, and tourism.

In 2005, VEGA/BTD VEs from the United States, in cooperation with two local consultants, completed an assessment of the Quality Management Systems consulting in Bulgaria. The purpose of the project was to evaluate the quality management consulting market in Bulgaria, targeting specifically those entities which provide certification and consulting services for the development and implementation of QMS, as well as training institutions that offer certified courses in QMS. The major objectives of this assessment were to explore the current status of the markets related to QMS and to prepare recommendations and strategies for realistic evaluation of the expected improvements in the context of providing professional certification/consulting services.

In 2005, the Bulgarian Association of Management Consulting Organizations (BAMCO), in cooperation with VEGA/BTD, hosted an international consulting conference titled "Consultants – Partners in Business for Development in the European Union." The event attracted close to 80 participants. In light of the changing business environment and Bulgaria's integration into the European Union, BAMCO and VEGA/BTD created an opportunity for both Bulgarian and foreign consultants to discuss the challenges of the consulting profession and share experiences at this two-day conference. The event attracted representatives from the public administration, the financial sector, industry, international donor agencies as well as foreign and Bulgarian consultants. During the



second day of the conference, the two VEGA/BTD volunteer experts offered workshops on outsourcing and off-shoring and discussed sources of investment and financing for consulting services.

In October 2005, VEGA/BTD provided assistance to the Institute for Certified Financial Consultants (ICFC) in organizing a conference, aimed at increasing public awareness of the importance of financial education and customer protection. With EU membership pending, the introduction of European standards to the Bulgarian public and the preparation of financial institutions in providing sound and ethical financial advisory services to individuals in the new environment was crucial. The conference offered a forum for regulators, financial intermediaries and the ICFC to familiarize each other with their entities' respective activities and plans in the areas of financial education and consumer protection. ICFC also presented its activities in the development and promotion of professional and ethical financial advisory services to individuals and families in Bulgaria. The conference opened new opportunities for collaboration among regulators, financial intermediaries, and the ICFC in providing financial education and consumer protection.

VEGA/BTD implemented a demand-driven project consisting of two training courses targeting commercial banks personnel, aimed at improved and sustained access to micro and small credit to local SMEs. The project utilized the expertise and experience of a local BSO - eFLAG to respond to the pressing need for improved skills in developing new lending instruments as well as best lending and collection practices for the benefit of SME loan seekers. 25 representatives of 19 banking institutions took part in the event. In addition to the regular trainings on the new courses developed, the VE performed an in-house training seminar on "Collection Techniques" (a compressed version of the Good Lending Practices: Loan Collection and Avoiding Delinquency). The seminar was held at the request of the AFIN Leasing Company, an authorized trade representative IVECO trucks. This project improved the ability of SMEs to access financing, realize their growth and expansion plans, increase sales and create new jobs. The two new courses developed were designed in a way to fit into the online training portfolio of e-Flag in a format known as text-and-graphic, asynchronous, web-based e-learning. Staff from 20 financial institutions improved their practices as a result of direct exposure to this assignment's activities and 120 staff from financial institutions improved their practices as a result of subsequent training (e-training) conducted within a year of the assignment.

To ensure that SMEs have access to relevant, timely and unbiased information regarding finance and financial services available to them, VEGA/BTD in cooperation with a local BSO - Business Center Serdon - developed Informoney, an SME Financial Clearinghouse Web Portal. Housed and maintained by Business Center Serdon, the portal had its official launch in October 2007. It will provide improved access to financing and business/technical expertise in order to further support the development and growth of the Bulgarian SME sector and to increase its competitiveness. Another major goal is to offset the lack of transparency and the administrative burden related to the application



procedures, which frequently deter small business owners from initiating the financing process in the first place.

