



COUNTERPART INTERNATIONAL

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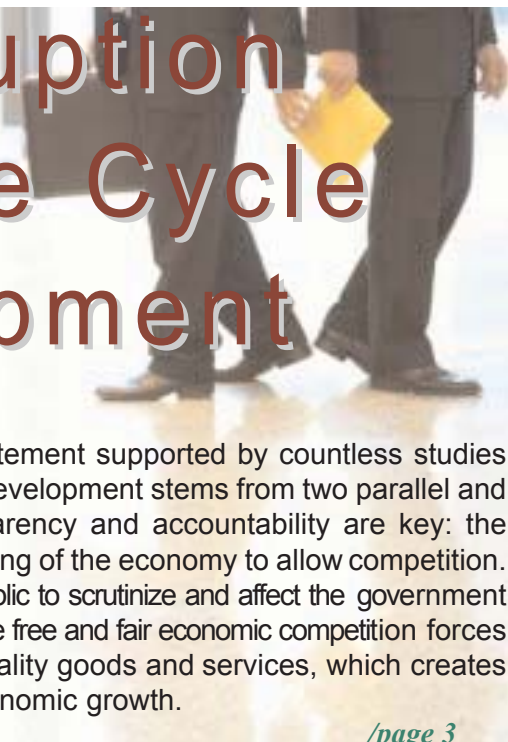
Bulgaria Community Fund and Social Enterprise Program

January - March, 2005

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How Corruption Breaks the Cycle of Development

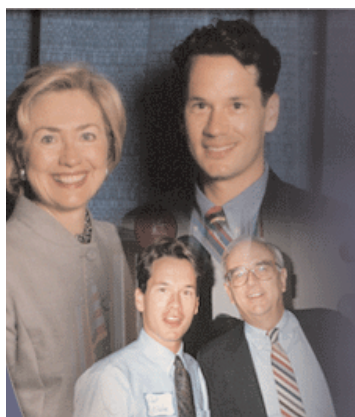


Corruption impedes development: a statement supported by countless studies and articles during the past few years. Development stems from two parallel and interdependent factors in which transparency and accountability are key: the democratization of politics; and the opening of the economy to allow competition. In politics, democratic decisions allow the public to scrutinize and affect the government through the media, representatives, etc.; while free and fair economic competition forces companies to create low-priced, high-quality goods and services, which creates a competitive cycle and encourages economic growth.

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Upcoming training in communication skills for social enterprises and community funds

On 21 and 22 April and on 23 and 24 April 2005, Counterpart International - Bulgaria is organizing a training in Better Communication Skills for Presenting Social Enterprises and Community Funds. The training will be held in Velko Tarnovo and Sofia respectively. Invited to participate are all organizations included in Counterpart's program. The training will be delivered by Mark Webster.



For almost twenty years, Mark Webster has developed and delivered messages to targeted audiences using crisp language, creative visuals, and local angles for political, governmental, non-profit and corporate clients. His efforts have paid off for those in search of more votes, a legislative or a regulatory victory, increased market share, or enhanced organizational capacity.

Association of Community Foundations in Bulgaria

The Community Funds supported by USAID, Counterpart International - Bulgaria, and 3 NET Association established the Association of Community Funds/Foundations to expand implementation of the model and generate possibilities for joint activities among its members. At a mid-February meeting in Velingrad this year, authorized representatives of the Community Funds/Foundations participating in The Counterpart International - Bulgaria Program, discussed the benefits of establishing an Association and, its mission, goals, and structure.

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USAID
FROM THE AMERICAN PEOPLE



Dear Readers,

Welcome to the newest issue of Counterpart International - Bulgaria newsletter!

