



C.E.G.A. Foundation



The Land Source of Income Foundation

DEVELOPMENT PLAN

Income Generation Initiatives

Support Programmes



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I. ORGANIZATION PROFILE

1. C.E.G.A. PROGRAMMES

Since 1996 C.E.G.A. has carried out numerous activities aimed at creating new civic leadership capacities for citizen's involvement practices at community level. A long-term priority of C.E.G.A.'s work has been to provide equal access to development in isolated and marginalized communities and groups. The specific areas of attention include access to social services, education and income generation; as well as building bridges between different ethnic groups, based on respect of culture and rights. One of the most important results of C.E.G.A.'s work is the practical link between action at the grassroots and influencing policy-making at national level. Emerging good practices in the communities are transformed into suggestions for policy change at regional and national level.

Even now, C.E.G.A. is among the few NGOs in Bulgaria, which are developing programmes to support low-income groups in consistence with the requirements of market economy and providing development opportunities for marginalized groups. This has been achieved through two main strands of activities.

The first is the Land Source of Income Programme, which assist landless Roma families to achieve economic independence through sustainable farming in the rural areas of Plovdiv District. The experience accumulated within the pilot phase of this programme proves that giving people the opportunity to become landowners is the most sustainable way in terms of income generation and poverty alleviation.

The second is the Urban Economic Initiatives Programme. It provides support to non-agricultural income generation initiatives.

However, building a completely innovative pilot program addressing poverty in marginalized communities has proved to be a very long process. To be successful, it needs to combine social and economic components with a gradual transition to purely economic instruments. The Land programme has had to pass trough humanitarian assistance approach (completely social) during the Survival for Development phase. Initial social investment is necessary – but

more as a tool for awareness- raising, capacity building and start-up capital accumulation instead of being solely social assistance.

Achievements of the Land Programme were possible thanks to the experience gained in the special pilot programme, which required an intensive investment of time and resources, as well as work with people and institutions within and outside C.E.G.A.'s specialised expertise.

In 2003, C.E.G.A. finalized its strategy for decentralization of the Land Source of Income Programme. The management of the programme has been transferred to the newly registered "Land – Source of Income" Foundation in Plovdiv. This foundation oversees all the activities of the Agro-Information Centre, and is the sole owner of the Land and Income Limited Liability Company (Land LLC). The advantages of the institutionalisation of the programme as an autonomous regional structure include increased local ownership and easier and more flexible decision-making. The Land – Source of Income Foundation continues to work as C.E.G.A.'s strategic partner in both rural and urban areas of income generation.

2. HISTORY OF THE LAND PROGRAMME – LESSONS LEARNED

The Land Programme was initiated in 1997 and went through three phases: Pilot phase; Institutional development; and Establishment of the Land Source of Income Foundation.

Pilot phase

In December 1997 C.E.G.A. Foundation, with the consultancy assistance of the Institute for Market Economy, started to work on the "Land a Source of Income" Programme, where the following priorities were defined:

- Providing access to land for landless Roma families who earn their living in agriculture;
- Helping Roma families develop practical skills for effective agricultural activities by providing on-site consultations and trainings;
- Providing access to financial resources for agricultural operating capital.

The pilot phase lasted 30 months, and ended in June 2000. A financial scheme for providing working capital to Roma families was initially made available in two villages in the Plovdiv District. Because of the pre-existing legal limitations, the financing was done in the form of a

donation, provided that the granted funds were paid back to a special Fund for Regional Development.

During the first year of the pilot phase, the repayment rate in the village of Chalukovi reached 62%. Only a small percentage (14%) of the provided funds were re-paid in the village of Boretz, thus resulting in the termination of the programme in that village. During the second and the third year of the programme, only Roma families from the village of Chalukovi were allowed to continue.

Figure 1: Area of the Land program

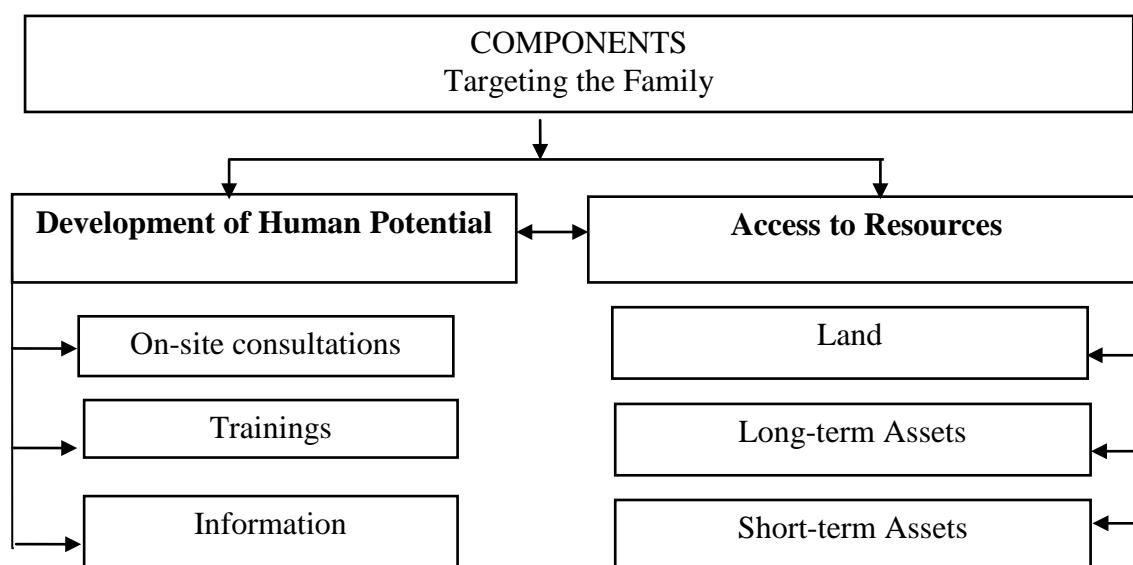


During the three-year pilot phase, the participants had constant access to specialized agricultural information, on spot consultations, working meetings and trainings. However, the reimbursement rate even with the reduced number of participants did not increase and by the end of the pilot phase, it started to decrease.

The results of the pilot phase helped to develop the new aspects of the programme and to clearly formulate the programme's approach and resulting components (see Figure 1). It became clear that providing only financial support or only training was not enough to help the participating Roma families become good agricultural producers. The key was to combine access to information with formal training and financial support. The training process needed to be adapted to adults with ample practical skills but comparatively low educational level. It also became clear that the Fund for Regional Development could operate efficiently if only

managed by a specialized financial body. It became apparent during the pilot phase that the terms of lending money needed to be secured by some kind of binding contract. And, the most important lesson learned was that if the programme wanted to fight poverty in the Roma communities in Bulgaria, the focus had to shift to the entire family, including the children, instead of just working with the single individual.

Figure 2: Programme Approach



Institutional development

The institutional development of the Land programme during the period of 2000-2005 followed the approach and the components identified during the pilot phase. In year 2000, the Agro-Information Centre was established in Plovdiv, with the main task of organising the human capital development, and the Land LLC, as a legal structure that manages the Regional Revolving Fund.

- *Agro-Information Centre.* In September 2000, the Agro-Information Centre was established in Plovdiv. However, it is not formally registered as a separate unit. The Centre provides a wide range of consulting services, distributes specialized information, and provides trainings and on-site agricultural consultations. In addition the centre works in close cooperation with local secondary agricultural schools and specialists from the University of Agriculture-Plovdiv. It is also responsible for building and sustaining partnerships with key regional stakeholders – the district office of National Fund Agriculture, the district

office Agriculture and Forestry of the Ministry of Agriculture, the Plovdiv District Administration, municipal administrations, est.

- *Land LLC*. The Land LLC was established in September 2000. It is the legal entity responsible for managing the Regional Revolving Fund in compliance with current Bulgarian legislation. During the programme's pilot phase it became clear that the fund had to be managed professionally, so the team initially tried to use existing financial institutions such as banks, credit institutions and financial houses. The advantage of such partnership was that the program would have benefited from the specialized skills of these commercial institutions. The team met with several representatives of such institutions in 1999, but they were not interested in managing the fund for the following reasons: (1) they considered the overall size of the fund too small and for them smaller loans were not attractive; (2) the target group was deemed too risky; (3) the investment in agriculture was considered unprofitable; and using land as collateral was believed to be risky. Therefore, the team opted to do the second best thing - creating an independent legal structure - the LLC - to manage the fund. The disadvantage of this option is that the organization had to develop new skills. Implementing this option, however, created several opportunities. First, it allowed more freedom in experimentation and adaptation of the financial schemes to fit better to the needs of the Roma families. Second, it provided additional transparency, since the management of the fund is a subject not only to internal, but also to external controls of the Bulgarian tax authorities.

Land –Source of Income Foundation

In 2003, C.E.G.A. finalized the strategy for decentralization of the Land-Source of Income Programme and its strategic spin-off. The management of the programme had been transferred to the newly registered “Land – Source of Income” Foundation in Plovdiv. This foundation is in charge of all the activities of the Agro-Information Centre, and is the sole owner of the Land Limited Liability Company. The advantages of the institutionalization of the programme as an autonomous regional structure allows more flexible decision-making. The Foundation works as a strategic partner of C.E.G.A. in the area of income generation, both in rural and urban areas. The participants of the program come from 7 municipalities: Perushtitsa, Rodopi, Sadovo, Rakovski, Brezovo, Parvomaj, Kaloyanovo.

Figure 3: Organizational chart of the Land Programme since 2003

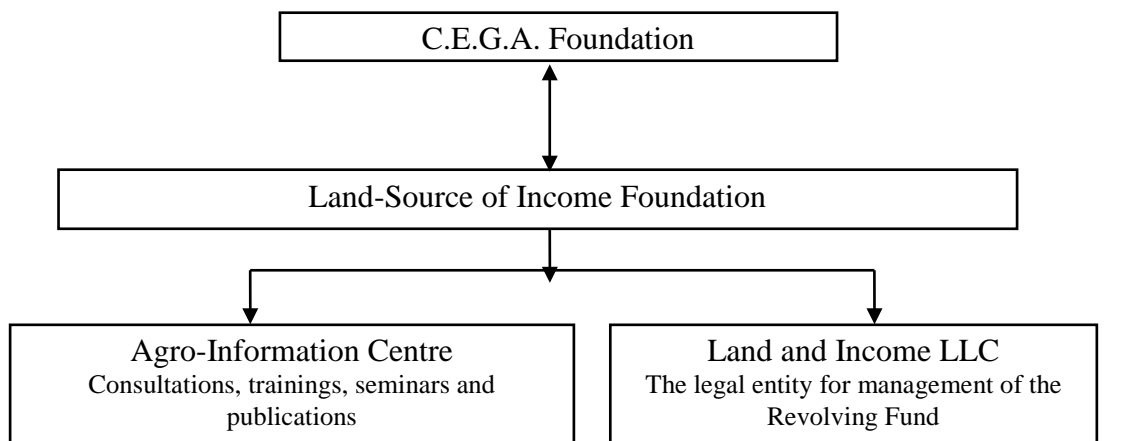
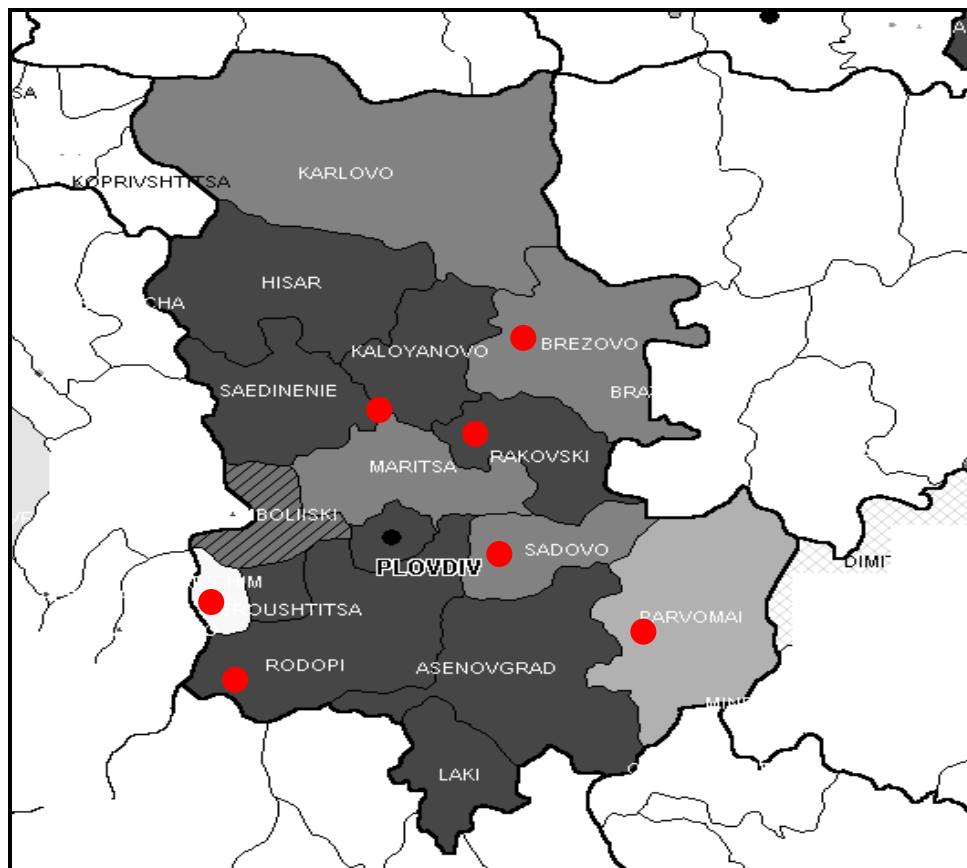


Figure 4: The municipalities in the Plovdiv Region



Regional Revolving Fund. Currently the size of the Revolving Fund for the Land programme is €53000 Euros. Even though the critical mass for the fund has not been achieved, it is not shrinking but is slowly growing instead, thanks to careful cost management. The LLC does not have its own premises; it uses the Foundation and the Agro-Information Centre's offices. As well, the team was able to negotiate a temporary discount for the accountant services, since the same accounting firm serves both the Foundation and the LLC.

3. URBAN INITIATIVES

The idea of supporting urban income generating activities came from two sources: past experience with Roma self-help bureaus and from the Land programme. In most cases the self-help bureaus were assisting people by: (1) filling out application forms for unemployment benefits; (2) providing information for available jobs; (3) mediating the negotiations with employers, etc. These efforts have proven useful, but given the high unemployment rate among the Roma communities, the idea sprang to help these people who want to start their own businesses. The results from the Land programme, together with the experience gained from the economic initiatives in rural areas showed that Roma people are able to develop small business. In addition, crop-production provides income only once a year, but in order to reach a normal standard of living, these people need a constant stream of income throughout the year.

In 2005 a study was conducted among the C.E.G.A. partner organizations working in the urban areas. It confirmed the strategic need for more regular income generation, but also revealed serious problems in implementation of such initiatives. First, unlike the agricultural Land used as collateral in the land programme, the property in the urban “ghettos” cannot be used to guarantee the return of the lent out funds. Second, there is strong community pressure not to return the money borrowed. In addition, most of the organizations working in urban areas have expertise in conducting educational and social programmes, but no skills in managing income generation activities. Therefore, the team formulated the following guidelines for the urban income generation initiatives:

- To experiment first in smaller size communities where the difference between the town and the Roman “ghetto” is not so significant;
- To start with smaller initiatives, focusing on areas where the participants already have some skills;
- To develop management skills in the local partners so they can support the local income generating activities;
- To combine agricultural income generating activities with alternative non-agricultural income generating activities in rural areas.