The portal consists of five main components. A searchable and comparable database of financing products enabling real-time access to current and detailed financing program information based on specified criteria, which will significantly assist SMEs in finding financing information geared towards their specific organizational needs. The portal will offer comprehensive consulting and business start-up services, provided by a pool of associated professionals. Expert assistance will increase the success rate of SMEs' financing applications, thus ensuring the consistent funding and development of the sector. The Knowledge Center will offer links to definitions of various business and finance terminology, best-practices business templates, key business information and relevant news. It will also contain sample business plans, marketing and financial information, human resources, taxes and accounting, procurement and tenders. Further, the portal will offer a Library, consisting of an electronic archive of documents including market research reports, general economic and business studies, and other relevant literature that may be useful to clients. Additional services will include a Frequently Asked Questions (FAQ) file, an on-line discussion forum where portal users can trade advice and information, information about BC Serdon, and case studies of successful entrepreneurs who have benefited from the Informoney SME Clearinghouse.

VEGA/BTD provided a VE to prepare a local BSO, VOCA Consult Ltd., to become a specialized organization in the implementation of HACCP for the food service sector in Bulgaria. The main purpose of the project was to introduce and implement the HACCP program at SMEs in the food industry, particularly in the food service sector. The project incorporated issues such as facilities hygiene, product quality, packaging and labeling, storage and transportation, and handling of food products. VOCA Consult gained valuable experience and expertise in implementing food safety standards in the food industry. VOCA Consult became the first organization in Bulgaria to address the food service sector by providing technical support in the implementation of food safety standards. As a result, many Bulgarian companies in the food service business received technical assistance in implementing food safety standards and were able to comply with EU standards and regulations long before deadlines and accession. Moreover, compliance prior to EU accession helped strengthen the competitiveness of Bulgarian companies in the food service sector and ensure they will be able to compete equally in the European Union.

VEGA/BTD co-sponsored the visits of representatives of a Bulgarian cross-cultural training company Ecologic Consultancy Ltd. (ELC) to the Society for Intercultural Education, Training and Research (SIETAR) Europa Congress held annually. SIETAR Europa is the world's largest interdisciplinary network for professionals working in the intercultural field. ELC's participation in the Congress helped boost the company's product development and marketing capacity as well as to attract attention to Bulgaria as a potential market for cross-cultural services and as an attractive destination for the next



congress of the organization. As a result of the visit, ELC became a member of a network of more than 300 representatives of foreign organizations working in the field of intercultural education, training, and research worldwide. The Congress helped ELC enhance its own capacity to collect information, improve services, and broaden its outreach to promote Bulgaria abroad. As a result of VEGA/BTD assistance, ELC participated in the 2007 SIETAR EUROPA Competition. Three companies participated in the bid and ELC won, which led to a significant increase in revenues for ELC as a result of the numerous business contacts established.

VEGA/BTD provided assistance to Business Center Dobrich through the development of brochures that proved to be instrumental in attracting new customers and increasing the awareness of the activities of the Business Center. In addition, the personnel of Dobrich BC were able to enhance their professional capabilities in EU programs project development. As a result, the Business Center developed three investment proposals for clients in the road construction, food processing and tourism sectors, aimed at attracting financing under the EU PHARE SME Development Grant Scheme for "Human Resource Development and Employment Generation." In cooperation with Kavarna Municipality, Dobrich BC applied for EU funding for the implementation of a project, aimed at the development of a Resource Center in support of agricultural producers on the territory of Kavarna. Another project was developed and submitted aimed at attracting EU funds for trans-border cooperation between Bulgarian and Romanian SMEs operating in the tourism sector. Project development activities were also dedicated to attracting EU donor funding for HR development and employment generation, aimed at creating an effective methods for the support of entrepreneurship development in the region and improved competitiveness.