The initial idea of this issue was to place readers' attention on corruption in Bulgaria's nonprofit sector. It appears that corruption is like an evil that everybody knows exists, has seen and touched it, but is afraid to talk about it. Even in

Counterpart's programs, while our participants are willing to talk about the corruption they frequently face, they are not willing to have the information printed in this newsletter. Maybe this is understandable for societies in transition where values are changing and everybody is trying to survive and change old habits. It is time for us to understand that "corruption breaks the cycle of development" (as Margaret Minor tells us in her article inside) and start working against it. In this issue, we only outline the problem and provide food for thought. As citizens, we are responsible for the current state of our country and by keeping silent about the problems around us, we only encourage those who depend on corruption and illegal actions to accomplish their goals.

The Community Fund program news this quarter is the opening of a competition to involve new communities. Any initiative group which is interested in establishing Community Funds may apply through 30 April 2005 at Counterpart International - Bulgaria (read more on page 5). To continue developing the model and creating possibilities for joint activities among its members, at a meeting held in mid February, the current Community Funds participating in the Counterpart International - Bulgaria Community Fund program, decided to establish an Association of Community Funds in Bulgaria.

In the Social Enterprise program, we present the Social Enterprise Foundation, with its mission to support the establishment and development of Social Enterprises by assisting in the popularization and encouragement of social entrepreneurship.

Under success stories and best practices, you will find Community Donation Fund Stara Zagora and their latest project, "Better Schools for a Better Future for Stara Zagora." The article covering the Samaritans Association will give you an opportunity to see the whole process, from the initial idea to successful implementation, of a Social Enterprise. And let's give a big welcome to Eko 21 Association from Gabrovo, the newest member of the Counterpart International - Bulgaria Social Enterprise Program. They were officially accepted into the Program at the beginning of 2005 and are now actively establishing a Social Enterprise.

For all of you who are interested in Counterpart International - Bulgaria's activities in the field of Community Funds/Foundations, Social Entrepreneurship, and Social Contracting, we are happy to announce our updated website www.counterpart-bg.org.

As we are aware that it is not possible to produce a newsletter as important and comprehensive as this without feedback from our readers and the broader public, we invite you to contact us with your suggestions and comments at: maya@counterpart-bg.org.

We also invite you to submit articles for inclusion in the next issue.

I hope you enjoy our Newsletter!

Maya Todorova, Editor

HOW CORRUPTION BREAKS THE CYCLE OF DEVELOPMENT



(continue from page 1)

Margaret Minor

US Peace Corps Volunteer
Tutrakan, Bulgaria

Thus, more efficient businesses increase their profit margins and pay more taxes. With this augmented tax revenue, governments are able to improve public services and infrastructure that in turn improve the efficiency of both production and service provision, thereby further increasing business profit margins and government tax revenues. This cycle in turn creates a surplus of money which goes towards such social programs as health care, education, and NGOs who in turn strengthen the overall health of the population, increase the country's knowledge base, and increase the strength of civil society in general, thus creating a stronger democracy and a better prepared workforce.

The problem with corruption (i.e. pressure and bribes) is that it breaks the development cycle and hinders economic efficiency and the implementation of laws that benefit the development of businesses and NGOs. Corruption eliminates fair competition by removing power from citizens and small business

owners and giving it to a few politicians and large business owners, who often only care about their own interests and in many cases aren't as competent as those who would have won with fair competition.

In addition, corruption repels both foreign aid and Foreign Direct Investment (FDI), both of which increase a country's productivity by providing employment, transferring job skills, and teaching about efficient organizational operation and general international business practices. The majority of FDI investors are western firms who 1) are unaccustomed to dealing with corruption and find it inefficient, and 2) in many cases consider it morally wrong. Firms tend to invest elsewhere if corruption is apparent.

In conclusion, corruption benefits only a few, while average citizens suffer, thereby detracting from the overall growth of the national economy and the development of a stable democracy.

Anti-corruption

<http://www.anticorruption.bg/>

Anti-corruption campaign internet site

"Anti-corruption" is the first specialized portal site in Bulgaria, which provides information on the most recent corruption case research and publications, different anti-corruption programs, and Bulgarian initiatives and measures. This site provides access to corruption publications, research, investigations, and reports in Bulgaria and other countries as well.