The Revolving Fund for Urban Initiatives currently is €5000 Euros.

II. THE PRODUCT

The product mix that the Land program currently offers to the beneficiaries consists of: (1) consultancy services, trainings and information; (2) access to financial resources.

1. CONSULTANCY SERVICES, TRAININGS, INFORMATION

The main goal of the consultancies, training and provision of information is to develop the human capital and to help the Roma families to become competitive agricultural producers. In this respect the Agrocentre provides:

On-site Consultations. All families participating in the programme are visited at least twice a month, starting from the beginning of March and going until the middle of November.



On-site consultations in the villages of Chalukovi, Momino, and Striama

Trainings. Two types of formal trainings are offered to the programme participants. The first type is more general and is organized at the end of each year. The second type of trainings is more specialized, focusing on specific topic and targeting a smaller audience (wine-growing, animal husbandry, etc.).



Training in vine-growing in Perustitca 2006



Training in general agriculture, Plovdiv, 2003

Work with Secondary Agricultural Schools. The Centre has supported young Roma people from two agricultural schools in the Plovdiv District to apply textbook knowledge to hands on agricultural activities. The participants in the initiatives visited elite agricultural and stockbreeding farms in the country and became aware of their practices and modes of operation. The main idea here is: (1) to use the capacity of the specialized schools; (2) to provide incentives to the Roma children to improve their education; (3) to stimulate a transfer of knowledge from the schools to the Roma families.



Bee keeping-Perustitca



Rabbits raising -Kuklen



Perennial crops garden- Perustitca



Seedling material -Kuklen

Specialized Information. The Agro-Information Centre has published a series of 12 specialize booklets with guidance on raising the main crops grown in the region, plant

protection techniques and information about irrigation. The techniques outlined in the brochures were specifically adapted to meet the needs of the small farmers and adults.



Published agricultural technologies by the Agrocenter

Information about National Programmes for Poor and Landless People. The Bulgarian government has a programme that provides land to landless people. However, in most cases this land is of poor quality and it is not appropriate for intensive farming. Nevertheless, when this national programme is initiated in a given local municipality, the Agro-Information Centre sends a staff member to this community to help Roma People in the application process.



A leaflet informing about the State program for landless people

2. ACCESSES TO FINANCIAL RESOURCES

The main goal of the financial schemes is - the Roma families to become owners of land and equipment. There are three distinct LLC financial schemes for purchasing: (1) private land; (2) Long-term assets (small farm equipment); and (3) Short-term assets (fertilizers, chemicals, certified seeds).

All of the financial schemes have three key elements: down payment, interest charged and collateral. The down payment ensures that the families are ready to invest and risk their own resources. The interest rates preserve the purchasing power of the Fund for the future. The land that is used as collateral guarantees the recovery of the money if a participant defaults on their loan.

Table 1: Financial Scheme Terms

Conditions		Land	Long-term Assets	Short-term Assets
Down-payment	%	20	30	50
Annual Interest Rate (simple interest)	%	6	7	7
Duration	years	5	3	1
Collateral		Land	Land and the assets bought	Land

Land Scheme. The financial support under this scheme is up to 5 year, the interest rate is 6% and the down payment of the participant is 20%. The land is purchased by the LLC and the land ownership is transferred to the Roma families after repayment of all instalments. This scheme is applied in the following way. The Roma family finds a track of land it wants to purchase and negotiate a price with the landowner. Then the manager of the Land LLC checks the necessary documents regarding the land ownership and screens the land prices in the village. A representative of the Agrocentre takes soil samples and sends them to a soil laboratory. Considering the results from the soil tests and the land prices in the region, the manager of the LLC together with the Roma family and the seller of the land negotiate the final land price. A legally certified contract is signed with the participant in the program

regarding the instalment payments. If the instalments are repaid earlier than the specified in the contract period, for example 3 years, the interest is charged only for 3 years.

Long-term assets scheme. This schema is used for purchasing: irrigation pump; agricultural tools; agricultural machinery; animals. It is available to the Roma families who already have land. The financial support is up to 3 years, the annual interest rate is 7% and the down payment by the participant is 30%. The asset is purchased by the LLC and its ownership is transferred to the Roma family after repayment of all instalments. In addition, the land owned by the family is used as collateral.



Participants in the program from village of Perustitza

Short-term assets scheme. This scheme is for purchasing agricultural consumables such as seeds, seedlings, fertilizers, and chemicals for plant protection ext. It is available to Roma families who have started to pay the instalments for their land. The financial support is up to 1 year, the interest rate is 6% (at once) and minimum 50% self funding. The financial support can not exceeds the amount of the instalment for the land repaid to the LLC.

III. THE MARKET

1. MACROECONOMIC ENVIRONMENTAL ANALYSIS

From a macroeconomic point of view during the last years Bulgaria has been able to achieve sustainable growth and stability. The figures in Table 1 clearly show the main trends of Bulgarian economy after the year 2000. For the period after year 2000 Bulgaria has a stable annual growth rate of over 4%. This allowed the GDP for 2005 in current prices to over-reach the sum of 41 billion levs. The expectations are this trend to be kept for the next 5-year period.

Table 2. Bulgaria – macroeconomic indicators for the period 2001 – 2005

Indicators	measure	2001	2002	2003	2004	2005
GDP	Million levs	29 709,2	32 335,1	34 410,2	38 275,3	41 948,1
Real growth of GDP	% increase	4,1	4,9	4,5	5,7	5,5
Industry	% of GDP	29,6	29,1	29,7	29,9	30,4
Agriculture	% of GDP	13,4	12,1	11,7	10,8	9,3
Unemployment rate	%	17,9	16,3	13,5	12,16	10,1
Inflation(at the end of the year)	%	4,8	3,8	5,6	4,0	6,5
Annual inflation	%	7,4	5,8	2,3	6,1	5,0
Export	Million levs	16 509	17 180	18 500	22 209	25 506
Export growth	%	10,0	7,0	8,0	13,0	7,2
Import	Million levs	18 760	19 320	21 779	26 111	32 449
Import growth	%	14,8	4,9	15,3	14,1	14,6
Trade balance	Million levs	-3 478,1	-3 308,9	-4 302,0	-5 315,9	--
Bulgarian National Bank Reserves	Million Euro	4 061,2	4 574,8	5 308,6	6 770,4	7 370,3
Budget deficit	% of GDP	-0,6	-0,6	0,0	0,1	0,5
Currency rate	lev/\$	2,18472	2,07697	1,73262	1,57511	1,57415
Basic Interest Rate	%	4,67	3,35	2,67	2,36	2,05
Government debt	% of GDP	73,6	56,0	47,8	40,9	32,40

Source: ¹<http://www.bnb.bg/bnb/home.nsf/vPages>

Along with the economic growth we can see the clear trend of increasing overall economic stability as far as inflation, unemployment and interest rate indicators are concerned. The inflation rate from 11,4% in 2000 has decreased to 4,0% in 2004. The unemployment rate figure is gradually decreasing as well – from 17.9% in 2001 to 10.1% in 2005. Economic forecasts predict the positive trends to continue for the next 3 years. These results have

allowed Bulgarian economy to catch up the rates of the eight new member states from Central Europe. The information in Table 2 is a clear proof of this conclusion.

Table 3. Bulgaria and the new Central European member states – comparative economic analysis for the period 2000-2004

Country	GDP per capita 2003 (in USD)	GDP growth %	Inflation %	Payment balance(% of GDP)	Private sector (2004% GDP)	Net Foreign Investments (%GDP)
Bulgaria	7 501	4,9	6,4	-7	75	7,7
Croatia	11 139	4,1	2,8	-5,5	60	5,3
Check Republic	16 448	3,1	2,7	-5,8	80	7
Estonia	13 348	6,5	3,5	-9,6	80	5,1
Hungary	14 572	3,9	7,1	-8	80	3,9
Latvia	9 981	7,5	3,2	-8,6	70	3,5
Lithuania	11 250	6,7	0,5	-3,1	75	3
Poland	11 623	3,1	4,4	-3	75	2,9
Rumania	7 222	5,2	28,7	-5,4	70	3
Slovakia	13 469	4,1	7,7	-4,7	80	7,4
Slovenia	19 300	4,1	7,7	-4,7	65	7,4
New members-8	13 749	4,9	4,6	-5,9	76	5

Source: EUROSTAT

But this optimistic picture of Bulgarian economy hides the extremely low living standard in comparison with the other European countries. The income per capita/measured in PPP/ in 2003 is only 30% of the average for the 25 EU member states and 57% of that of the new members.

One of the problems is that Bulgaria is the second from the bottom between the Central European countries in participation of the labour force on the labour market (49.4 %) and it has the lowest overall employment rate (43.6 %). The negative effects of these facts are further deepened by the negative population rate (-0.7% annually) and net migration increase (-0.1 % annually).

2. CONSULTANCY SERVICES, TRAININGS, INFORMATION

The legal framework: *The Law for professional education and training* (State gazette N. 68/30.07.1999) is the main legislative document in this area. It regulates the organization, management, the institutions and the system for professional training in the country. *The Law*

for people education (State gazette N 86/18.10.1991) regulates the structure, the function and management of the system of formal education. This law guarantees professional education according to the state educational standards. *The Law for higher education* (State gazette 112/27.12.1995) regulates the system of university education.

Actors in the field

The National Agency for Vocational Education and Training has been established with the Vocational Education and Training Act in 1999. It is a Council of Ministers' body for: (1) licensing of activities in the vocational education and training system; (2) coordination of the institutions involved in the vocational education and training (<http://www.navet.government.bg/en/index.html>)

State programs for supporting agricultural education. There are two state programmes for supporting the agricultural vocational training: (1) The SAPARD programme (measure 09/3.1.) managed by the Ministry of Agriculture and Forestry (<http://www.mzgar.government.bg/>); and (2) the AMLM programme of the Ministry of Labour and Social Policy (<http://www.mlsp.government.bg/bg/index.asp>) and The National Employment Agency (http://www.az.government.bg/eng/index_en.asp). In order to apply for funding from both programmes the organizations need to be licensed and in the case of the second programme, they need also to provide 25 % co-funding. There are only a few organizations that have been licensed to provide vocational agricultural trainings.

The National Agricultural Advisory Service is established in 1999. It provides information, special advices, on spot consultations and other services to agricultural producers. Services are free for the farmers and are funded by the Ministry of Agriculture and Forestry. It has an Analytical laboratory and 28 Regional Agricultural Advisory Offices in each of the district centres in the country. The analytical laboratory carries out soil, water and other analysis and provides recommendations. The local offices provide information for the new state credit programmes and organize training and qualification courses (<http://www.naas.government.bg>).

The National Agricultural Advisory Service, however, works mainly with the registered agricultural producers. Most of the Roma people however are not registered. In addition, currently the regional offices do not have enough resources (human and material) to perform the assigned tasks.

The local agro-chemical shops. These shops sell fertilizers and other chemicals for agriculture and one can find them in nearly every settlement. The person who opens a chemical shop must have M.A. degree in plant protection but for working as a shop assistant there is no such a requirement. The shop assistants often provide consultancies to producers and suggest chemicals to them. In many cases, however, the chemicals that have been on stock for a long time is recommended instead of the cheaper and more effective ones.

The High Agricultural Specialized Schools. These schools provide high school agricultural education to boys and girls from 16 to 19 years. They have their own small farms where the practical trainings are conducted. The schools can organize training for adults, but after preparing and submitting a project to some of the State training programs. The problem here is that the schools do not have experience in working with adults and their study programs are not adapted for this purpose. They also do not have the necessary skills for preparing and managing projects. In addition, in most cases the State programs require financial contribution by the organization managing the project. Although, these schools can organize training for adults, none of them has done this up to now.

House of Science and Technology – Plovdiv. It is an NGO licensed to provide trainings to agricultural producers. They have well developed study curricula for several agricultural professions. However, their programs are from 300 up to 900 study hours and the training period is very long. In addition, they do not have fields for conducting practical training, and do not have connections with agricultural producers. Up to now the House has organized only one course for mushroom production.

Current situation

The training activities in Bulgaria are highly regulated. Only officially licensed organizations can apply for the State education programs. In order to be licensed for training services an organization needs to prove that it has its own or rented training facilities and developed study programs approved by the State authorities. The license taxes and fees go up to 5000 levs and the whole process takes a period of 6 to 12 months.

According to official statistics in 2003 over one million people have participated in vocational training activities. There are no differences between male and female participants. However, only 7,4% of all participants are from the rural areas and the rate of participation declines with the age.

Table 4: Share of the population over 16 years participated in vocation training -2003 (%)

Gender	Total	Type of training		
		formal	informal	Independent
Total	19,7	7,9	1,7	15,8
Male	19,3	7,8	1,5	15,4
Female	20	8	1,8	16,2
In towns	25	10	2,2	20,5
Male	24,6	10	2	20
Female	25,4	10	2,4	20,9
In villages	7,4	3,2	0,5	5,3
Male	7,3	3	0,5	5,2
Female	7,4	3,4	0,5	5,3

Source: Baeb, 2006

Table 5: Share of population over 16 years old participating in vocational training -2003 (by age) (%)

Age	Total	Type of training		
		formal	informal	Independent (by himself)
Total	19.6	7.9	1.7	15.8
16 – 24	61.3	49.4	4.3	38.3
25 – 34	21.6	3.9	2.7	19.9
35 – 44	19.4	0.5	2.1	18.7
45 – 54	15.9	0.1	1.3	15.7
55 – 64	6.5	-	0.4	6.4

Source: Baeb, 2006

In summary, the agricultural consultancy, training and information services in the Plovdiv region (the situation is similar in the rest of the country) are not well developed. Each of the organizations involved has some strengths but suffers from serious weaknesses. The State Agricultural Advisory Services can not reach the small agricultural producers and especially these of Roma origin. The chemical shops follow their own economic interest. The specialized agricultural schools currently do not have the necessary capacity to manage educational projects. The House of Science and Technology do not have a field for practical training and contacts with agricultural producers. As a result, no formal trainings for adult have been organized in the area and consultancies are provided occasionally.

3. ACCESS TO FINANCIAL RESOURCES

Legal framework: The legal framework for financial support is provided by: (1) Trade law (State gazette N.48 /18 06 1991r; (2) The Law for obligations and contracts (State gazette N.275/ 22.11. 1950r. (3) The Bank law (State gazette N.52 /.06.1997z.)

Bank loans

Banks in Bulgaria offer several different types of credits. The consumers' credits are often short term and the interest rate varies from 10 to 16%, depending on whether there are guarantees of the loan or not. The consumers' credits are allowed mainly to people that have a permanent job and get salaries regularly. The mortgage loans are often long term and the interest rate varies from 5 to 10%. Banks often offer special loans to some groups of people or for certain branches of the economy.

Some of the banks offer special loans for agricultural producers (see the appendix), with interest rate from 7 to 12%. Most of these loans are given after the State Fund Agriculture approves the projects. Although, the banks now approve more credits compared to 2000, still they are less willing to provide credits for agriculture and especially for small producers. In addition, for such loans nearly all banks require down payments of about 30% and collateral, which value cover up to 120% of the money lent. These loans resemble more the leasing schemes than bank loans. Mainly larger farmers have access to these credit lines. Some of the smaller farmers use consumer's loan to finance their agricultural production. However, only families that have a member working outside agriculture have a chance to get a consumer's loan.