VEGA/BTD implemented the ICT Service and Quality Certification activity, designed to help Bulgarian software and ICT service companies attain the international Capability Maturity Model Integration (CMMI) certification. It ensured that companies have the right systems and processes in place to guarantee quality and enable them to absorb more rapid growth or investment. The European Software Institute (ESI) worked with 12 companies in this process, three companies approached CMMI certification and 7 companies targeted IT Mark certification. Six "IT Mark Overview" seminar/group consultations were conducted, as a result of which 138 employees were trained on IT Mark and CMMI. ESI Bulgaria completed four IT Mark appraisals, three CMMI Class B appraisals and three SCAMPI A (Standard CMMI Appraisal Method for Process Integration) certification appraisals. VEGABTD provided continuous support to all the companies included in the program. Employees of 61 companies participated in the appraisals and the total effort was estimated at 248.32 person days. ESI Bulgaria also conducted a survey on the impact of the CMMI/IT Mark implementation programs. Surveyed companies reported increased competitiveness, client base and overall client satisfaction. Three ESI Bulgaria experts were qualified as IT Mark Appraisers, two experts were trained as CMMI instructors and one expert became a CMMI Lead Appraiser. ESI Bulgaria assisted IT SMEs from Bulgaria, Macedonia, Romania and



Serbia in enhancing their software processes through conducting Strengths, Weaknesses, Opportunities and Threats (SWOT) analyses of their systems and their readiness to go for CMMI and IT Mark certification.

ESI Bulgaria established and maintained active dialogue with the Bulgarian Government and provided support to the implementation of the current tasks, projects and strategies of the sector. ESI representatives participated in a Working Group on the development of a strategy for the implementation of electronic health care services to the Ministry of Health. With the financial support of VEGA/BTD, ESI conducted a Round Table where representatives of IT businesses, government institutions and NGOs discussed the possibilities for increasing the competitiveness of the Bulgarian IT sector.

ESI Bulgaria worked on increasing the awareness, especially among SMEs, as well as on establishing linkages with different IT related initiatives, business parks and incubators in Bulgaria. It worked on the formation of an International Advisory Board to be seated by representatives of the biggest international IT companies in Bulgaria. ESI assisted the presentation of the Bulgarian IT industry at the International CeBIT 2006 exhibit in Hanover. ESI representatives also participated at Cebit Bilishim International IT Fair in Istanbul, Turkey.

As a result of VEGA/BTD assistance, ESI Bulgaria, as well as the other SME beneficiaries in the cluster, became more confident in their efforts targeted at achieving competitiveness. The created local capacity significantly improved the access of the Bulgarian IT enterprises to the world-recognized IT Models. The project not only created awareness about the importance of the certification for increasing the competitiveness of the ICT sector in Bulgaria, but also strengthened the capacity of ESI Bulgaria to provide such services on a sustainable basis. CMMI Certification contributed towards improving the management structure and ultimately increased the revenues, investment and partnerships for each company that went through the process.

C. Trade and Investment

Bulgaria is one of the most politically stable countries in Eastern Europe. The currency board pegged the Lev to the Euro in January 1999 and as a result the country has experienced a steady GDP increase (approximately 4.8% annually) while inflation has remained timid at around 3%. Nevertheless, it is still quite difficult for entrepreneurs in Bulgaria to find financing for their projects. The problem is only exacerbated by the banks' refusal to engage in any other than loan financing as well as the lack of a developed venture capital industry. Bilateral donors are withdrawing, having completed their role to assist transition, and the major source of donor funding for Bulgarian companies is increasingly becoming the EU funds.



VEGA/BTD completed a demand-driven investment project with Elana Investment, a BSO providing its consulting services to several SMEs for completing the application preparation of investment grants under the Dutch Government Program, aimed at obtaining close to EUR 1 million of financing for their investment projects.

In 2005, VEGA/BTD hosted a Biotechnology Investment Conference in which US Venture Capitalists shared their experience and expertise on investment opportunities in the American market. The event was an open forum at which biotechnology companies and research institutions presented their products and services. The conference was followed by individual consultations between interested participants and the VEs. The VEs, based on their observations and discussions, were able to make recommendations to improve the strategic planning and operations of those companies and to outline specific steps for securing financing from investment sources. As a result of this conference, numerous contacts were established among biotechnology companies, research institutions, and consulting companies. One investment linkage was established between a biotechnology company and the Bulgarian consulting firm, Elana Investment, which invested some venture capital into the products of Honey Plus.