Anti-corruption Campaign Initiative of USAID in Bulgaria

PROJECT: OPEN GOVERNMENT INITIATIVE

The Open Government Initiative project is implemented in Bulgaria by DPK Consulting with funds from USAID. One of its strategic goals is to strengthen the transparency of the government and develop mechanisms and practices that implement effectiveness and accountability. Supported under the project is the Committee for Coordination of Anti-corruption Campaigns and Activities with the goal to improve collaboration between the government's executive and juridical branches, each of which addresses corruption.

Anti-corruption activities at local level

With the support of the project Open Government Initiative, five anti-corruption committees have been established in Kurdjali, Silistra, Lovech, Vidin, and Blagoevgrad. These local organizations are extremely important because they are situated in communities with struggling economies, which are therefore susceptible to corruption practices. The committees include representatives of the local business community, non-government organizations, and public institutions. Their role is to build an environment, free of corruption.

Civil Society Activities

Enhancement of community intolerance toward corruption is supported by the production of four documentary movies highlighting examples of corruption and providing follow-up activities for interested institutions. Additionally, there is a weekly broadcast on Darik Radio focusing on anti-corruption.

Open Government Initiative gives small grants to non-government organizations as a part of its program to bring to light sources of potential corruption, scrutinize infractions, and better use the media to counteract corruption. Concrete projects have been implemented in Blagoevgrad, Varna, Vidin, Montana, Plovdiv, Russe, and Sliven, with measurable benefits: raised public awareness in the community and greater transparency and accountability.

Yet another result of this program is the recently published book "Investigating Corruption, How Citizens Can Reduce Abuse of Authority," cases from Bulgaria, which is based on the research and investigation carried out by the recipients of Open Government Initiative small grants.

This book details six of the most significant cases of corruption in the sanitation business in Sofia; public property privatization in Varna and Russe; and the education system in the Universities of Veliko Turnovo and Sofia, in exchange programs for Erasmus students, and publishing of school textbooks. Two cases in the field of ecology are also mentioned. Thanks to the great efforts and tenacity of the non-government organization "Green Balkans," the privatization of the forests in Dospat was declared invalid and the forests were returned to Bulgaria.

Open Government Initiative assigned the task of gathering and editing the reports to the famous Bulgarian investigative journalist Stanimir Vuglenov. The current issue will be followed-up by a second book based on the work of the newly-funded grants recipients.

The book can be obtained through the office of Open Government Initiative



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Corruption ...

We are used to hearing about corruption in the context of State property privatization or to obtain positions in State government. However, the seeds of corruption that sprout in the State government pollinate every sphere of resource distribution. Community Funds supported by Counterpart International - Bulgaria say they often come up against "soft" forms of corruption, such as pressure to use specific providers and requests for bribes, but they are afraid to give specific names and facts. Despite numerous references to corruptive practices, when we requested our partners provide written information, we only received this fairy tale, which is a metaphor for a typical form of corruption they commonly face.



CORRUPTION FAIRYTALE

Once upon a time, long long ago (almost two years), there was a village situated in a very pretty Kingdom. People of this village passed their grey and boring lives until some message bearing foreigners from very far away came to visit. In a short time, these messengers created interest in citizens solving their own problems by working together to raise money and improve their grey reality. The citizens started working hard and enthusiastically to execute the faraway visitors' experience and new ideas.

The local people decided the evenings were too dark in their village and without light criminals could do their dirty deeds freely. The citizens decided to raise money to light their village by asking every citizen to give whatever amount they could. A town-crier was sent to the neighborhoods to announce a competition for suppliers of modern torches to light the village.

Not long after, torch-makers from three neighborhood villages arrived. Each presented the special functions of their torches. The people of the village selected a Council of Elders to choose the best torch-maker. The first adviser of the King was approved as the most important person on the Council. While everybody expected the selection be done honestly and transparently, the first adviser of the King wanted to impose the most expensive torches on the Council. He pressured the members with all his strength. He was willing to do anything, even the impossible, to impose these torches on the people. The other elders tried to argue with him and even broke off their good relations with the King. There was a great struggle, but finally the Council selected the best torches for the village.