The ALLIANZ bank is the only one that offers loans for purchasing agricultural land with interest of 9-to10%. The bank requires 30% down payment and sets a maximum price per decar of 250 leva. However, this scheme is open only to large agricultural producers who have cultivated at least 1000 decars of land for at least 2 years (see the appendix). ProCredit bank offers financial support to agricultural producers up to 250000 leva, for a period up to 10 years for investment and up to 1 year for working capital. The bank initially charges 3% on the approved credit. The interest rates for the smaller loans are about 13%. The applicants must be registered as agricultural producers and need to have experience in agriculture of at least a year. The bank also charges various fees if the client want to change the term of the

contract or to repay the loan earlier. Collateral is required for the bigger loans (more than 10000 levs). (<http://www.procreditbank.bg>)

In summary, during the last year, the banks have started to open their credit lines to agricultural producers. However, in most case, the loans are conditional, after approval by the State programmes. The State programmes are open only to officially register agricultural producers who do not have obligation to the State (unpaid taxes) or unpaid contributions to the Social Security funds. The consumers' loans are approved only to people with permanent jobs.

Leasing services

The leasing services are better developed and more flexible compared to the bank loans. Nearly all of the leasing companies require 20-30% down payment and charge interest rates from 5 to 10% (simple interest). In the table bellow are presented the leasing schemas of 5 companies. The data presented is calculated with the same input data and using the companies' web interest calculators.

Table 6: Lease financial schemas of 5 companies

Parameters		BM Leasing	IBT Leasing	Eurolising	UniCredit	Unionleasing
Price of assets	Levs	5000,00	5000,00	5000,00	5000,00	5000,00
Lease price	Levs	5452,52	5500,00	5400,00	5235,96	5250,00
Lease cost rising	Levs	452,52	500,00	400,00	235,96	250,00
Interest rate- simple interest	%	0,09	0,10	0,08	0,05	0,05
Tax for processing documents	%		1			
Period of the loan	months	12	12	12	12	12
Down payment	%	30	30	0	30	30
Down payment	Levs	1500,00	1500,00	0,00	1500,00	1500,00
Lend money	Levs	3500,00	3500,00	5000,00	3500,00	3500,00
Interest/money lend	%	0,13	0,14	0,08	0,07	0,07

Source: (accessed at 23.08.2006)

BM Leasing: trucks, Lorries: http://www.bm-leasing.com/BMLeasing/BG/main_page_frmset.htm

IBT Leasing – preferably information technology: <http://www.leasing.ibtbg.com/leasing-uslovia.htm>

UniCredit – agricultural equipment: <http://www.unicreditleasing.bg/agricultural.html>

Eurolising- consumers' goods : <http://www.evroleasing.com/index.php?page=services&lang=bg>

Unionleasing-agricultural equipment: <http://www.unionleasing.net/agrar.html>

BM Leasing is specialized in purchasing transport equipment with prices from 20000 to 1000000 Euros for a period of 6 to 42 months. The interest rate charged is from 8,70% to 9,70% for the products of the company and from 12,95% to 14,95% if the equipment is

bought from external supplier. **IBT leasing** concentrates on computer equipment and information technologies. It offers financial schemes for 12, 18, and 24 months, but the period is negotiable. The loan is provided in EURO. The annual interest (simple interest) varies from 9,5% to 13,4% depending on the size of the down payment and the repayment period. The fee for processing documents is 1% of the Lease price. The down payment (20%-30%) is due with the first instalment. **Euroleasing** concentrates on consumer's goods with lease prices from 250 to 3000 levs and for periods of 6,12 or 24 months.

Unicredit leasing offers financial support for purchasing of new farm equipment. The minimum value of the leasing is 10000 Euros for a period of 6 to 60 months. **Unionleasing** offers financial support for purchasing old and new agricultural equipment. The maximum value of the equipment is 175 000 Euros. The down payment is minimum 20% and the annual lease cost increase is up to 5,5%, and the lease period is up to 3 years. The lease instalments are due in euros or in levs. The firm requires insurance of the equipment.

In summary, the leasing services are better developed and suited to the small farmers. Still, they are not easily accessible by the small and poor agricultural producers.

Programmes for supporting the small businesses

There are several programmes for supporting the small businesses in Bulgaria. Most of them provide access to financial resources through leasing schemes. All of them have been established after year 2000 as a response to the bank policy requiring large and unattainable for the small business collaterals for the loans. However, after their establishment gradually many started to use similar requirements as the banks or the leasing companies.

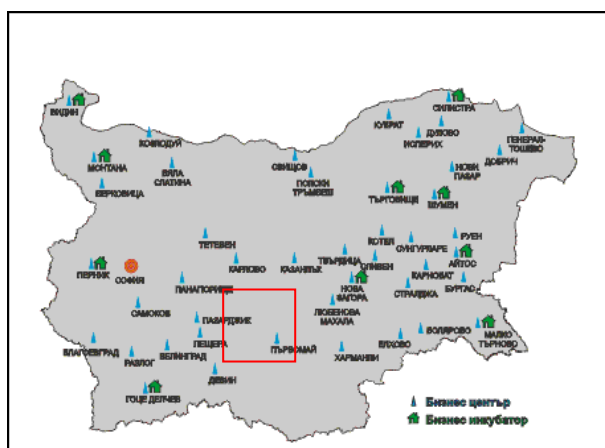
Programme of UNDP - JOBS centres. The target groups of this program are the unemployed people, small entrepreneurs, and marginalized groups. The beneficiaries of this programme receive consultancy services, information, trainings and financial support. There are 6 JOBS centers in the Plovdiv region (Velingrad, Karlovo, Pazardjic, Panaguriste, Pestera, Purvomai). A special part of the program, which is funded by the Norway government is supporting the herbs and alternative agricultural production. The JOBS centres provide agro consultations, trainings and also purchase the herbs produced by the participants in the programme. Under this programme 109 dka of herbs were planted and about 150 people have been trained (among them were 10 Roma and 24 Turkish families).

Table 7: Financial schemes offered by the JOBS centres

Conditions		Small firms	Registered Unemployed people
Maximum size of the loan	levs	25000	5000
Down-payment	%	20	10
Annual Interest Rate	%	Central bank IR +10%	Central bank IR +10%
Gratis period	months	6	6
Duration	years	3	4
Collateral			

Sources: Adapted from http://www.jobs-bg.org/leasing_bg.htm

Figure 5: Location of the JOBS centres



Sources: http://www.jobs-bg.org/whereis_bg.htm

Figure 6: Location of the Microfond LTD centres



Sources: <http://www.micro.ngorc.net/index.php?p=map>

Legend: The red square is the area of the Land Source of Income Program

Microfond LTD. Microfond LTD is a financial institution created after a successful micro-credit programme of the “Resource Centre” Foundation. It has branches in 17 towns. Its target group includes small enterprises, agricultural producers and people who wish to start their own small business. The fund offers four main financial schemas. The interest rate varies according to risk of the loan but is around 12%.

Project “Guarantee Fund for Micro-credits”. This is a project of the Ministry of Labour and Social Policy. The target groups of the project are the small and medium enterprises, unemployed people, craftsmen, cooperatives, and agricultural producers. The fund provides up to 100% guarantees of the credit, interest rate subsidies (up to 100% interest rate subsidy for handicapped people). Trainings are not provided. The fund offers three main financial schemes: for investments; working capital; and for both.

Table 8: Microcredit schemes of “Microfond” LTD

Conditions		Micredit – start	Micredit - Success	Microcredit -Standard	Microcredit –Quality
Maximum amount	\$	7000	15000	2000	15000
Down-payment	%	up 10	n.a	n.a	n.a
Annual Interest Rate	%	12	12	12	12
Gratis period	months	n.a	n.a	n.a	n.a
Duration	years	up 2	up 2	up 2	up 1
Collateral		Property, Equipment	Property, Equipment	Referees, Equipment	Property, Equipment

Source: adapted from <http://www.micro.ngorc.net>

Table 9: Financial schemes of project “Guarantee Fund for Micro-credits”

Conditions		Investments	Working capital	Investments and working capital
Maximum size of the loan	Levs	30 000	30 000	30 000
Down-payment	%	Up 30%	Up 30%	Up 30%
Annual Interest Rate	%	6-8	6-8	6-8
Gratis period	Months	12	6	12
Duration	Years	7	3	7
Collateral		100-130% Property, Assets Guarantees	100-130% Property, Assets Guarantees	100-130% Property, Assets Guarantees

Source: Adapted from <http://www.mlsp.government.bg/bg/projects/micro>

The Agriculture State Fund provides support to agricultural producers in accordance to the State policy. It has three main programmes: Agricultural equipment; Plant breeding and Animal husbandry. Housing properties are preferably used as collateral and it has to cover from 105 to 140% of the loan value. In some cases, land and perennial crops can also be used as collateral. The State fund “Agriculture” provides support only to registered agricultural producers, who does not have financial obligation to the state and the social security system.

Table 10: Financial schemes for purchasing machinery and equipment through the Agriculture State Fund

Conditions		New machinery and equipment		Used machinery and equipment	
		Fund Agriculture	Banks	Fund Agriculture	Banks
Down-payment	%	30	0	30	0
Annual Interest Rate	%	6	9	6	9
Loan Management Fee	%	1	Bank req.	1	Bank req.
Gratis period	months	9	9	9	9
Duration	years	4	2,5	4	2,5
Collateral		the purchased equipment	Bank requirements	the purchased equipment	Bank requirements

Table 11: Financial schemes for purchasing cows and sheeps through the Agriculture State Fund

Conditions		Cows		Sheep	
		Fund Agriculture	Banks	Fund Agriculture	Banks
Minimum number	Numb	10		50	
Down-payment	%	30	Not required	30	Not required
Annual Interest Rate	%	6	9	6	9
Loan Management Fee	%	1	Bank req.	1	Bank req.
Gratis period	month	18		12	
Duration	years	4		2,5	
Collateral		Housing property; Land; Perennial crops	Bank requirements	Housing property; Land; Perennial crops	Bank requirements

Table 12: Financial schemes for purchasing pigs and hens through the Agriculture State Fund

Conditions		Pigs		Hens	
		Fund Agriculture	Banks	Fund Agriculture	Banks
Minimum number	number	50		1500	
Down-payment	%	30	Not required	30	Not required
Annual Interest Rate	%	6	9	6	9
Loan Management Fee	%	1	Bank req.	1	Bank req.
Gratis period	months	6		6	
Duration	years	1,5		2	
Collateral		Housing property; Land; Perennial crops	Bank requirements	Housing property; Land; Perennial crops	Bank requirements

Source: Adapted from “Handbook for application of the current SF “Agriculture” programmes for support of agricultural producers”

4. THE LAND MARKET

During socialism the agricultural production was organized by large agricultural enterprises. The agricultural reform in Bulgaria was carried out between 1990 and year 2000. The old socialist types of cooperatives were liquidated and the land was returned to the owners of 1950 or their inheritors. The pre-collectivisation landownership in Bulgaria was highly fragmented and the restitution process further intensified the problem. Most of the landowners have several inheritors holding equal rights. This led to severe fragmentation of land ownership. To fight land fragmentation the Bulgarian legislation imposed a restriction on the land plot size, below which the plots cannot be subdivided (for arable land 0,3 ha and for perennial crops 0,1 ha.) but the processes of land fragmentation continued. Soon after the old cooperatives were liquidated, new cooperatives were established almost in all villages. In the end of the agricultural reform the Bulgarian agriculture is characterized by: many small nearly subsistent farms, operated by people in or close to retirement age, cooperatives in unfavourable financial condition and large commercial farms. The number of the average size family farm is low. The land fragmentation and the established after the agrarian reform farm's structure have a strong impact on the land price. However, these two factors differ from region to region. In the Plovdiv district, the land is highly fragmented. Initially, the newly established cooperatives controlled most of the land, but because of bad management, most of them bankrupted. During the following years small individual producers started to cultivate the land released by the cooperatives. Since, year 2000, however, large commercial farmers entered into the region and this increased the competition and the land price. The land market in Bulgaria is getting more competitive. Since year 2000 the number of land transactions on the sale market increased 10 times, the land sold/bought and the land price increased 5 times. The main driving forces behind this trend are: (1) the state policy for supporting agriculture; (2) the expectation that the real property prices will increase after EU accession. The expectation for the next few years is this trend to continue and the land price may go above its reasonable level for some period.

In the villages where the programme operates, the trend is similar, but the land prices are still reasonable and allow Roma families to profit from investing in land. One of the problems that we face is related to land fragmentation. If the plots are small, the legal fees for purchasing the land can reach up to 180% of the land value.

Table 13 Number of transactions on land sell market in Bulgaria (2000-2005)

Eurostat regions	Number of transactions					
	2000	2001	2002	2003	2004	2005
North-west	970	1719	2823	1912	5865	6577
North-central	2065	4087	6949	8162	7775	12445
North-east	3836	16372	13510	12244	15583	18378
South-east	1436	2332	4676	4740	8148	11474
South-central	1623	5506	5353	4006	8787	12525
South-west	1230	1788	2667	1404	2279	4946
Country	11160	31804	35978	32468	48437	66345

Source: Status and tendencies in the development of the land market in Bulgaria, SAMI (2000-2005)

Table 14: Land sold in Bulgaria (2000-2005)

Eurostat regions	Land sold (dka)					
	2000	2001	2002	2003	2004	2005
North-west	16024	18750	30766	21173	63951	74026
North-central	25412	66695	73277	85100	77403	115822
North-east	113538	407932	173189	167091	184382	202855
South-east	14423	42935	33509	40160	77316	102504
South-central	18169	49390	32796	27141	50832	77285
South-west	5519	9265	11044	5057	9446	21857
Country	193085	594967	354581	345722	463330	594349

Source: Status and tendencies in the development of the land market in Bulgaria, SAMI (2000-2005)

Table 15: The land sold per transaction in Bulgaria (2000-2005)

Eurostat regions	Land sold (dka)					
	2000	2001	2002	2003	2004	2005
North-west	17	11	11	11	11	11
North-central	12	16	11	10	10	9
North-east	30	25	13	14	12	11
South-east	10	18	7	8	9	9
South-central	11	9	6	7	6	6
South-west	4	5	4	4	4	4
Country	17	19	10	11	10	9

Source: Calculated from the previous tables

Table 16: Average land price in Bulgaria (2000-2005)

Eurostat regions	Average price leva/dka					
	2000	2001	2002	2003	2004	2005
North-west	128	92	115	92	89	115
North-central	105	97	120	104	140	190
North-east	123	129	107	117	138	1157
South-east	112	126	164	157	545	4212
South-central	215	308	281	297	737	891
South-west	618	509	574	967	2591	15366
Country	137	141	141	143	306	1854

Source: Status and tendencies in the development of the land market in Bulgaria, SAMI (2000-2005)

Table 16: Land transactions on the sale market in the villages of the programme 2001-2005

Village	2001			2002			2003			2004			2005		
	numb. of transact.	dka	price range	numb. of transact.	dka	price range	numb. of transact.	dka	Price range	numb. of transact.	dka	price range	numb. of transact.	dka	price range
Momino selo	4	35	120-200	5	44	120-200	3	50	180-200	1	24	210	15	137	180-200
Padarsko	n.a.	n.a	n.a.	1	29	175	1	28	160	1	10	173	2	64	200-250
Chalukovi	25	149	80-200	8	78	150-250	11	78	150-200	2	8	180-200	6	33	180-250
Choba	n.a.	n.a	n.a.	58	518	120-160	7	113	125-160	28	176	150-300	34	270	150-350
Perustica	n.a.	n.a	n.a.	65	196	200-500	60	156	102-304	110	300	250-1000	104	345	270-1000
Brestovitza	57	218	500-1500	33	92	100-300	43	137	n.a.	76	224	200-800	156	497	200-600
Purvomai	69	422	150-550	17	62	300-500	17	108	150-350	23	116	100-250	26	167	200-300
Striama	n.a.	n.a	n.a.	13	90	120-200	16	154	100-200	60	560	100-200	28	202	180-200
Cheshnigirovo	n.a.	n.a	n.a.	10	32	n.a.	25	86	n.a.	46	218	200-600	118	531	300-650

Source: System for Agro-market Information 2001-2005; the condition and tendency in the land market in Bulgaria.