VEGA/BTD established contact between the Bulgarian Venture Capital Fund in Russe and a US-based venture capitalist, who provided guidance on how to access the US market and target US venture capitalists specifically, as well as address legal and other issues related to the Venture Capital Fund proposal. The local counterpart used this advice to draw up a revised proposal, which became the basis of a formal prospectus to pitch to US and other foreign investors.

VEGA/BTD together with the Bulgarian International Business Association (BIBA), Invest Bulgaria Agency, and the ICT Cluster, co-sponsored the Second International Round Table for ICT Investments. Over 60 leading Bulgarian and foreign companies in the field of ICT took part in the open discussion on the rapid development of the ICT sector in Bulgaria and its tremendous potential for foreign investment in the future.

VEGA/BTD was one of the co-sponsors of the conference on Commodity Management, Financing, Trade and Investment on Black Sea Basin Grain Market in 2005. Trade financing, investment and the future development of the grain marketing infrastructure in the region in respect of EU accession were some of the topics discussed. Over 80 representatives of Bulgarian and foreign ministries, banks, grain boards, and consulting firms took part in the conference. The event gave an excellent opportunity for new trade and investment contacts between participating Bulgarian and foreign SMEs, and established investment opportunities for local and foreign investors in Bulgaria regarding the grain infrastructure at Black Sea and Danube River ports. Conference participants received updated information on the regional and global grain marketing situation and increased their knowledge about competitive positioning in these markets. This resulted in improved value of the Bulgarian grain exports and increased revenue from agricultural exports. VOCA Consult was able to improve the quality of services related to grain



marketing and attract new business. The host companies were able to improve their overall management and marketing plans and develop new product and business development strategies.

VEGA/BTD organized a small investment conference for a select number of Bulgarian companies involved in clinical research and production of medical devices. Close to 50 participants, representatives of the Bulgaria Invest Agency, the Agency for SMEs, the Bulgarian Drug Agency, US venture capitalists, Bulgarian clinical research companies, and local consultants, available to provide services to both foreign investors and local companies attended the event. The conference was followed by two days of private consultations for company representatives with the US venture capitalists as well as local consultants who requested additional time for advisory/consultative meetings with the US consultants. The event facilitated new linkages for the companies in the clinical research and medical devices sector not only with US, but with domestic investors as well. The practical advice and specific guidelines they received from the US VCs helped them strengthen their product portfolios and presentation skills so that they could more effectively approach foreign investors and venture capitalists in the future.

VEGA/BTD VE made presentations on IT marketing and access to North American markets, E-commerce and internet marketing for SMEs members of the Regional Science and Technology Union (RSTU) in Plovdiv. Following the presentations, the VE consulted with several companies on specific ways to approach the US market. The participating companies received practical knowledge on present marketing approaches and advice on box software sales in the US. They learned how IT companies access the US market and received ideas for customizing information systems for small companies. This seminar was instrumental in enhancing the skills of the participants in the marketing and sales of IT products and services as well as in the development of successful marketing strategies. RSTU's role of co-organizer of the event was extremely helpful in improving the image of the organization and its establishment as a professional organization in the BG IT sector. The event became the foundation for a series of meetings aimed at establishing SRTU as an organization catering for the professional needs of BG SMEs operating in the IT sector.

A VEGA/BTD volunteer provided targeted assistance for ICYGEN's new 'bluevízia' boxed software product. The company sought to develop a successful US market penetration strategy. The volunteer provided targeted information on the US boxed software market, the purchase behavior of potential target groups, as well as valuable advice on approaching distribution and advertising networks in the United States to promote and sell its product. ICYGEN implemented the VE's recommendations and was able to find the right segment of the US market to export their product. This project contributed to the strengthening of the position of unique Bulgarian IT products in the international market.