Time passed and the citizens enjoyed the lighted paths of the village and slowly began to forget the difficulties of the selection process. But members of the Elders' Council didn't forget. In their desire to reach the truth, they met and talked with many people from other villages. And then, one day, the truth came out, the torch-maker who offered the most expensive torches had created an evil plan; he sent sly messengers who tricked the King's first adviser by offering him many gifts and gold if he could get the Council to buy their torches. And the adviser to the King, being a normal human, was lured by the gifts and almost succeeded in imposing his will upon the other Elders.

A long time passed and the King was also convinced of this truth. The King kicked his adviser out and sent him to faraway lands so he could not shame his village again. To this day, the Elders from the Council continue to have the King's full confidence and the respect of all citizens.

A long time has passed since then (almost one and a half years) and, with the assistance of the Elders, the citizens of the village have done many new and wonderful things that have caused their village to prosper.

Now all the citizens know that **if somebody offers you gold and gifts for no payment or honest labor, it is a trick and nothing good will follow.**

P.S. Any similarity to real people, places, and events are unintentional.

Competition for Involvement of New Communities in the Community Fund Program

The Community Fund Program, which now supports the development of community funds in Blagoevgrad, Gabrovo, Pazardjik, Stara Zagora, Tutrakan, and Chepelare will include three or four new communities. They will be selected on a competitive basis from submitted application forms. Interested candidates can receive the application forms electronically by contacting Counterpart International - Bulgaria.

Who may apply: initiative groups or citizens who are interested in creating or operating a Community Fund in their community.

What is a Community Fund: a local, non-business organization which raises funds from a number of donors and redistributes those funds to civil organizations and community initiatives to implement projects which benefit the community. The Community Fund supports a wide range of priorities as determined by the entire community, and is impartial, e.g., non-political, non-religious, etc.

Application documents will be accepted through 30 April 2005 at Counterpart's post, fax, or e-mail. Applications will be reviewed and applicants will receive final decisions by 15 May 2005

Address: 1504 Sofia, Bulgaria
113 Evlogi Georgiev Blvd., Floor 1, Apt. 6
fax: 02/ 944 10 71
e-mail: office@counterpart-bg.org

Application documents:

1. Cover Letter: 1 page;
2. Application form: provided by Counterpart International - Bulgaria office
3. Supporting documents: letters of support from local businesses, citizens, or local government. If the applicant is already an operational Community Fund/Foundation, please attach a copy of the registration, bylaws, and a short history of the organization.

Association of Community Foundations in Bulgaria

The Community Funds supported by USAID, Counterpart International - Bulgaria, and 3 NET Association established the Association of Community Funds/Foundations to expand implementation of the model and generate possibilities for joint activities among its members. At a mid-February meeting in Velingrad this year, authorized representatives of the Community Funds/Foundations participating in The Counterpart International - Bulgaria Program, discussed the benefits of establishing an Association and, its mission, goals, and structure.

The Association of Community Funds/Foundations will encourage the development of philanthropy in support of civil society by assisting the steady growth of Community Funds/Foundations in the country. To realize its goals, the Association will organize advocacy and lobbying activities on a national level to improve the tax legislation on donating to nonprofits in Bulgaria; support the establishment and development of new Community Funds/Foundations in

the country; establish a code of ethics and standards that can guide the work of all organizations which are, or wish to become, members; popularize the Community Fund/Foundation model on a national level through publications, conferences, seminars, and media events; establish contacts with potential donors which support Community Funds/Foundations at the national and international level; manage resources provided by different Community Fund/Foundations; support resources at the local level; provide a constant exchange of information among the members through the organization of meetings and electronic communication; coordinate joint activities of the members; organize trainings and provide consultation assistance to develop members' capacity; and facilitate the establishment of working contacts and exchange of experience among members of the Association and operating Community Fund/Foundations around the world.