Table 17: Land transactions on the sale market by land category in the Plovdiv region 2001-2005

Land category	2001			2002			2003			2004			2005		
	numb. of transact.	dka	Price	numb. of transact.	dka	price	numb. of transact.	dka	price	numb. of transact.	dka	price	numb. of transact.	dka	price
Arable land	2303	16648	440	1669	8551	n.a.	1735	11084	329	2324	13599	287	3348	20106	333
Perennial crops	146	521	900	406	1316	n.a.	384	2818	263	473	2601	319	572	2511	437
Meadows	13	145	286	47	240	n.a.	35	578	252	81	329	236	124	635	366
Rice field	65	601	1000	21	330	n.a.	12	96	170	47	439	254	105	253	630

Source: Status and tendencies in the development of the land market in Bulgaria, SAMI (2000-2005)

Figure: Share of land controlled by the different farm units in the Plovdiv region

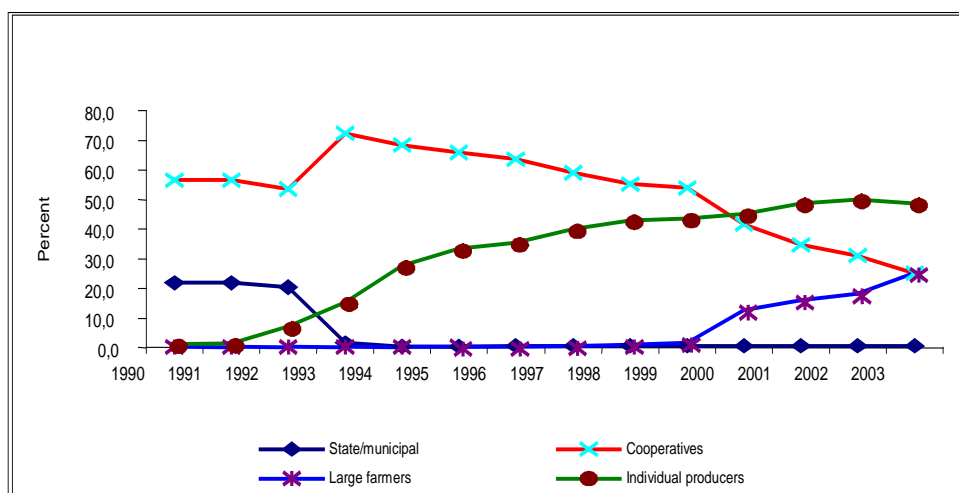


Table 18: Cost for land transaction – land price 300 leva per dka

		Decares						
Type of cost		1	2	3	5	10	20	50
I	PARAMETERS OF THE TRANSACTION							
	Land value	Levs 300	600	900	1500	3000	6000	15000
	Transaction cost	Levs 134,30	144,80	155,30	173,80	218,80	338,30	657,30
	Transaction cost per dka	Levs /dka 134,30	72,40	51,77	34,76	21,88	16,92	13,15
	Percent of the land value	% 44,77	24,13	17,26	11,59	7,29	5,64	4,38
	Total cost	Levs 434,30	744,80	1055,30	1673,80	3218,80	6338,30	15657,30
	Total cost per dka	лв/дка 434,30	372,40	351,77	334,76	321,88	316,92	313,15
II	COST FOR THE SELLER OF THE LAND							
1	Copy of the notary ownership deed	Levs 1,50	1,50	1,50	1,50	1,50	1,50	1,50
1a	Court registration fee	Levs 5,00	5,00	5,00	5,00	5,00	5,00	5,00
1б	Bank fee	Levs 2,00	2,00	2,00	2,00	2,00	2,00	2,00
2	Map of the land parcel	Levs 3,00	3,00	3,00	3,00	3,00	3,00	3,00
3	Certificate for inheritors	Levs 0,80	0,80	0,80	0,80	0,80	0,80	0,80
4	Tax evaluation							
4a	Certificate for characteristics of the land plot	Levs 4,00	4,00	4,00	4,00	4,00	4,00	4,00
4б	Certificate for irrigation	Levs 12,00	12,00	12,00	12,00	12,00	12,00	12,00
4в	Declaration for lack of obligation to the state							
	Total cost for the seller of the land	Levs 28,30	28,30	28,30	28,30	28,30	28,30	28,30
III	EXPENDITURE FOR A LAWYER							
7	Check up for mortgages on the property	Levs 5,00	5,00	5,00	5,00	5,00	5,00	5,00
7a	Bank fee	Levs 2,00	2,00	2,00	2,00	2,00	2,00	2,00
8	Fee for preparation of the documents	Levs 50,00	50,00	50,00	50,00	50,00	78,50	143,50
8a	Contract for the transaction							
8б	Declaration that the buyer is a Bulgarian citizen							
8в	Declaration from the co-owners							
8г	Notary certification of the declaration	Levs 3,00	3,00	3,00	3,00	3,00	3,00	3,00
8д	Declaration of the spouse	Levs						
8е	A receipt that buyer has paid to the seller of the land							
8ж	Declaration for lack of obligation to the state of the buyer							
8з	Request to the Notary							
	Total cost	Levs 60,00	60,00	60,00	60,00	60,00	88,50	153,50
IV	NOTARY EXPENSES							
9	Court fees	Levs 5,00	5,00	5,00	5,00	5,00	6,00	15,00
9a	Bank fees	Levs 2,00	2,00	2,00	2,00	2,00	2,00	2,00
10	Notary fees	Levs 18,00	22,50	27,00	33,50	48,50	78,50	143,50
11	Copy of the transaction contract	Levs 15,00	15,00	15,00	15,00	15,00	15,00	15,00
12	Request to the court							
	Total	Levs 40,00	44,50	49,00	55,50	70,50	101,50	175,50
V	TAXES							
		6,00	12,00	18,00	30,00	60,00	120,00	300,00

Source: Own calculations

Table 19: Cost of land transactions land prices 80/150/300/600 levs/dka

I	Parameters	Dka	1	2	3	4	5	10	15	20	30	50	100
Land price 80 levs /dka													
	Land value	Levs	80	160	240	320	400	800	1200	1600	2400	4000	8000
	Transaction cost	Levs	126,90	129,40	132,20	135,00	137,80	151,80	178,30	205,30	259,30	342,30	540,30
	Transaction cost per dka	Levs /dka	126,90	64,70	44,07	33,75	27,56	15,18	11,89	10,27	8,64	6,85	5,40
	Percent of the land value	%	158,63	80,88	55,08	42,19	34,45	18,98	14,86	12,83	10,80	8,56	6,75
	Total cost	Levs	206,90	289,40	372,20	455,00	537,80	951,80	1378,30	1805,30	2659,30	4342,30	8540,30
	Total cost per dka	лв/дка	206,90	144,70	124,07	113,75	107,56	95,18	91,89	90,27	88,64	86,85	85,40
Land price 150 levs /dka													
	Land value	Levs	150	300	450	600	750	1500	2250	3000	4500	7500	15000
	Transaction cost	Levs	129,05	134,30	139,55	144,80	150,05	173,80	209,80	247,30	322,30	449,80	732,30
	Transaction cost per dka	Levs /dka	129,05	67,15	46,52	36,20	30,01	17,38	13,99	12,37	10,74	9,00	7,32
	Percent of the land value	%	86,03	44,77	31,01	24,13	20,01	11,59	9,32	8,24	7,16	6,00	4,88
	Total cost	Levs	279,05	434,30	589,55	744,80	900,05	1673,80	2459,80	3247,30	4822,30	7949,80	15732,30
	Total cost per dka	лв/дка	279,05	217,15	196,52	186,20	180,01	167,38	163,99	162,37	160,74	159,00	157,32
Land price 300 levs /dka													
	Land value	Levs	300	600	900	1200	1500	3000	4500	6000	9000	15000	30000
	Transaction cost	Levs	134,30	144,80	155,30	164,80	173,80	218,80	277,30	338,30	461,30	657,30	1122,30
	Transaction cost per dka	Levs /dka	134,30	72,40	51,77	41,20	34,76	21,88	18,49	16,92	15,38	13,15	11,22
	Percent of the land value	%	44,77	24,13	17,26	13,73	11,59	7,29	6,16	5,64	5,13	4,38	3,74
	Total cost	Levs	434,30	744,80	1055,30	1364,80	1673,80	3218,80	4777,30	6338,30	9461,30	15657,30	31122,30
	Total cost per dka	лв/дка	434,30	372,40	351,77	341,20	334,76	321,88	318,49	316,92	315,38	313,15	311,22
Land price 600 levs /dka													
	Land value	Levs	600	1200	1800	2400	3000	6000	9000	12000	18000	30000	60000
	Transaction cost	Levs	144,80	164,80	182,80	200,80	218,80	309,80	416,30	514,30	700,30	1047,30	1872,30
	Transaction cost per dka	Levs /dka	144,80	82,40	60,93	50,20	43,76	30,98	27,75	25,72	23,34	20,95	18,72
	Percent of the land value	%	24,13	13,73	10,16	8,37	7,29	5,16	4,63	4,29	3,89	3,49	3,12
	Total cost	Levs	744,80	1364,80	1982,80	2600,80	3218,80	6309,80	9416,30	12514,30	18700,30	31047,30	61872,30
	Total cost per dka	лв/дка	744,80	682,40	660,93	650,20	643,76	630,98	627,75	625,72	623,34	620,95	618,72

Source: Own calculations

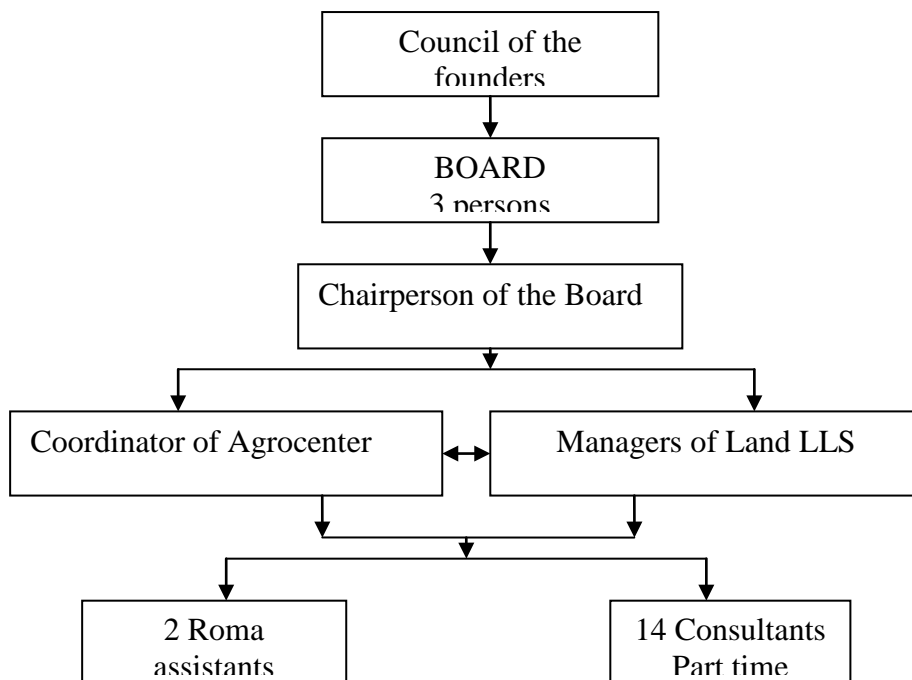
IV. INTERNAL ANALYSIS

1. THE LAND SOURCE OF INCOME FOUNDATION

Formal management structure

The supreme management body of the “Land Source of Income” Foundation is the Council of founders. It includes all founders of the foundation. The council meets once per year and elects a Board of three people. The Board manages the foundation during the year and elects the chairman who represents the foundation and the LLC manager who is responsible for the revolving fund. The coordinator of the Agrocentre together with the Roma assistant organizes the consultancy and training services. In addition they are involved in the monitoring process of programme participants.

Figure 5: Formal Management chart of the Land Source of Income



The team

Current members of the board are: an NGO specialist, an agricultural economist (who is the Chairman) and a strategic business-planning specialist. The Coordinator of the Agrocentre is an agronomist. The Roma assistant has a high school education. In addition there is a second Roma assistant who is working as a consultant and currently is a second year student in agronomy. The foundation draws its consultants from two universities: the Agricultural

University -Plovdiv and Technical University- Plovdiv. The network of consultants includes 14 professionals who cover all areas of activities of the foundation.

Decision-making.

The great diversity of the team's members is a precondition for effective problem solving capacity. The decision making process is not a hierarchical (top –bottom) but horizontal. Each team member is stimulated to express her/his opinion freely, without exercising a group pressure. Since the group is still small, the major problems obligatory are discussed among all involved in the management and implementation of the programme.

Trust

The main strategy in implementation of the Land programme is the development of trust between the Roma families and the Land Source of Income Foundation. The team is trying to respond quickly when a family has a problem and to demonstrate good will and readiness to help. Both Roma assistants, currently working for the foundation, came from families that have participated in the earlier stages of the programme. The annual meeting of the participants in the programme ensures transparency. The team often is invited to participate in local fests organized by the Roma communities. Trust is important to overcome the asymmetric information problem that often exists between the target group and the NGO.

Annual meeting with all participants in the program.

Once a year (usually in mid December) the Land Source of Income Foundation invites all families participating in the programme to meet and discuss the results and challenges. The meeting starts with a presentation prepared by the Chairman, regarding the activities that were carried out during the year, the money spent, the results achieved and the problems faced. Then the Roma families are encouraged to comment the results and to offer solutions to some of the problems. Later the team often chooses among the alternatives offered by the families. The families that have achieved the best results during the year receive small presents.