D. Economic Growth and Investment Policy Analysis

In the second half of 2005, VEGA/BTD extended its activities even further by establishing a new division to preserve and enhance public-private dialogue in the economic arena, as well as to maintain US Government support towards sustainable advocacy and private sector policy reforms in Bulgaria. The first initiative of the new component was the participation in, and co-sponsorship of, the 3rd Annual ‘European Day of the Entrepreneur’ in cooperation with Sofia University and the Sofia Municipality. The event drew about 300 participants, including municipality and district body representatives, banks, entrepreneurial businesses, public and non-governmental organizations, and representatives of the science and education communities.

Through plenary sessions and subject-specific panels, the participants had the opportunity to exchange views on impediments to stimulating competitiveness and the conditions necessary for creating a climate that effectively promotes entrepreneurship and innovation throughout the country. By bringing together private and public stakeholders to discuss entrepreneurship and innovation in the regions, the event enhanced and promoted an ongoing public-private dialogue among municipal and business leaders with a further aim to establish favorable conditions for encouraging, stimulating and supporting effective growth of entrepreneurship and innovation at the local level. Furthermore, the forum provided a platform for discussion on the collective action that needs to be taken in this area by public and private players in light of Bulgaria’s EU accession.

Visible interest in investment opportunities in Bulgaria by international development companies and foreign direct investors sends clear signs to local and central authorities to set up programs for industrial zones development. In June 2006, VEGA/BTD held a conference “New Partnerships for Park Development” with the support of the Ministry of Economy and Energy which aimed at creating an open platform for communications between municipalities ready to attract investment and potential real estate developers who are looking for venues for expanding their business in Bulgaria. The conference was attended by over sixty participants, including representatives of Bulgarian municipalities and regional agencies, as well as foreign private business park developers, government representatives, Bulgarian businesses and media representatives. The conference presented an opportunity for various municipalities clearly interested in industrial parks development to learn about characteristics of successful parks, the decision criteria of foreign investors in picking a location to open their operations, and various certification programs available to municipalities in complying with national and international standards. Municipalities also learned about various sources of financing the development of industrial parks - private, public and mixed - with ample examples from the region.

The rapid influx of international companies in Bulgaria, combined with expansion of locally owned firms, has created an increased demand for industrial and office space in



the country. At the same time, a number of municipalities throughout the country acquired former military facilities with basic infrastructure. Located close to population centers, these could be offered to private sector developers to help meet the near- and medium-term demand. In July 2006, VEGA/BTD received approval from USAID to undertake series of actions to equip these municipalities with practical tools and services to support preparation of the sites into business park development opportunities for manufacturing, logistics, and service industry users. The project was undertaken with the aim of complementing and increasing the impact of other USAID-supported programs such as the Bulgarian Competitiveness Initiative and the Local Government Initiative, by improving the conditions for private sector competitiveness, through rapid employment, investment, and skills growth in market segments vital to Bulgaria's future.

The Bases to Business Parks initiative focused on establishing workable public-private partnership frameworks for park development projects aimed at reducing bureaucracy involved in obtaining government approvals and licenses; guaranteeing reliable utilities; establish market-sensitive links to specialized technical institutes, research centers, universities, training programs; and, encouraging quick-start creation of facilities and support services for incubating small and newly created firms.

In order to achieve its stated objective, VEGA/BTD contracted a leading local market research firm, Industry Watch, to conduct research on Bulgarian office and industrial parks development trends; engaged international office and industrial park development specialist Mark Frazier of Openworld, Inc. to prepare a toolkit on business park development; and Peristyle - a Sofia based urban planning company, to draft the scope of work for Dobrich Municipality to prepare the tender for a detailed urban plan including the Business Park development site. Openworld, Inc., US nonprofit advisory group specializing in business park development, also agreed to assist, on volunteer basis, other communities in Bulgaria in designing open tendering procedures for park partnerships even after the completion of the VEGA project in Bulgaria. VEGA/BTD also contracted the Bulgarian representative office of Moody International to provide audit and advisory services, aimed at streamlining the administrative processes, ISO certification; and, establishing the Dobrich Municipality as a pilot and a model to be replicated later on in other communities such as: the Russe Industrial Park, the Sliven, Botevgrad, Maritsa and Popovo municipalities, and the Stara Zagora Regional Development Agency.