Plamen Barzashki, Chair of Community Fund Chepelare, was nominated and approved by all Funds as Chair of the Managing Board. The first Executive Director will be Monika Pisankaneva, current Manager of the Community Fund Program of Counterpart International - Bulgaria. The controller will be Marieta Tsvetkova of 3 NET. The founders of the Association approved its code of ethics and conflict of interest policy regarding the Executive Director. The Association foresees having Associate Members (non-business and business organizations or physical persons, which support its mission and goals). 3 NET Association will join as an Associate Member in January 2006.



Better Schools for a Better Future

for Stara Zagora

After meeting with 1,500 citizens who participated in community priority research organized by Community Donation Fund Stara Zagora, the Fund decided to support the computerization of the town's schools. The purpose is to improve education for children and teenagers who, in turn, contribute to the community as a whole.

With the uniting efforts of the Community Fund Stara Zagora, 13 schools and one children's information center received 92 computers and 14 printers. For some of the schools, this was their first computer room while, for others like the mathematical high school, it was a much needed expansion. The project provided the schools with new generation computers, which meet the increased needs of the students. As a result, more than 5,000 students in Stara Zagora now have access to a high tech educational environment through modern computers.

Involving a broad range of donors, the project was supported by local companies, parents of students from the 13 schools, and local government. In some cases, companies donated funds as well as computers. Additional support was led by the Schools' Boards of Trustees, which applied for financial support from the Community Fund and actively participated in the fundraising process. In this way, the Community Fund united a large number of citizens in its charitable activities.

The amount raised by the citizens and companies with the assistance of the schools' Boards of Trustees was BGN 17,000. The municipality of Stara Zagora supported



the project with BGN 30,000. The Fund also received a matching grant from Counterpart International - Bulgaria in the amount of BGN 22,660. With the successful implementation of this ambitious project, Community Fund Stara Zagora encouraged collaboration among local authorities, nonprofit organizations, and the business sector to contribute to local development.

The main success of the project was the achievement of a cross sector partnership and the activation of a large number of citizens to resolve an identified local problem. Stara Zagora citizens recognized the Community Fund as a factor which unites different stakeholders and builds social capital.

Contact information:

Community Donation Fund - Stara Zagora
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www.fund-sz.org

SOCIAL ENTERPRISE FOUNDATION



"We believe in the potential of the Social Enterprises to be a reliable partner against poverty and social isolation and create new employment and opportunities for disadvantaged people and communities. They are a natural partner of the State and municipalities in the process of accession into the European Union."

*Maria Ilcheva,
Executive Director
Social Enterprise Foundation*

The Social Enterprise Foundation was established in 2003 as a Bulgarian not-for-profit public benefit entity. Founders of the Foundation are representatives of Counterpart International - Bulgaria and Nachala Cooperative. The supreme body of the Foundation is the Board of Trustees, which consists of five members. Currently, Chairperson of the Board of Trustees is Tilly Reed and the Executive Director is Maria Ilcheva.

The mission of the organization is to support the establishment and development of Social Enterprises in Bulgaria by assisting in the popularization and encouragement of social entrepreneurship.

The main activity of the Foundation is the management of the Social Enterprise Fund. To date, three, no interest loans totaling 16 000 BGN, have been awarded to Social Enterprises.

Loan terms:

Loan funds will only be used to meet the needs of a Social Enterprises and must be directly related to a business activity or connected to the start-up or expansion of a Social Enterprise.

Maximum loan amount: 5000 USD

Usage of funds: fixed assets and/or working capital

Repayment period: from 2 to 24 months

Interest rate: from 0% to 12%

Grace period: up to 3 months

Repayment of the loan: in equal monthly installments in BGN Leva

Collateral: personal guarantee, pledge, or mortgage



Strategic goals of the Social Enterprise Foundation are:

- Popularizing and increasing information dissemination about Social Enterprises.
- Improving access to financial resources for Social Enterprises.
- Accessing markets and increasing the competitiveness of Social Enterprises.
- International exchange and networking.
- Lobbying and advocacy.