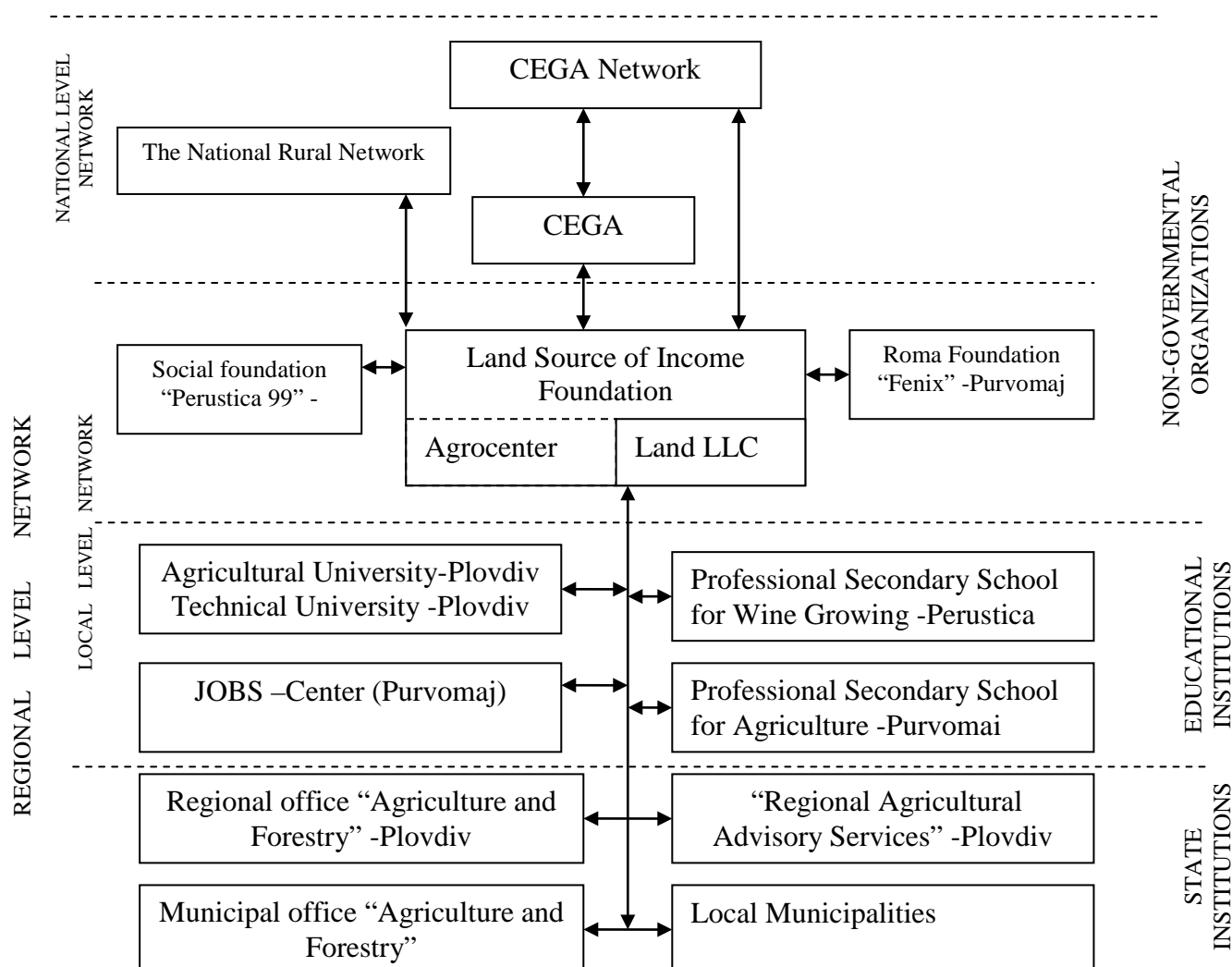
The Agrocentre and the LLC management

Both entities are formally separated but managed in close relation. The LLC provides financial support, while the Agrocentre along with consultancy, training and information also performs monitoring of the participants. The Agrocentre is always ready to help, while the “hard talks” when a family delays the instalments are carried out by the LLC management.

Partnership

The “Land Source of Income Foundation” is part of C.E.G.A.’s national network. Through this network the Foundation receives information about the problems on national level and disseminates the results and experience. The Foundation however has developed its own regional network of partners. This network includes local Roma organizations, local state institutions and specialized agricultural schools. The partnership with the local Roma organization provides opportunity for enlargement of the programme and improves the relations with the Roma community. The partnership with the education institutions provides opportunity for participating in the State funded education programmes. The partnership with the local state authority provides opportunity for participating in the state programmes for supporting agricultural producers. Although this local network was build intentionally by the team, still the benefits from its functioning are not fully utilized.

Figure 6: “Land Source of Income Foundation” network



Project Proposals

After its establishment, the Land Source of Income Foundation has applied for financial support to the following programs: (1) the PHARE Program 2004 (Civil Society Development) with the Land for Development Project in 2005; (2) the Democracy Commission Small Grants Program (Embassy of the United States of America) with Land for Strengthening Community Ethnic Harmony Project in 2005; (3) the Ministry of Justice (Call for NGOs working for public benefit) with Training of Agricultural Producers from Ethnically Mixed Communities to Apply New and Perspective Technologies Proposal in 2006; (4) Letter of intent to apply to the Trust for Civil Society in Central & Eastern Europe with Partnerships for Community Development in Disadvantaged Rural Areas Proposal in 2006; (5) the National Employment Agency/World Bank Project for the Bulgarian Active Labour Market Initiatives (BALMI) in 2006 (in process of preparing).

Up to 2006, only the project (3) has been funded. The foundation's team is comprised mainly of professionals specialized in programme implementation which could be part of the problem. In addition, after a rejection of a proposal, there has been insufficient information about the reasons for this rejection. This practice reduces the team's opportunity to learn from their mistakes and improve their skills for future project applications.

Training of agricultural producers from ethnically mixed communities (project 3)

The project is supported by the State budget for the period August – December 2006 with a budget of 37 000 Euros. The project has three main components. First, is the establishment of local Forums for supporting small agricultural producers. These Forums include representatives of the local municipal administration, businesses, schools and other stakeholders. Second, training of trainers and providing equipment to the local agricultural schools. Third, training of small agricultural producers to implement new technologies.

The project was completed successfully in December 2006. Two municipal Forums for supporting the small agricultural producers have been established – in Purvomay and Perushtiza; 22 high-school teachers have been trained to offer specialized agricultural courses for adults; 160 small agricultural producers have been trained to apply modern agricultural practices. An agreement has been achieved in 2007 the partnership between the two municipal Forums and the Foundation to be strengthened and an Action plan has been developed.



Training of trainers, November 2006

2. THE AGROINFORMATION CENTRE

On-site Consultations

The on-site consultations have several goals. First, they guide the participating Roma families during the agricultural production process to receive better results for the current year. Second, they are instructional in that they train the families how to improve their practices in the following years. Third, the programme agronomist can monitor the participant's performance and evaluate the opportunity for participation in the financial schemes. All families participating in the programme are visited at least twice a month, starting in the beginning of March and going until the middle of November. On average, 600 on-site consultations are provided each year to the participants of the programme.

Figure 7: Number of families participating in the programme (2000-2005)

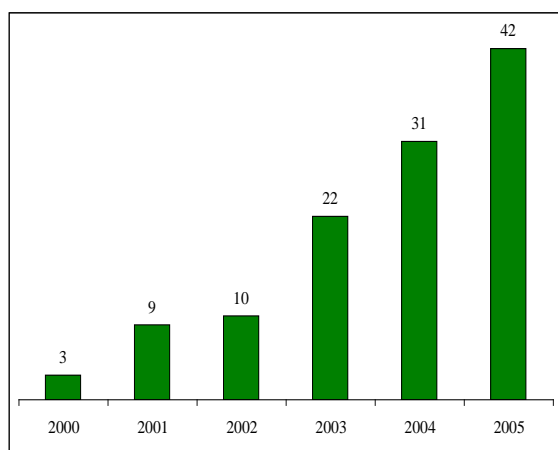


Figure 8: Number of families included in the programme by year (2000-2005)

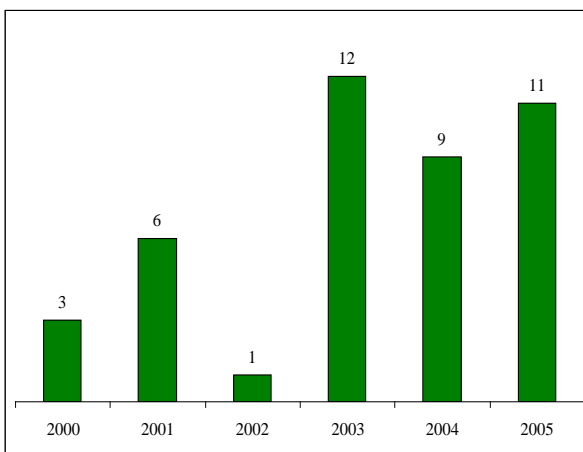
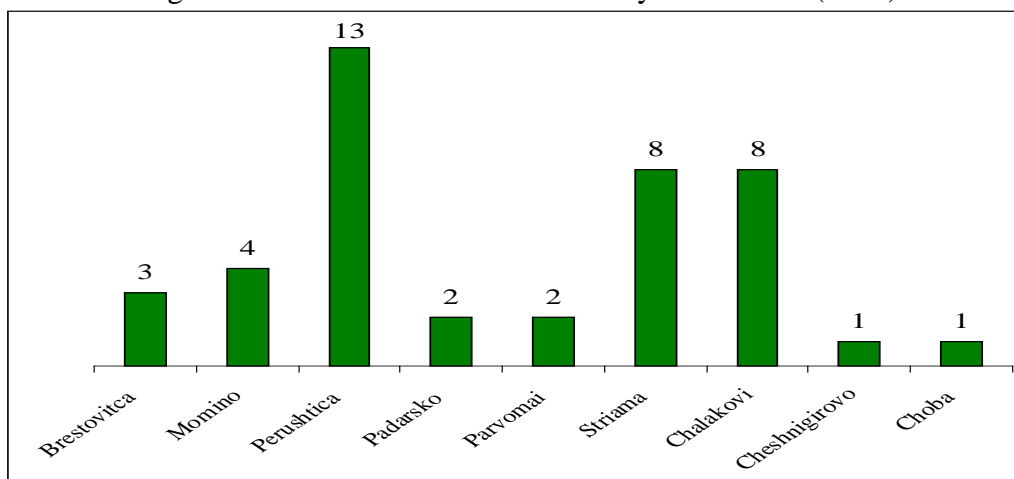


Figure 9: Distribution of the families by settlements (2005)



Trainings

The goal of the formal trainings is to broaden the knowledge of the participating Roma families on how to grow different crops. The on-site consultations focus mainly on developing their practical skills, while the formal trainings focus on developing their knowledge and ability to communicate with the officials from the state run programmes. At each training course, both agricultural specialists conducting the training and representatives of different state agencies are invited to discuss the challenges facing the small producers in Bulgaria. Two types of formal trainings are offered to the programme participants. The first type is more general and is organized at the end of each year. During these trainings, the agronomist who has consulted the participants during the year reviews how the production practises have been carried out and what are the main problems and mistakes. The second type of trainings is more specialized, focusing on specific topic and targeting a smaller audience (wine-growing, animal husbandry, etc.).

Work with Secondary Agricultural Schools

The goal of connecting the trainings with the secondary agricultural schools is to reach the young people and to use the schools' base for training the participants of the programme. Many Roma families have children who attend these schools, especially in Perushtitsa. The Centre has supported young people from two agricultural schools in the Plovdiv District to apply textbook knowledge to hands on agricultural activities. 9 students' initiatives have been conducted in the specialized secondary schools in Perushtitsa and Kuklen since January 2001. About 250 young people were involved in the initiatives and gained practical skills in the fields of vine growing, floriculture, bee keeping, rabbit breeding and pigeon breeding. The participants in the initiatives visited elite agricultural and stockbreeding farms in the country

and became aware of their successful practices and modes of operation. These student initiatives started in the afore-mentioned schools serve as a basis for building up model farms for effective farming and livestock breeding.

Specialised Information

The goal of this component is to develop new skills within the Roma families to use specialized literature related to agricultural production. The Agro-Information Centre has published a series of 12 specialize booklets with guidance on raising the main crops grown in the region, plant protection and irrigation techniques. The techniques outlined in the brochures are specifically adapted to meet the needs of the small farmers and with the target group of the participating Roma families in mind. 2000 copies of each of the brochures have been printed for distribution. Currently the brochures are for sale to the general public and the resulting revenue will be used to print new or updated the existing ones.

Information about National Programmes for Poor and Landless People

The Bulgarian government has a programme that provides land to landless people. The problem is that the land made available through this programme is insufficient to meet the demand, and in addition, the quality of the soil is often too poor to be used for farming. Nevertheless, this land can be used for growing certain crops and the prices are comparatively low. When this national programme is initiated in a local municipality, the Agro-Information Centre does three things: first, before the process begins, leaflets with information about the opportunity to obtain land from the state are distributed among Roma families, and meeting are held with the local Mayors; second, during the process the Agro-Information Centre sends a staff member to the local community to help applicants fill-in the necessary forms and make sure that they reach the regional branch of the “Agriculture and Forestry” office; third, the decision making process is monitored and the people who gain rights to land receive assistance obtaining deeds to the land.

Between 2000 and 2005, five municipalities from the Plovdiv District offered land through this national programme. Working meetings with mayors were held regarding the acquisition of land through this programme and 5000 leaflets with information were distributed. Data from 1000 Roma families in 16 villages who earned their living through agriculture and were interested in the process of obtaining land for ownership were presented at the meetings. The resulting relationships with local officials in the municipal administrations sped up the selection process from the Municipal Land Fund for making land available for private ownership.



Workshop with the local representatives of the Ministry of Agriculture and Forestry
December 2004



Workshop with representatives of the Local state administration and Universities (Agra, February 2006)

Dissemination of the Programme Results

The experience gained and results achieved, were disseminated by building a partnership network of NGOs that work with Roma in Bulgaria. During the last year of the programme, five organizations working on the problems of landless and low-income families in Bulgaria were contacted. The working meetings and trainings that have recently been held mark the beginning of joint activities for lobbying state and municipal institutions and disseminating information about the process of acquiring land. Attracting new partner organizations is envisaged in the continuation of the programme partners who will participate in the process of resolving issues currently faced by landless and low-income families. A 25-minute documentary film was created to highlight some of the success stories from the Foundation's work and to share the Programme results with a wider audience.



The Foundation stand at AGRA exhibition 2006



Presentation of the Land program on AGRA exhibition 2006

3. LAND LLC

Land LLC Business Plans.

The Land LLC's first business plan was prepared in 2000. A mathematical model, developed in Microsoft Excel was used to estimate the cash flows for a 15-year period. The main parameters included: external financial support, repayment rates and interest rates. Other indicators were allowed to fluctuate and this provided the opportunity to develop different scenarios for development. The experts participating in the C.E.G.A. Consultative Group for economic development provided their individual evaluation of the indicators that were allowed to vary. After inserting the suggested variables into the model, several scenarios were created and two were chosen as being the most realistic.

The targets initially established in this business plan were only partially achieved. There were two main reasons for this. First, the business plan assumed that since the Roma families are engaged in agricultural production they realise the importance of owning their own land. This assumption was proven only partially true. In the period 2000-2003, there was virtually no competition regarding land use in the Plovdiv region and so large tracks of land were not cultivated. Therefore, the Roma families had access to land at very low rent rates or sometimes without having to pay rent at all. After 2003, competition for land use began increasing and now it is more difficult to find land to buy and cultivate. In general, only small plots are being offered for sale and the legal costs for transferring the land ownership as a percentage of the land value are high. The business plan of 2000, assumed that the participants would buy plots between 7 and 15 dka, where the legal costs are less than 10% of the land value. In addition, 2002 and 2004 were comparatively bad years for agriculture and because of this, agricultural producers were less willing to invest. Second, the expected financial support from donors was not fully received.

In 2003, the team developed not a comprehensive but an indicative business plan, focused on estimating critical values. Since the team considers the interest rate charged by the programme to be competitive, the only other variables that can be controlled are the repayment rate (pay back ratio) and the total amount of the fund. The repayment rate is already high and opportunities for further increase are limited. The critical amount of the fund which is required to cover all of the operating costs is estimated to be €120,000 Euros.

In 2005 an additional indicative plan was developed, as a request from NOVIB, which showed similar results.

Financial schemes

Until 2005, the total amount of the financial support provided to the Roma families is 84 821 levs (43498 Euros). The largest amount of this sum goes to the town of Perushtica, where 4 tractors have been purchased till 2006. The trend is to increase the total amount of financial support provided to the families and also the share of support for long and short-term assets to increase.