VEGA/BTD was approached by the Bulgarian National Revenue Agency (NRA), requesting funding to design, produce, and distribute a CD-based interface with value added tax-related information to a national network of relevant customers. The overall mission of the National Revenue Agency was centered on creating a fair and effective tax environment by increasing the level of voluntary compliance with tax requirements. One impediment to this end has been the low level of understanding of those requirements and their inherent complexity, in particular among SMEs. To increase taxpayer knowledge and awareness, the Agency proposed to disseminate a straightforward, clear explanation of these requirements, complete with sample tax forms, and step-by-step procedures.



VEGA/BTD funded the design and production of the informational VAT CDs, which were distributed to all Regional Tax Departments and other target groups. The CDs were presented as complementary materials as part of a larger campaign of the National Revenue Agency for familiarizing the VAT taxpayer clients of the Tax Administration, the state and nongovernmental organizations representing SMEs, the media, universities, libraries, banks, state institutions, and foreign representatives with the regulatory steps of paying VAT.

VEGA/BTD also provided financial support for the printing of the National Revenue Agency Bulletin., circulated for internal and external use among registered professionals throughout the country, working in the sphere of accountancy, mandatory social insurance, tax payment and collection. Due to changes in the structure of the NRA and Bulgaria's upcoming EU accession, NRA undertook the initiative to ensure and provide easy access to information about changes in laws and regulations, also incorporating comments of professional law makers, and create a platform for discussions among the NRA and tax payers. The first issue of the Bulletin was launched in September 2007. This initiative contributed towards improving the standards of tax revenue-related processes in the country, as well as in educating and preparing Bulgarian citizens and institutions on how to be compliant with the new EU standards.

VEGA/BTD, through the expertise of two international experts, helped the working group at the Ministry of Economy in the design of draft amendments to the existing Investment Law for Bulgaria. The international consultants were paired with a local consulting company. They made recommendations to the format and the actual incentives for investment which were welcomed by the committee.

In the fall of 2006, VEGA/BTD was approached by the Economic Growth Council, to help prepare a Communication Strategy for better exposure of the activities of the Council. VEGA/BTD created a working draft of the strategy as part of the overall PR and media exposure initiative of the Council. As a result of the successful collaboration with the Economic Growth Council, the Ministry of Economy and Energy asked VEGA/BTD to provide consultancy support for establishing better regulation and environment for the SME sector in Bulgaria. VEGA/BTD hired a team from the Institute for Market Economy to prepare a Regulatory Impact Assessments for the following three laws: the Regional Development Law, the E-government Law, Conditions and Safety of the Workplace Law. Recommendations from these presentations were adapted and included in the new legislation. Based on the positive impact of this collaboration, VEGA/BTD was asked to prepare methodology for Regulatory Impact Assessments, a tool for future use by the Ministry of Economy and Energy.

As a new EU member state, Bulgaria is now eligible to receive EU Structural Funds support. Such funds are intended to assist the new EU member states to raise their standard of living to average EU levels. However, knowledge among SMEs about the purpose of, and eligibility requirements for, EU Structural Funds (particularly outside of



Sofia) is limited. As part of VEGA/BTD effort to raise awareness among Bulgarian companies about this program in order to generate interest in accessing these funds, it developed and disseminated a comprehensive EU Guide Book on Structural Funds. The purpose of the Guide Book is to provide information on how to navigate through EU Structural Funds, how to find out about activities financed by the funds and how to apply for financing from these activities.

E. Small Grants Assistance

VEGA/BTD administered three rounds of competitive grants awards as part of its Small Grants Fund. The fund was intended to support BSOs and SMEs initiating innovative activities that meet VEGA/BTD objectives. Thirty-one Bulgarian BSOs and SMEs participated in the first round of funding. Eleven were awarded grants on the basis of their application proposals. In the second round, 35 Bulgarian BSOs and SMEs submitted applications and 16 grants were awarded. In the third round, 12 companies applied for the grants, nine of which received funding. The winning projects were in the areas of marketing and market research, new product development, and professional training. The companies which received funding represented the tourism, food, apparel, ICT, financial services, QMS, and consulting industries among others top industries, as well as organizations in the non-profit sector.