Forthcoming initiatives:

- Partnering with Bulgarian Center for Not-for-profit Law implementing "New Perspectives for Marginalized Groups - Improving the Quality of Social Services and Support for Social Enterprises," funded by the European Union through its Civil Society 2002 Program.
- Organizing a Study Tour for students from Center for Social Entrepreneurship from Oxford University (Great Britain) - September 2005.

E-mail: sef@sef-bg.org

Website: www.sef-bg.org

Social Enterprise Program

Eko 21 Association

Eko 21 Association - Gabrovo is the newest member of the Counterpart International - Bulgaria Social Enterprise Program. They were officially accepted into the Program at the beginning of 2005 and are now actively setting up their Social Enterprise.

The mission of the organization is to develop civil society through theoretical and practical training focused on improving the living standard of citizens. The main goals of the organization are establishing a "National University" for qualification, prequalification, and training for various professions; preservation of Bulgarian traditions and national arts and crafts; and the protection and preservation of the natural environment for future generations.

Eko 21 is providing support to people from marginalized groups, such as disabled; women, including women at risk; and minorities. The organization has implemented different projects funded by PHARE and has significant success in the field of job creation, training, and qualification.

Eko 21 Association wants to establish an operational and sustainable Social Enterprise that will ensure the long-term realization of the mission of the organization. Eko 21 and its team have professional experience in many different spheres, such as arts and crafts, tailoring, production, trade, and prequalification and qualification training. It works with national arts and crafts masters who have experience in training apprentices and craftsmen, as well as organizing production of homemade, traditional crafts. It also has at its disposal equipment necessary for producing goods and delivering services.

Eko 21's initial idea for establishing and developing a Social Enterprise is the use of available equipment (owned by the Association), as well as the team's capacity to provide different services. Planned Social Enterprise development activities are:

- Putting electrostatic powder cover on metal products
- Tailored products
- Trainings for prequalification and qualification in 13 professions
- Craft products ("Homemade crafts"), including working on products at home

Let's say "Welcome" to the newest organization in the Social Enterprise program and wish them a lot of luck and success!



Eko 21's team



Craft products



(pictures are provided by Emil Dimitrov, Consultant, Tera Bulgara Ltd.)

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Social Enterprise of the Samaritans Association

TO BE OR NOT TO BE!

This is the story of how Samaritans Association in Stara Zagora went the way of Social Entrepreneurship. When there were plenty of donor's funds and programs, they asked themselves how their organization would survive if access to donors' resources was limited, especially with Bulgaria's potential accession into the European Union and insecure funding from the State budget. In the process of analyzing the prospects, the team decided to take advantage of the Law allowing non-profit organizations to develop business activities. Although this decision looked attractive, Samaritans identified many factors that they needed to consider for their future business activities, such as:

- potential to acquire the necessary knowledge and skills;
- available start-up resources, which could be mobilized;
- the ability to take advantage of the natural resources in the region and country;
- market niche for their business activities;
- governmental legislation and policy incentives for the business activity;
- relatively easy market entry;
- opportunity to generate income covering 50% of the organizational expenses; and
- opportunities for a relatively quick return on their investment.

With this long list of criteria, the young and ambitious Samaritans Association team started their research. In the end, they decided on beekeeping and production and trade of honey products as the main activities of their social enterprise. And that's how it all began...

Launching a business activity in the field of beekeeping has been a real challenge for the nonprofit organization. The difficulties were mostly connected to finding a supportive environment; attracting partners among recognized beekeeping associations; finding a qualified manager for the apiary; training and qualifying the team; developing a ten year strategic plan; and attracting investments. As a result, a vision of a Social Enterprise active in the production



and trade of honey, honey products, and apiary equipment was formed, with the overall idea that it will generate the necessary resources to implement their mission: social services for marginalized children, youth, and families through the Center for Social and Educational Assistance.

Samaritans Association ethical standards determined that business development was not only for the sake of the business, but just as importantly to help cover the activities of the organization in achieving its social goals. Due to this, its Social Enterprise clients not only enjoy the different goods and products, but also support the social mission of the organization.