Figure 10: Total financial support provided by years 2000-2005

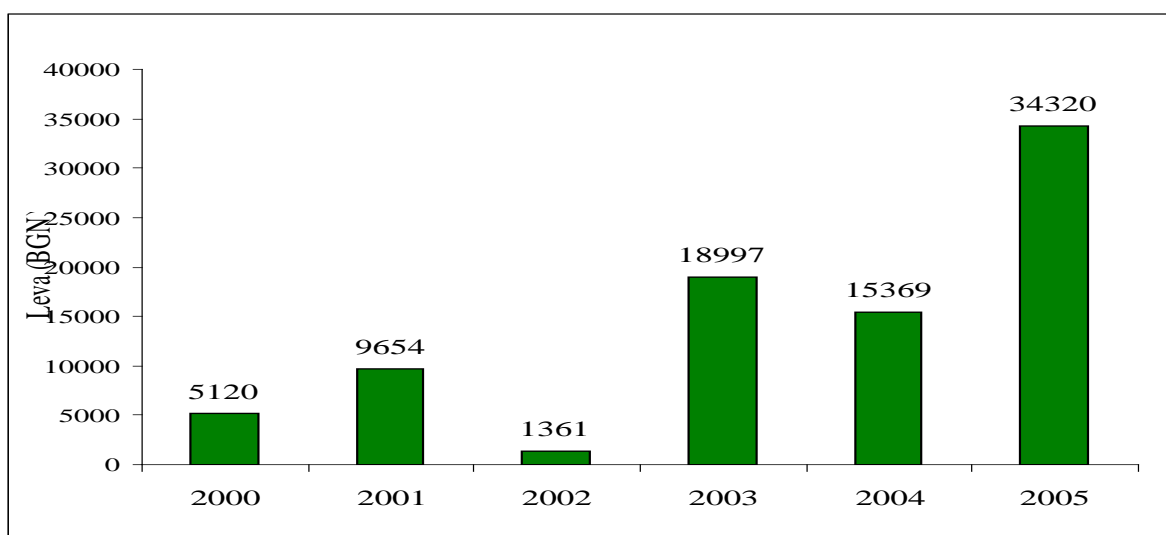


Figure 11: Financial support provided by settlements (2000-2005)

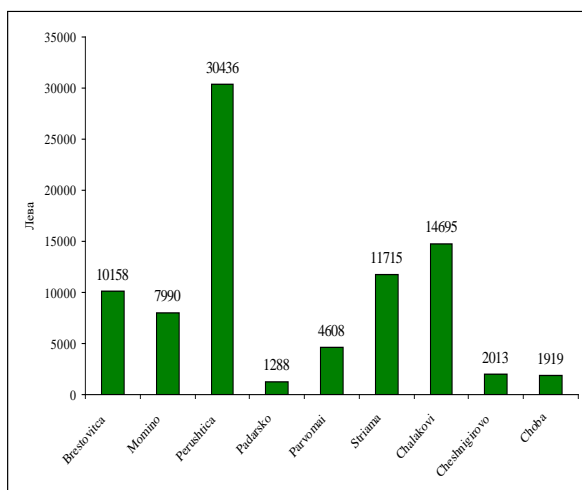
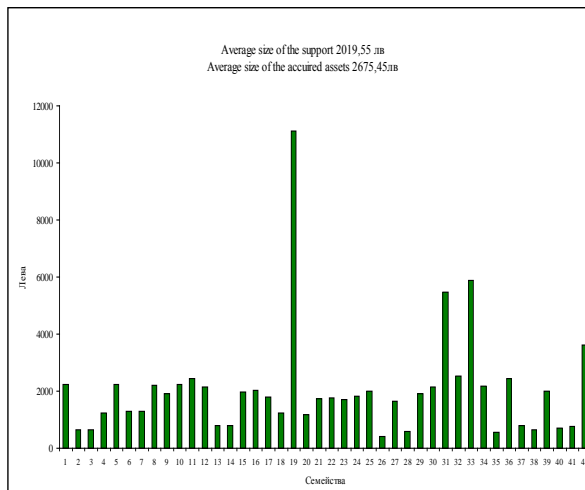


Figure 12: Financial support provided by families (2000-2005)



- *Land Scheme.* This scheme is available to all Roma families and is their entry point into the programme. During the period of 2000-2005, 43 families have received financial support, which resulted in the purchase of 272 dka of land. For the first three months of 2006, 5 new families bought an additional 13 dka. Considering this scheme, problems have only arisen when small plots (under 5 dka) of land are purchased. In these cases, the cost just for the legal transactions goes up to 170% of the land value. Normally the buyer pays these costs, but to make the purchase of these small plots more feasible, the team has attempted to pass the legal costs to the seller of the land, or share them with the participant of the programme. These costs are too high for most of the participating Roma families to afford on their own.
- *Long-term Assets.* This scheme is only available to Roma families who already have land. During the period of 2000-2005, one small tractor and two medium-size tractors were purchased with the financial support of the programme. In August 2006, complementing a bank loan withdrawn by a Roma family from Perushtica, one more medium size tractor was purchased. The small tractors are enough for cultivating the family's land, while the medium sized tractors provide opportunities for the Roma families to cultivate other people's land and earn additional income. Due to the negotiation process with the EU regarding technical standards, the smaller and more affordable tractors for the foundation's target group will be less available after 2007.
- *Short-term Assets.* This scheme is only available to Roma families who have already started repaying their land instalments. For the period of 2000-2005, 15 short-term asset loans were provided to purchase certified seeds, fertilizers and pesticides.

Interest Rates

Stability of the interest rate is important for the planning of the production structure by the participants. The interest rates charged by the programme have not been changed since 1999. At the beginning, the banks were charging between 20% and 30% annual interest rate for comparable loans. Considering the profitability not only of farming, but also of the other branches of the economy, this high bank interest rates show the imperfection of the credit market rather than being a real economic indicator for Bulgaria. Currently, commercial interest rates are comparable to those of the programme (See Table 1). The interest rates charged by the national agricultural programmes vary between 0% and 6%. There are also programmes available to agricultural producers where they only have to repay half of the

loan. The target Roma families, however, do not have access to either of these programmes, mainly because they do not have collateral for guaranteeing the loans. Therefore, the interest rates currently charged by the programme are competitive with the commercial lending market.

Figure 13: Land purchased by year 2000-2005

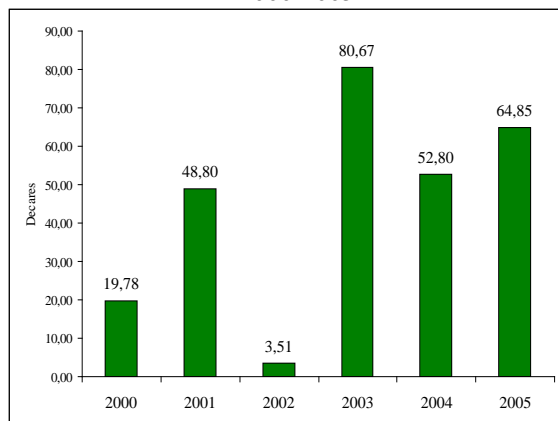


Figure 14: Figure: Land purchased by settlements 2000-2005

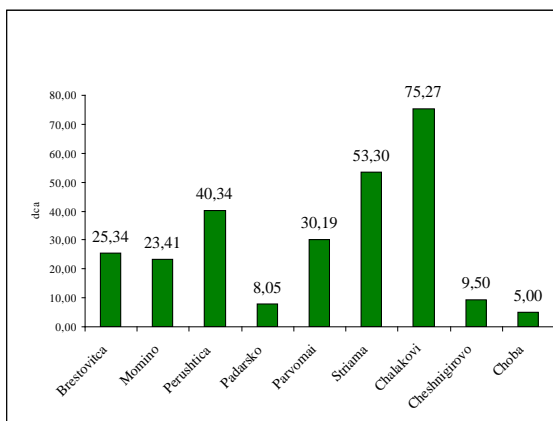


Figure 15: Financial support for land, long and short term assets 2000-2005

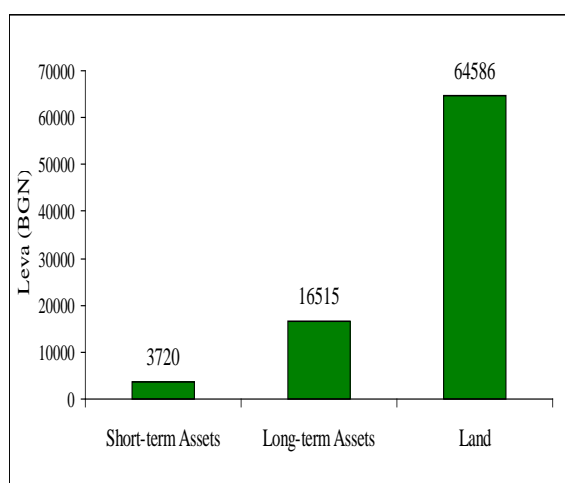
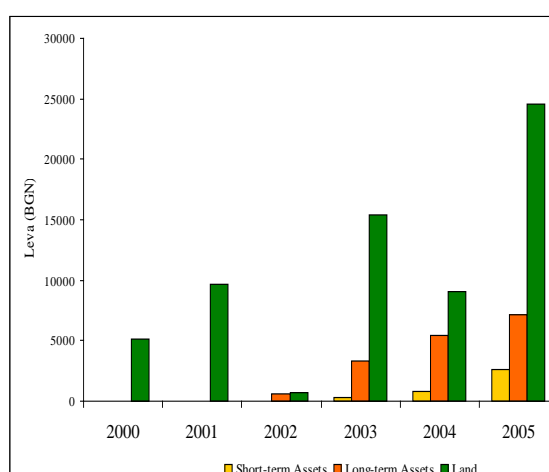


Figure 16: Figure: Financial support for land, long and short term assets-dynamic (2000-2005)



Repayment Rates

The rate of repayment calculated as a ration between the instalments due and the instalments received for the period of 2000-2005 is 0,90. This indicator is well above the state programme for agricultural support. Four families have failed to return the money and left the program. Seven families have fully repaid the instalments and currently are owners of agricultural land or farm equipments.

Figure 17: Instalments due and received (2000-2005).
Repayment rate 0,90

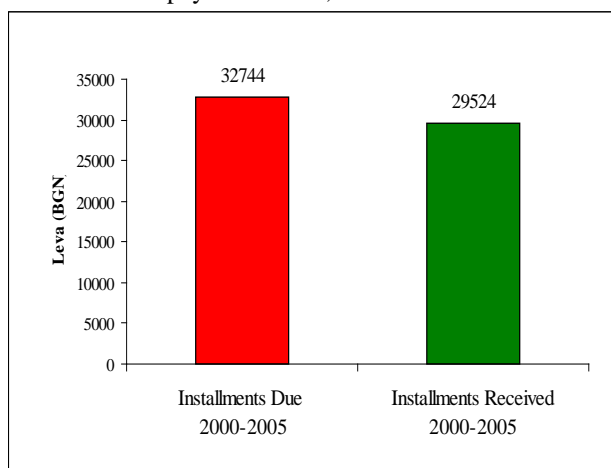
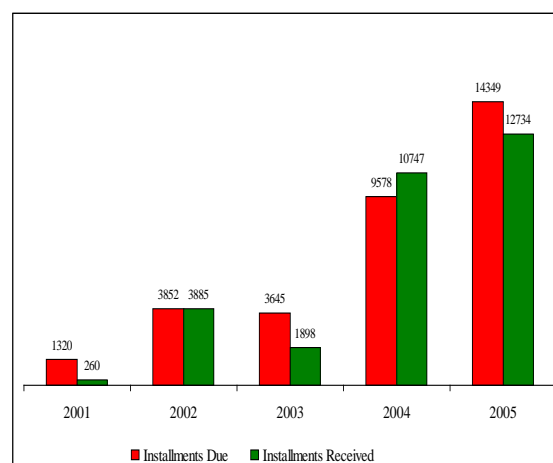


Figure 18: Repayment of Instalments by Year (2000-2005)



2001 Rr= 0,20 n=3; 2002 Rr=1,01 n=8; 2003 Rr=0,52 n=8; 2004 Rr=0,89 n=25; 2005 Rr=0,90 n=31

Guarantees of the financial support

The coefficient of the guarantees calculated, as the value of guarantees to the value of financial support provided is 1,19. This means that for each lev provided, the LLC has 1,19 levs collateral. Nearly 80% of the collateral is in land and the remaining 20% are in other assets and promissory notes. Land has lower liquidity (it takes time to sell it out), but since its price goes up, it is a save collateral. The long-term assets purchased by the Roma families are owned by the LLC until the full repayment.

Figure 19: Guarantees of the financial support (2005)
Coefficient of guarantees 1,19

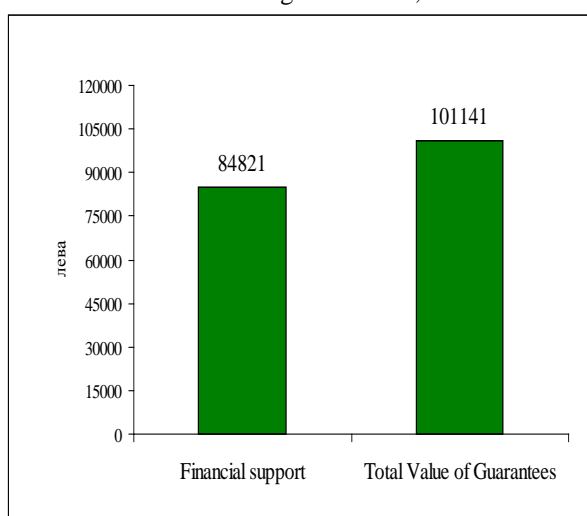
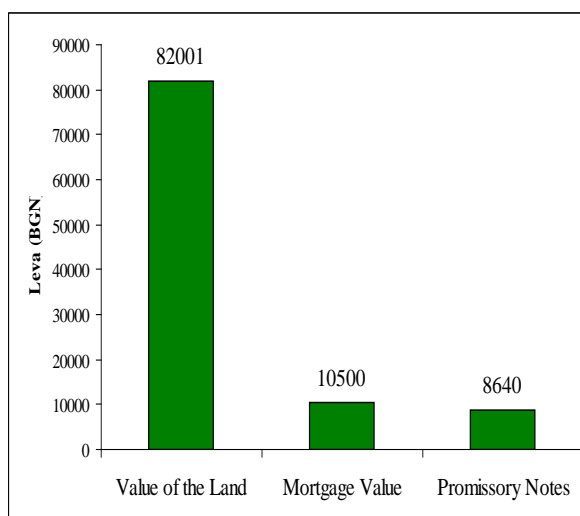


Figure 20: Structure of the guarantees (2005)



Income streams.

The LLC income streams are presented in the table 20. For the period 2000-2005 actual figures are presented, while the period 2006-2010 is a projection. The LLC makes accounting profit, since part of the costs is shared with the Foundation. The LLC does not have its own office but uses the one of the foundation. It also gets a discount for accountancy services since it is served by the same accountancy firm as the Land foundation. In addition, the monitoring of the people who have received financial support is done during the agro-consultations and hence with no additional cost. This makes LLC a viable financial unit of the Land foundation and opens opportunity for further expansion of its activities.

Critical point analysis.

However, in order to operate as an independent financial unit LLC needs to cover all costs. At first level it needs to cover the accountancy cost. This happens with about 21 000 Euros interest bearing money. At second level, it needs to cover accountancy and management cost. This happens with about 75 000 Euros interest bearing money. Finally, at the third level it needs to cover all costs - accountancy, management, rent, ext. This can happen with about 100 000 Euros interest bearing money.