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

The small grant that VEGA/BTD awarded to the Bulgarian Association of Software Companies (BASCOM) was instrumental for the design and publishing of a catalogue comprising the Bulgarian IT sector participants at Systems 2006 International IT Fair.. A compact disc (CD) of the Bulgarian software industry was also produced, containing information on the development of the industry, related BSOs and other institutions supporting the efforts of the sector, company profiles and presentations of their products and services. Seven Bulgarian companies, and the ESI Center, exhibited at Systems 2006. Copies of the above described products have also been distributed to the international



media, as well as at business meetings, conferences, and match-making events held in Helsinki, Bucharest, Skopje, etc.

VEGA/BTD grantee Robert Alexandriysky, from Global Service SP, was able to issue numerous bulletins, including market analyses, marketing and design information, and awareness publications in the media on more than 100 news items from the world of textiles. All this information is also available online at www.tune-in.info, which became a forum of new ideas and smart entrepreneur decisions, based on global awareness. TUNE-IN was presented at the BGate International Fair, at the InterExpo Center in Sofia. The project was extremely helpful in increasing the interest in Bulgarian apparel production, which resulted in more than a 10% increase in Bulgarian apparel industry products exported to the EU market.

F. MBA Volunteers

VEGA/BTD provided a total of nine one-year MBA-Executive Corps (MBAEC) assignments during the life span of the project. The MBAEC volunteer consultants worked with local BSOs and their SME clients, and concentrated their efforts on strengthening the service portfolios of their respective organizations and creating new and improved products and services, which would respond better to the market needs and demands of existing and potential clients. The MBAEC volunteers also worked towards optimizing the internal organization and business strategies of their host institutions so that they could become fully sustainable service providers for SME clients.

The MBAEC volunteers assisted three newly formed Mediation Centers (at the Bulgarian Chamber of Commerce and Industry in Sofia, the Stara Zagora Chamber of Commerce and Industry, and the American Chamber of Commerce in Bulgaria) in building their capacity in business planning and proposal writing, in order to increase their sustainability and provide institutional development assistance.

VEGA/BTD also used the services of a local consultancy firm, Innovative Solutions, which conducted group trainings with the staff from the three centers in order to develop their business planning and proposal writing skills. The consultants from Innovative Solutions assisted the centers with drafting short and long-term action plans and scheduling of follow-up meetings to evaluate the progress towards implementing their strategies. The purpose of the project was to expand the participants' understanding of the nature and benefits of the business planning, to understand their strengths and weaknesses and, therefore, to create a package of complementary and comprehensive measures and next steps, which would ensure high quality results and improve the effectiveness and sustainability of the centers.



**Attachment A
Performance Data**

**VEGA/BTD Monitoring and Evaluation
Impact Evaluation Findings by Indicator
June 1, 2004 - September 31, 2007**

I. Job Creation & Improved Economic Performance	
PERFORMANCE INDICATOR	RESULT
#1. Increase in BSO revenues	\$259,554
#2. Increase in BSO profitability	19%
#3. Increase in BSO employment	53 new jobs created or 8% increase 287 jobs sustained
#4. Increase in the number of BSO clients / members who are using new/improved products or services	424 new members attracted 432 new clients served or an average of 15 new members/clients per supported BSO
II. Investment & Trade Indicators	
PERFORMANCE INDICATOR	RESULT
#5. Number of investment / trade linkages, JV, etc. established	99 trade linkages 213 consultations with investors
#6. Value of investment / trade linkages established	\$1,039,439
III. Quality Assurance & Certification Indicators	
PERFORMANCE INDICATOR	RESULT
#7 Number of SMEs Benefiting from BSO services in the certification process	187 SMEs or an average of 3 SMEs per BSO