What financial resources started it all?

The initial investment in the Social Enterprise was \$2,000 from the Reserve Fund of the Association, which was accumulated by setting aside 5% of each unrestricted donation made to the organization. Other financial resources were a matching funds program which raised \$5,000, and tangible assets: land valued at more than \$16,000.

Maybe the most innovative venture for fundraising was the "Buy a Beehive, Help a Child" initiative. During the first year of the apiary, the Samaritans team reached the conclusion that if one beehive is bought at the beginning of each beekeeping period, and the year is good, at the end of the season, the income from the production fully covers the initial beehive investment.



Social Enterprise of the Samaritans Association

(continue from page 10)

Thus, after the first year, the beehive is fully repaid and during the next 15 years it creates a profit. Everybody and anybody can become a donor of a totally equipped beehive for 200 BGN. Although this is a one time donation, it continues to multiply and the profit from production can be used to provide social services. Thanks to the "Buy a Beehive, Help a Child" initiative, the social enterprise has been successful for three years and it is becoming more sustainable and competitive under real market conditions.

New initiatives of the Samaritans Association Social Enterprise

The young team's inexhaustible energy and ideas continue to expand their business activities including opening a shop where the products will be sold. Another new direction is the organization acting as official representative for the Dutch company Swenty in Bulgaria. Swenty is one of the world's leading producers of high quality bee-keeping equipment and technology. And last, but not least, Samaritans Association opened a new "Euro-center for Contemporary Bee-keeping and Technologies" under an EU PHARE program. During the year, the Center will provide specialized consultations and trainings for beginning bee-keepers and youths wishing to become professionals.



**Dimo Dimov - Social Enterprise Manager, published this material in Samaritans Association Newsletters No-s. 8,9,10.*



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On 26 April 2005

will be the official announcement of

Business Plan Competition for Social Entrepreneurs - 2005

organized by Counterpart International - Bulgaria and Social Enterprise Foundation.
 All organizations included in Social Enterprise Program will be eligible to participate.

Counterpart International - Bulgaria presents its program to promote the development of Social Enterprises at a Conference "Rethinking the Way in Which NGOs Do Business," 3-5 March 2005, Bratislava, Slovakia.

In March, The William Davidson Institute of the University of Michigan Business School, USA, and Pontis Foundation, Slovakia, hosted a three-day conference "Rethinking the Way in Which NGOs Do Business" in Bratislava, Slovakia. The conference gave the opportunity for 20 participants from 12 countries to share best practices and various methods by which NGOs can become increasingly sustainable and less donor dependent. The participants shared experiences and thoughts about practical business tools for the NGOs participating in their programs.

The Social Enterprise Program Manager attended the conference and presented Counterpart International - Bulgaria's model to promote the development of Social Enterprises in Bulgaria and help them become self-sustainable without outside funding. This conference highlighted the fact that many NGOs working in these 12 developing regions are adopting extremely innovative approaches to become sustainable and less donor dependent.

The viability and purpose of Social Enterprises was repeatedly discussed throughout the conference. Many good practices in the area of Social Enterprises were presented by representatives from Kyrgyzstan, Kazakhstan, Armenia, United Kingdom, Ukraine, and Slovakia and highlighted the existence of different Social Enterprise strategies. For example, in some of the countries, the legislative framework supports only organizations with business activities that further their core mission. In others, NGOs are not limited in their economic activities: as long as the enterprise subsidizes the activities of the NGO, it is not essential that it is mission-based.

Other discussions centered on the role legal and policy frameworks play in the feasibility and development of social enterprises: should NGOs have tax regulation (like the private sector); should NGOs be eligible for additional tax exemptions given they face additional hurdles; when does a profitable social enterprise become a for-profit business; and can every NGO be a successful social enterprise were all questions discussed during the conference. Regardless of the questions that arose, the underlying fact is that many successful Social Enterprises already exist across the region and more NGOs are thinking of adopting some version of a Social Enterprise strategy.