Figure 21: Critical point of the financial support (in Euros)

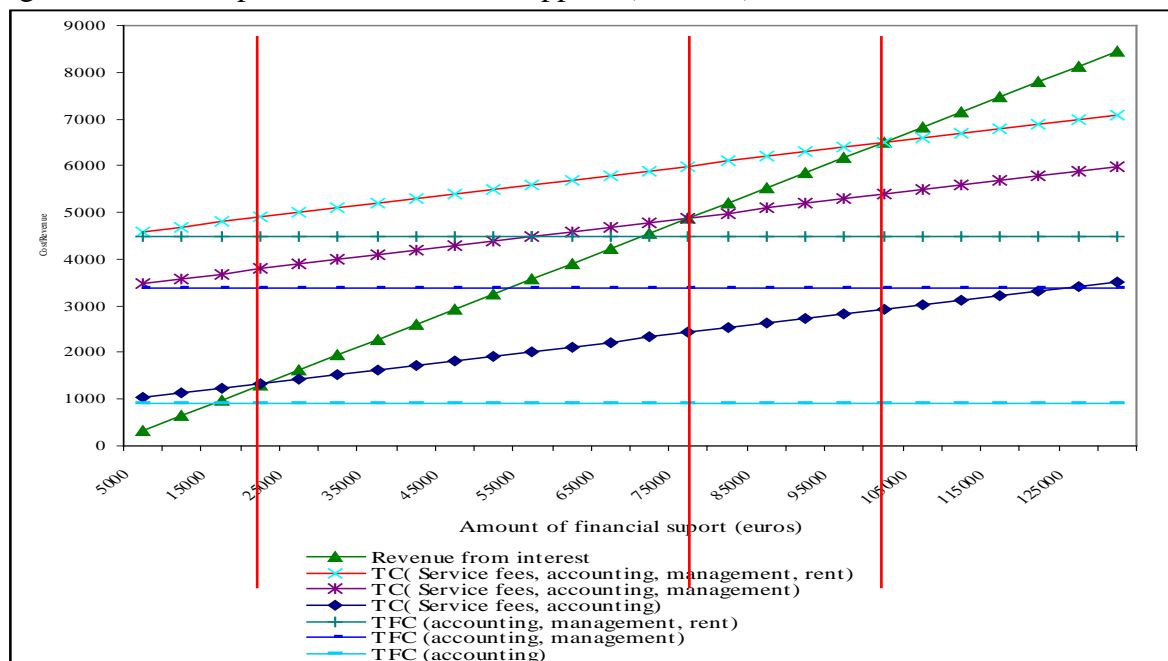


Table 20: Income stream for LAND LLC (in levs)

		ACTUAL FIGURES						PLAN				
		2000	2001	2002	2003	2004		2006	2007	2008	2009	2010
I	FINANCIAL SUPPORT	5120,00	9653,52	1360,76	18996,91	15369,44	34320,32	15000,00	25000,00	30000,00	30000,00	30000,00
1	Short-term Assets			25,76	276,75	797,44	2620,32	750,00	1250,00	1500,00	1500,00	1500,00
2	Long-term Assets			605,00	3290,00	5480,00	7140,00	3750,00	6250,00	7500,00	7500,00	7500,00
3	Land	5120,00	9653,52	730,00	15430,16	9092,00	24560,00	10500,00	17500,00	21000,00	21000,00	21000,00
II	INTEREST BEARING MONEY		5120,00	14773,52	16134,28	35131,19	45380,63	70047,43	83686,67	89689,76	104320,32	100000,00
III	REVENUE	9123,00	9789,70	17195,50	13068,59	31836,50	40890,67	48290,17	54023,20	57084,78	58922,16	56762,00
1	Instalments from the loans		260,00	3885,00	1898,12	10747,09	12734,15	17511,86	20921,67	22422,44	26080,08	25000,00
	Principal repayments		220,52	3552,92	1225,66	8948,37	8752,33	12958,78	15482,03	16592,61	19299,26	18500,00
*	Interest		39,48	332,08	672,46	1798,72	3981,82	4553,08	5439,63	5829,83	6780,82	6500,00
2	Interest from deposits					146,79	1018,89	500,00	500,00	500,00	500,00	500,00
3	Specialized literature						355,51	1676,28	1000,00	1000,00	1000,00	1000,00
4	Advertising and commercials						1100,00	300,00	300,00	300,00	300,00	300,00
5	Cost covered by CEGA	5161,00	5307,70	5463,50	5310,35	6233,53	8985,97	6145,78	5417,87	5477,90		
6	Cost covered/shared by Land foundation	3962,00	3962,00	3962,00	3962,00	3962,00	3962,00	3962,00	3962,00	3962,00	3962,00	3962,00
7	Revenues from won court dispute							682,39	1000,00	1000,00	1000,00	1000,00
IV	COST	9123,00	9269,70	9425,50	9272,35	10195,53	12947,97	10107,78	10835,73	10955,80	11248,41	11248,41
1	Legal advises			500,00		420,00	1090,00	362,00	400,00	400,00	400,00	400,00
2	Legal fees	361,00	507,70	163,50	510,35	1013,53	3095,97	983,78	1673,73	1793,80	2086,41	2086,41
3	Accounting	1802,00	1802,00	1802,00	1802,00	1802,00	1802,00	1802,00	1802,00	1802,00	1802,00	1802,00
4	Management	4800,00	4800,00	4800,00	4800,00	4800,00	4800,00	4800,00	4800,00	4800,00	4800,00	4800,00
5	Rent	2160,00	2160,00	2160,00	2160,00	2160,00	2160,00	2160,00	2160,00	2160,00	2160,00	2160,00
V	PROFIT/LOSS	0,00	39,48	332,08	672,46	1945,51	6456,22	7711,75	6783,77	7113,94	2294,41	2013,59

Table 21: Critical points of LLC (in EUROS)

INDICATORS		2003-2005				
	ME	Case 1	Case 2	Case 3	Case 4	Case 5
1 EXTERNAL FACTORS						
Size of the revolving fund	Euro	53 000,00	53 000,00	53 000,00	53 000,00	53 000,00
Reserves		9 502,00	9 502,00	9 502,00	9 502,00	9 502,00
2 INTERNAL FACTORS						
Existing loans		43498,00	43498,00	43498,00	43498,00	43498,00
Payback rate		1	1	1	1	1
Interest rate	%	0,065	0,065	0,065	0,065	0,065
Service fees	%	0,02	0,02	0,02	0,02	0,02
FUNDS LENT	Euro	43 498,00	43 498,00	43 498,00	43 498,00	43 498,00
I REVENUES FROM INTEREST	Euro	2 827,37	2 827,37	2 827,37	2 827,37	2 827,37
II EXPENDITURES		0,00	869,96	1 793,96	4 255,96	5 363,96
<i>Variable cost</i>						
Service fees (legal exp.for contracting)	Euro	0,00	869,96	869,96	869,96	869,96
<i>Fixed cost</i>						
Accounting				924,00	924,00	924,00
Management	Euro				2 462,00	2 462,00
Rent for a office						1 108,00
III PROFIT/LOSS	Euro	2 827,37	1 957,41	1 033,41	-1 428,59	-2 536,59
Coverage of service fees	%		100,00	100,00	100,00	100,00
Coverage of accounting	%			100,00	100,00	100,00
Coverage of management and accounting					41,97	41,97
Coverage of the total cost	%					-47,29
BREAK EVEN POINTS						
1 Critical value of the loans to accounting cost	Euro			20 533,33	20 533,33	20 533,33
2 Critical value of the loans to accounting and management cost					75 244,44	75 244,44
3 Critical value of the loans to cover total cost	Euro					99 866,67

4. URBAN INITIATIVES

The Urban Initiatives Support model is based on the experience of the Land Programme. It uses its financial scheme for purchasing long-term assets. Several urban income generation activities were attempted since 2004, but the most important lessons learned came from three specific cases explained below.

A Hairdresser's Shop in the town of Perushtitsa.

In 2004, a hairdresser shop was opened in the town of Perushtitsa as an alternative family business by the daughter of one of the current Land programme participants. There was no hairdresser in the neighbourhood and so people had to go to the town centre or to the neighbouring town (15 km) to get a haircut. The Agro-Information Centre prepared a business plan, which showed that such a shop could provide a stable stream of income to the family

throughout the year. As the first business initiative by a Roma family in the region, the shop attracted significant attention within the community. The family renovated a room in their house and the Land Source of Income Foundation bought the necessary equipment (660 BGN). The family agreed to return the money within three years, with a grace period of 6 months. Currently, the instalments are being repaid regularly. The daughter of the family attended two training courses as well as a practical internship in a well-known hairdressing shop in Plovdiv. She continues to gain more popularity as a hairdresser among the Roma community in Perushtitsa and the surrounding villages.



An Ecological Compost Workshop in the Town of Rakitovo.

A Roma family from the village of Rakitovo had produced compost for several years, but had problems selling it and also needed some equipment for larger scale production. The compost was used to grow vegetables, flowers and lawn grass. Since the equipment that was requested was not expensive or difficult to purchase, the Agro-Information Centre prepared a two stage development plan: (1) marketing the product; (2) investing in the equipment. In order to promote the product, special leaflets and the packaging were prepared. To market the compost, it was displayed at the 2006 AGRA Exhibit at the Plovdiv International Fair and contact information for the family in Rakitovo was distributed to visitors who expressed interest in the compost. Shortly after the promotion, a firm contacted the family and offered not only to buy compost but also offered to provide the necessary production equipment.

A Food Shop in a Village

A Roma family from the village of Stryama has operated a small food kiosk for many years, but wanted to expand the business and open a small food shop. In addition to this, the family has also been trading scrap metal and recyclables. They located a plot of land suitable for the store in the centre of the village, owned by the local municipality that was up for sale. They requested financial assistance from the Land Foundation to purchase the plot of land and build the shop. Since the investment required was comparatively large, after discussion, the LLC agreed on the following strategy. At first, the LLC would prepare to purchase the land and the family could operate their scrap metal and recyclables trade on the plot. Considering the location of the land, and the fact that the recyclables were bought, sorted, packed and resold weekly, environmental problems were unlikely to occur. At the second stage, after the family had enough time to accumulate sufficient financial resources to make the down payment and with the additional financial support from the programme, the food store would have been built. According to Bulgarian legislation, the Land LLC had to participate in a tender procedure in order to win the right to buy the land. And, due to an unfortunate delay of more than one year in the tender procedure announcement by the municipality, the family decided to explore a different business initiative.

In a similar situation, a Roma family from village of Choba attempted to buy a small food store in the centre of Choba. The store was owned by the municipality and was for sale. Due to a long delay in the tender procedure, the family started to look for other opportunities.

During the period of 2004-2005, several other ideas were suggested and investigated but reasons like long and difficult procedures for licensing the businesses, and higher prices of equipment were among the obstacles that prevented their initiation.

Urban initiatives in the town of Dupnitca

The year 2006 was a successful one for the Urban Initiatives Support Programme. After a year- and - a - half period of intensive awareness raising, a specialized seminar for Roma entrepreneurs in the town of Dupnitza has made a positive turning point. Eight initiatives have been developed into business plans and three of them have been finally funded. The successful ones include modernization of a café, establishment of a donuts production facility and a shop for selling clothes and accessories.

Two more initiatives – one for a food-shop in Purvomay and one for a telecommunication centre in Kjustendil - are in the process of evaluation.



Urban initiatives in the town of Dupnitca

V. STRATEGIES FOR FUTURE DEVELOPMENT

Land programme

During the next years the Land program will aims at improving the financial viability of the LAND LLC and investing the positive financial result for expanding the lending schemes. The aim is to get closer to the critical points. The consultancy and training activities will continue. However, in order to optimise the expenditures these activities will be conducted in collaboration with the local specialized agricultural schools.

Urban initiatives

The experience up to now suggests that the Roma people have good ideas for urban income generation initiatives. Most of the ideas concern services; small shops; small production shops and crafts. The positive turning point achieved in 2006 clearly shows the need for such a programme. It allows not only private businesses to be supported, but improves the services in the Roma communities where such initiatives are implemented.

Institutional development

Land Source of Income Foundation. After joining the EU in 2007, most of the financial support will be obtainable not directly from EC sources but through the National government. Therefore, the Land foundation needs to pay grater attention to the national programmes. As part of this strategy the foundation has become in 2006 a member of the Regional Council for Ethnic and Demographic Issues and joined the National Rural Network (supported by EU).

Agro-information centre: *Strategy 1:* Specializing in consultancy and publishing. Following this strategy the Agrocentre specializes only in consultancy services and the training activities are performed in partnership with an educational institution. The problem with this strategy is that the specialized agricultural schools are still not well prepared to manage educational projects targeting adults. With the project “Training of agricultural producers from ethnically mixed communities” supported by the state budget the foundation aims to overcome this problem. *Strategy 2:* Licensing for training activities. The advantage of this strategy is that the Agrocentre will be able to provide the full range of services to the target group. However, meeting the licensing requirement would take considerable resources that may not pay off if there are partners.

Land LLC. *Strategy 1:* Development of the Land LLC as a financial institution. The LLC can operate as an independent financial institution if it has about 100 000 Euros interest bearing loans. Therefore, this can be considered as a long-term strategy. The expansion of the financial resources can be achieved by (1) lowering the cost of the financial transactions and investing the profit; (2) searching for additional funding; and (3) borrowing from financial institutions. *Strategy 2:* LLC as a tool for a financial support complementing the training activities. In this case the LLC can cover the cost of transaction, but the effect on the local level will be not so strong. In this case, a partnership with banks is necessary to be developed for larger loans to be provided.