Latest information from Bulgarian Center for Not-for-Profit Law:

Research of municipal practices for partnership and funding of NGOs

This research presents successful practices from different municipalities in Bulgaria. Within the "NGO Funding from Municipalities" section, are the practices from Ruse, Varna, Pazardjik, and Kurdjali municipalities. For example, in Kurdjali, by municipal decision, regulations for providing financial support to non-profit public benefit entities were established.

The second section of the research is devoted to joint partnership projects, agreements for partnerships, and contracts for joint activities between municipalities and NGOs. Also presented are successful practices from the municipalities of Varna and Smolyan.

The third section presents the most popular form of partnership: the provision of real estate to NGOs for operating public benefit activities. Presented as successful practices in this area are the Community Funds created by

Counterpart - Bulgaria which use municipal properties for free or minimal rent. The analysis put special attention on the successful practices of Community Funds in different cities and described different types of collaboration with local governments.

Attachment 1 of the analysis presents the competition organized by Varna: "Rehabilitation and Social Integrity for People with Disabilities in the Varna Municipality," with the conditions and procedures used by applying NGOs.

The full text of the analysis can be found on the web page of the Social Service Network:
www.bcnl.org/social

Social Service Network

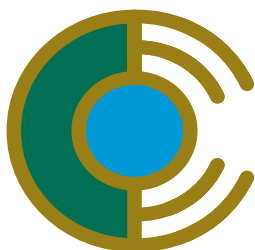
The exchange of information, experience, and good practices exchange is important in the social field due to continuous reform and new expectations from the third sector.

On 10 March 2005, in Hotel Bulgaria, the second meeting of the Social Service Network, initiated as a joint project of the Bulgarian Center for Not-For-Profit Law and Open Society Institute, Sofia, was held. A general review of the development of social reform in Bulgaria and shared successful practices for partnership between local government and NGOs was presented during the meeting.

Counterpart International - Bulgaria is one of the founding members of the Social Service Network. As part of this meeting, Counterpart's Program Director made a presentation on "Social Enterprises - Realities and Challenges in Bulgaria." Together with the Bulgarian practices, the presentation highlighted the role of Social Enterprises in Europe, where

social economy is a political and research priority and social enterprises have a prominent role in social service provision and creation of employment and social integration.

One focus of the meeting was the future development of the Social Service Network as a platform for unifying NGOs as part of Open Society Institute's initiative for consolidation of the third sector, within the Trust for Civil Society in Central and Eastern Europe project. The idea behind the Social Service Network is to unify NGOs participating in social sector reform. The strong interest of leading social service organizations in the network verified the value of sharing experience and good practices and development of common statements and positions.



Bulgaria Community Fund and Social Enterprise Program

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Counterpart International - Bulgaria began implementing the Bulgaria Pilot Community Fund and Social Enterprise Program in October 2001 with funds from the United States Agency for International Development (USAID). Since that time, the Program Team has worked diligently to meet its overarching goal: to enhance the sustainability of Bulgarian NGOs. The objectives established by USAID and Counterpart International to facilitate realization of the goal are: 1) Facilitate the process of Community Fund development; 2) Assist in the development of Social Enterprise throughout Bulgaria; 3) Enhance the capacity of 3 Net Association to support Community Funds throughout Bulgaria; and 4) Document and disseminate lessons learned and best practices for Community Funds and Social Enterprises.

As of this time, the communities of Gabrovo, Chepelare, Blagoevgrad, Stara Zagora, Pazardjik and Tutrakan have developed successfully operating Community Funds that continue to receive training and technical assistance as well as access to finance through our Matching Grants Scheme. Thirty seven (37) Social Enterprises are enrolled in our program and also receive training and technical assistance for the development of their ventures and access to finance through the Social Enterprise Foundation.

Our program ends on September 30, 2006. Through out the period of our program, we anticipate tremendous growth and maturation of the Community Funds and Social Enterprises, and we will be right along side each organization providing support in any possible way.