APPENDIX

BANK INFORMATION

Appendix 1: Central Bank interest rates (2003-2006)

Data	Annual Interest rate	No of the announcement of the Central bank	State Gassette	Central bank Interest rate +10 Punkts
25.06.2003	2,52	16	060/04.07.2003	12,52
30.07.2003	2,52	19	069/05.08.2003	12,52
27.08.2003	2,56	-	078/02.09.2003	12,56
24.09.2003	2,59	26	086/30.09.2003	12,59
29.10.2003	2,60	28	097/04.11.2003	12,60
26.11.2003	2,60	32	106/05.12.2003	12,60
23.12.2003	2,83	38	113/29.12.2003	12,83
28.01.2004	2,51	2	009/03.02.2004	12,51
25.02.2004	2,41	5	017/02.03.2004	12,41
31.03.2004	2,55	9	029/09.04.2004	12,55
28.04.2004	2,59	12	037/04.05.2004	12,59
26.05.2004	3,83	17	047/01.06.2004	13,83
30.06.2004	2,44	19	058/06.07.2004	12,44
28.07.2004	2,44	22	069/06.08.2004	12,44
25.08.2004	2,40	25	077/03.09.2004	12,40
29.09.2004	2,39	27	087/08.10.2004	12,39
27.10.2004	2,44	29	097/02.11.2004	12,44
24.11.2004	2,36	32	106/03.12.2004	12,36
29.12.2004	2,37	37	003/11.01.2005	12,37
26.01.2005	2,45	2	011/01.02.2005	12,45
01.02.2005	1,89	3	012/04.02.2005	11,89
01.03.2005	1,91	8	020/08.03.2005	11,91
01.04.2005	1,95	11	029/05.04.2005	11,95
01.05.2005	2,03	16	038/03.05.2005	12,03
01.06.2005	2,06	18	047/07.06.2005	12,06
01.07.2005	2,04	22	055/05.07.2005	12,04
01.08.2005	2,04	1	063/02.08.2005	12,04
01.09.2005	2,04	271	074/13.09.2005	12,04
01.10.2005	2,04	30	080/07.10.2005	12,04
01.11.2005	2,04	36	088/04.11.2005	12,04
01.12.2005	2,05	40	099/09.12.2005	12,05
01.01.2006	2,21	1	002/06.01.2006	12,21
01.02.2006	2,25	4	012/07.02.2006	12,25
01.03.2006	2,28	8	020/07.03.2006	12,28
01.04.2006	2,48			12,48
01.05.2006	2,57			12,57
01.06.2006	2,56			12,56

Appendix 2: Consumers loans offered by the banks

NAME OF THE BANK	NAME OF THE LOAN	Interest rate	Offer	Period Years	Loan	Referees
BIOXIM	Биохим - Потребителски кредит за лица, упражняващи стопанска дейност - BGN	10.42%	Standard	5	3000	2
HEBROS	Хеброс Банк - Потребителски кредит за лица, упражняващи стопанска дейност - BGN	10.42%	Standard	5	3000	2
BULBANK	Булбанк - Потребителски кредит без поръчители при превод на работна заплата - BGN	10.71%	Standard	5	3000	0
BULBANK	Булбанк - Потребителски кредит с поръчители - BGN	10.71%	Standard	5	3000	2
BIOXIM	Биохим - Потребителски кредит с поръчители, с вътрешно рефинансиране и с превод на заплата - BGN	11.69%	Standard	5	3000	2
HEBROS	Хеброс Банк - Потребителски кредит с поръчители, с вътрешно рефинансиране и с превод на заплата по сметка на банката - BGN	11.69%	Standard	5	3000	2
RAIFAIZEN	Райфайзенбанк - Бърз потребителски кредит "Открита линия" с превод на заплата по сметка в банката - BGN	11.83%	Standard	5	3000	0
RAIFAIZEN	Райфайзенбанк - Потребителски кредит без поръчители с превод на работна заплата - BGN	11.83%	Standard	5	3000	0
RAIFAIZEN	Райфайзенбанк - Потребителски кредит с поръчители с превод на работна заплата - BGN	11.83%	Standard	5	3000	1
CKB	ЦКБ - Потребителски кредит "Актив" за хора, упражняващи свободни професии, при получаване на доход по сметка в банката или абонамент за плащане на периодични сметки към ЦКБ - BGN	12.64%	Standard	5	3000	1
CKB	ЦКБ - Потребителски кредит с поръчители при превод на заплата или при абонамент за плащане на периодични сметки към ЦКБ - BGN	12.64%	Standard	5	3000	1
MUNICIPAL BANK	Общинска банка - Потребителски кредит с трима поръчители - BGN	12.75%	Standard	5	3000	3
RAIFAIZEN	Райфайзенбанк - Бърз потребителски кредит "Открита линия" с превод на месечни погасителни вноски по сметка в банката - BGN	12.95%	Standard	5	3000	0
RAIFAIZEN	Райфайзенбанк - Потребителски кредит без поръчители с превод на месечна погасителна вноска - BGN	12.95%	Standard	5	3000	0
RAIFAIZEN	Райфайзенбанк - Потребителски кредит с поръчители с превод на месечна погасителна вноска - BGN	12.95%	Standard	5	3000	1
UNIONBANK	ТБ "МКБ Юнионбанк" - Потребителски кредит с поръчители при превод на работна заплата по сметка в банката - BGN	13.29%	Standard	5	3000	1
BIOXIM	Биохим - Потребителски кредит с поръчители, с вътрешно рефинансиране и с превод на погасителна вноска или вноска на каса - BGN	13.37%	Standard	5	3000	2
HEBROS	Хеброс Банк - Потребителски кредит с поръчители, с вътрешно рефинансиране и с превод на погасителна вноска на каса в банката - BGN	13.37%	Standard	5	3000	2
DSK	ДСК - Потребителски кредит с поръчителство, с обвързана продажба и превод на работна заплата - BGN	13.45%	Standard	5	3000	1
CIBANK	СИБанк - Потребителски кредит при превод на работна заплата по сметка в банката - BGN	13.57%	Standard	5	3000	0
FIRST INVESTMENT BANK	ПИБ - Потребителски кредит "Професионалист" - BGN	13.63%	Standard	5	3000	0
BIOXIM	Биохим - Потребителски кредит с поръчители и с превод на заплата по сметка на банката - BGN	13.66%	Standard	5	3000	2

HEBROS	Хеброс Банк - Потребителски кредит с поръчители и с превод на заплата по сметка на банката - BGN	13.66%	Standard	5	3000	2
UNIONBANK	ТБ "МКБ Юнионбанк" - Потребителски кредит с поръчители - BGN	13.85%	Standard	5	3000	1
DZI	ДЗИ - Потребителски кредит с поръчители - BGN	13.90%	Standard	5	3000	1
RAIFAIZEN	Райфайзенбанк - Бърз потребителски кредит "Открита линия" с вноса на каса - BGN	14.08%	Standard	5	3000	0
RAIFAIZEN	Райфайзенбанк - Потребителски кредит без поръчители с вноса на каса - BGN	14.08%	Standard	5	3000	0
RAIFAIZEN	Райфайзенбанк - Потребителски кредит с поръчители с вноса на каса - BGN	14.08%	Standard	5	3000	1
DZI	ДЗИ - Потребителски кредит с поръчители - BGN	14.48%	Standard	5	3000	1
TOKUDA	Токуда - Потребителски кредит за текущи нужди "Токуда Спийди" - BGN	14.59%	Standard	5	3000	0
POST BANK	Пощенска банка - Потребителски кредит с поръчители - BGN	14.67%	Standard	5	3000	1
FIRST INVESTMENT BANK	ПИБ - Потребителски кредит за текущи нужди - BGN	14.76%	Standard	5	3000	1
DSK	ДСК - Потребителски кредит с поръчителство с обвързана продажба - BGN	14.87%	Standard	5	3000	1
CKB	ЦКБ - Потребителски кредит "Актив" за хора, упражняващи свободни професии - BGN	14.94%	Standard	5	3000	1
CKB	ЦКБ - Потребителски кредит с поръчители - BGN	14.94%	Standard	5	3000	1
DZI	ДЗИ - Потребителски кредит с поръчители - BGN	15.06%	Standard	5	3000	1
CIBANK	СИБанк - Потребителски кредит с поръчители - BGN	15.27%	Standard	5	3000	1
BIOXIM	Биохим - Потребителски кредит с поръчители и с превод на погасителна вноса - BGN	15.38%	Standard	5	3000	2
HEBROS	Хеброс Банк - Потребителски кредит с поръчители и с превод на погасителната вноса на каса в банката - BGN	15.38%	Standard	5	3000	2
DSK	ДСК - Потребителски кредит за текущо потребление с поръчителство - BGN	15.99%	Standard	5	3000	1
OBV	ОБВ - Потребителски кредит ОБВ - BGN	16.63%	Standard	5	3000	0
DSK	ДСК - Потребителски кредит без поръчители - BGN	16.90%	Standard	5	3000	0
OBV	ОБВ - Потребителски кредит без поръчители - BGN	17.20%	Standard	5	3000	0
EXPRESSBANK	Сосиете Женерал Експресбанк - Потребителски кредит Експресо за текущи нужди с превод на заплата по сметка на банката - BGN	17.38%	Standard	5	3000	0
BIOXIM	Биохим - Потребителски кредит без поръчителство - BGN	17.72%	Standard	5	3000	0
HEBROS	Хеброс Банк - Потребителски кредит без поръчители - BGN	17.72%	Standard	5	3000	0
PIREOS	Банка Пиреос България АД - Потребителски кредит с поръчители без превод на заплата по сметка в банката - BGN	17.77%	Standard	5	3000	1
PIREOS	Банка Пиреос България АД - Потребителски кредит с поръчители с превод на заплата по сметка в банката - BGN	17.77%	Standard	5	3000	1
EXPRESSBANK	Сосиете Женерал Експресбанк - Потребителски кредит "Кеш Експресо" с поръчители - BGN	18.55%	Standard	5	3000	1
FIRST INVESTMENT BANK	ПИБ - Потребителски кредит без поръчители за клиенти на банката - BGN	19.44%	Standard	5	3000	0
FIRST INVESTMENT BANK	ПИБ - Потребителски кредит без поръчители - BGN	20.63%	Standard	5	3000	0
DSK	ДСК - Стоков кредит - BGN	20.91%	Standard	5	3000	0

Source: <http://www.moitepari.bg>; accessed at 8.08.2006

Appendix 3: Banks serving the preferential investment credits under the programme of the Agriculture State Fund

N	Bulgarian name	Name in English	WEBPAGE
1	ТБ "НАСЪРЧИТЕЛНА БАНКА" АД	ENCOURAGEMENT BANK	www.nasbank.bg
2	ТБ "ИНТЕРНЕТЪНЪЛ АСЕТ БАНК" АД	INTERNATIONAL ASSET BANK	www.iabank.bg
3	ТБ "ЦКБ" АД	CENTRAL COOPERATIVE BANK	www.ccbank.bg
4	ТБ "ОБЩИНСКА БАНКА" АД	MUNICIPAL BANK PLG	www.municipalbank.bg
5	"ТЪРГОВСКА БАНКА Д" АД	D COMMERCE BANK	www.dbank.bg
6	ТБ "ДЗИ БАНК" АД	DZI BANK	www.dzibank.bg
7	ТБ "ПИБ" АД	FIRST INVESTMENT BANK	www.fibank.bg
8	ТБ "ЮНИОНБАНК" АД	UNIONBANK	www.unionbank.b
9	ЧПБ "ТЕКСИМ" АД	TEXIMBANK	www.teximbank.bg
10	"АЛИАНЦ БЪЛГАРИЯ" АД	ALLIANZ BULGARIA	www.allianz.bg
11	ТБ "ТОКУДА" АД	TOKUDA BANK	www.tcebank.com
12	"ЕЙЧ ВИ БИ БАНК БИОХИМ" АД	HVB BANK BIOCHIM	www.biochim.com
13	ТБ "ХЕБРОС" АД	HEBROS BANK	www.hebros.bg
14	ТБ "ПИРЕОС" АД	PIRAEUS BANK	www.eurobank.bg
15	ТБ "ИНВЕСТБАНК" АД	INVESTBANK	www.ibank.bg
16	ТБ "ОББ" АД	UNITED BULGARIAN BANK	www.ubb.bg
17	ТБ "РАЙФАЙЗЕНБАНК" АД	RAIFFEISEIN BANK	www.raiffeisein.bg
18	БАНКА "ДСК" АД	DSK BANK	www.dskbank.bg
19	ТБ "ЗАПАД-ИЗТОК" АД	WEST-EAST BANK	www.westeastbank.bg

Appendix 4: Financial schema for purchasing land offered by ALLIANZ bank

	Parameters of the loan
Amount	Up to 400 000 levs – maximum land price 250 levs/dka for the 1 and 2 category and 200 levs/dka for 3, 4 и 5 categories
Currency	Лева
Eligibility	Registered agricultural producers only, cultivating over 1000 during the last 2 years
Purpose of the credit	For agricultural land
Down payment	30%
Duration	Up to 20 years.
Installments	Monthly installments, according seasonality of production
Interest	<ul style="list-style-type: none"> Loans 1-5 years – 9%, based on CBI + a margin; Loans 5-10 years - 9,5%, based on CBI + a margin; Loans 10- 15 years– 10%, based on CBI + a margin; Loans 15 - 20 years от 10,5%, based on CBI + a margin;
Gratis period	Up to 12 months
Commissions	According to the bank policy.
Collateral	The purchased land

Source: <http://bank.allianz.bg/index.php?page=ffarm>; accessed 24.08.2006

Appendix 5: Financial schema for agriculture offered by ENCOURAGEMENT bank

PARAMETRES OF THE LOAN	EXPLANATION
Amount	Maximum credit amount - EURO 1,000,000 (or its BGN equivalent).
Currency	EURO or BGN
Eligible borrower	Commercial entities, registered in the Republic of Bulgaria, meeting the eligibility criteria of the SAF for applying under the SAPARD programme. Any economically justified and ecologically sound investment in the country approved by the State Agricultural Fund for a grant under the SAPARD Programme for activities in the following sectors:
Purpose of the credit	Plant-breeding, Animal husbandry; Machinery
Down payment	The Borrower shall finance with his own funds min 25% of the total project cost (VAT).
Period of the loan	Credits excluded and extended in BGN or EURO with tenor of 1 to 10 years
Principal repayment	Principal repayments will follow the grace period, the latter complying the project's implementation schedule, however not more than 2 years.
Interest	Principal and Interest Payment Schedules are individually negotiated with each borrower.
Collateral	The collateral shall be consistent with the common banking practice and the effective Bulgarian legislation. Assets acquired with the credit and financed under the SAPARD Programme, as well as amounts receivable from the State Agricultural Fund based on the grant approved under the SAPARD Programme shall form part of the required collateral.

Source: http://www.nasbank.bg/opencms/nasbank_en/right_programs/sapard.html; Accessed 25.08,2006

Appendix 6: Financial schema for agriculture offered by INTERNATIONAL ASSET bank

PARAMETRES OF THE LOAN	EXPLANATION
Amount	n.a.
Currency	n.a.
Eligible borrower	Agricultural manufacturers, registered in the Republic of Bulgaria, individuals and legal entities, whose constant address (or office address) is situated on the territory of the region, where the activities within the range of the project will be held Legal entities, registered in the Republic of Bulgaria according to the Bulgarian legislation, with not more than 25% state or municipal participation in the company All comers applicants for project funding under SAPARD have to check who the admissible beneficiaries under the certain measure are
Purpose of the credit	The programme of the European Union SAPARD is one of the financial instruments, which prepare the candidate-countries for their future membership in the European Union in the field of agriculture and the rural areas.
Down payment	n.a.
Period of the loan	Mid and long-term loan
Principal repayment	In accordance with a repayment plan made by the Bank
Interest	9%
Fees and commicions	In accordance with the Terms and Conditions of INTERNATIONAL ASSET BANK
Collateral	All the statutory collaterals put up by the Bulgarian legislation are acceptable: property of the Borrower or of third parties, accepted by the Bank according to their trade value, made by a licensed evaluator

Source: [http://www.iabank.bg/\(4wnvyb45qedl2suegszz1t45\)/en/pages/root/corporate.aspx?ifmsrc=../corporate/kredit.aspx](http://www.iabank.bg/(4wnvyb45qedl2suegszz1t45)/en/pages/root/corporate.aspx?ifmsrc=../corporate/kredit.aspx)

Appendix 7: Financial scheme for agriculture offered by DZI bank

PARAMETRES OF THE LOAN	EXPLANATION
Sum	CCB grants to applicants loans not exceeding the amount of the investment approved under the SAPARD programme
Currency	BGN
Eligible borrower	Central Cooperative Bank grants loans to persons with approved projects and signed Financing Agreements under the SAPARD programme.
Purpose of the credit	For projects financing the purchase of farming machinery the Bank has entered into frame agreements with leading importers and distributors such as "Fermer 2000" EOOD, "Megatron" EAD, "Rapid" AD etc. ;
Down payment	n.a.
Period of the loan	The repayment period for investment loans depends on the project but may not exceed 7 years.
Principal repayment	
Interest	The bank charges an interest rate of 9% per annum on loans.
Fees and commissions	In accordance with the Terms and Conditions of Bank
Collateral	For customers having effective agreements with the abovementioned importers and distributors the assets that are the subject of investment may serve as a sole collateral. For all other applicants additional collateral is needed apart from the subject of investment.

Source: http://www.ccbank.bg/display.php?page=k5_en; Accessed at 25.08.2006

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