

„Jobs for Roma” Evaluation

Report

Sofia, December 2007

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List of used abbreviations

BC	Business center
BI	Business incubator
BIR	Bulgarian Central Bank Base Interest Rate
CCU	Central coordination unit
CRS	Catholic Relief Services
CVT	Center for Vocational Training
FL	Financial leasing
FLS	Financial leasing scheme
GA	General Assembly
JOBS	Job Opportunities through Business Support
LO	Labor office
MC	Managing Council
MLSP	Ministry of labor and social policy
NAVET	National Agency for Vocational Education and Training
NBDN	National Business Development Network
NGO	Non-governmental organization
SIDA	Swedish International Development Agency
UNDP	United Nations development Program
USAID	United States Agency for International Development
VAT	Value Added Tax

Introduction

1. Purpose of the Evaluation

The *Jobs for Roma* project has been funded by the Swedish International Agency for Development (SIDA) for the period 2004-2007. It is a component of a large scale initiative of the UNDP and the Bulgarian Ministry of Labor and Social Policy (MLSP) „*Employment through Business Support*” JOBS, which since 2000 applies an innovative model for promotion of employment and entrepreneurship by establishing Business Centers (BC) in districts with long-term unemployment. *Jobs for Roma* applies this model in the Roma communities in two municipalities - Burgas and Pazardjik, by creating two Business Centers that provide services directly in the communities. The goal is to test the model as a sustainable approach for increasing employment and income generation among the Roma communities.

This evaluation is at the request of UNDP with two main objectives: 1/. To assess the implementation and impact of the component *Jobs for Roma* and 2/. To provide UNDP with recommendations for achieving the component's long-term goals in regard to the future support to the two BCs in the framework of JOBS and the possible ways for increasing the effectiveness of meeting the needs of the target groups by the two centers and broader in the JOBS BC network.

2. Approach and Methodology

The approach to the evaluation is based on the two-pronged nature of *Jobs for Roma* – an ending project as support from SIDA and a continuing initiative in the framework of JOBS project, supported by the MLSP and UNDP. Most of the objectives of the project, as financed by SIDA are much longer-term than the timeframe for its implementation. For this reason the assessment methodology combines:

- 1/ an assessment of the effectiveness of implementation of envisaged in the SIDA funded project results,
- 2/ a strategic review of the sustainability potential of the achieved outcomes in the two municipalities and to disseminate working practice in other localities through the BC network,
- 3/ a brief comparative overview of other programs and practices, in the same field and with similar to JOBS methods.

The evaluation was carried out from 4.11.2007 to 5.12.2007 by Mariana Milosheva-Krushe and Stefan Stoyanov.

The study included *documentary research* (project proposals, long strategies, annual plans and reports, quarterly reports to SIDA, assessments, various data documents, as well as publications and websites of other programs); *field visits to Burgas and Pazardjik and interviews* with the BCs' teams, leaders, members of the Boards, representatives of local institutions of the Roma community (NGOs and users of the services of the centers), *meetings with key Project stakeholders in Sofia* – the JOBS Central Coordination Unit (CCU), representatives of the UNDP office, representatives of departments in the MLSP, *meetings and telephone interviews with other respondents* – experts from different NGOs and programs working in the same field, meetings with representatives of the financial sector and a brief questionnaire sent to all the BC from the JOBS network.

In total 81 respondents participated in the evaluation. We would like to thank all who found time to meet us and reflect on this project in the interviews or by filling in the questionnaire, despite of the busy schedule at the end of the year. We would also like to thank the teams of JOBS CCU

and of the BC Burgas and BC Pazardjik for assisting us by organizing meetings and providing information throughout all the evaluation process.

3. Structure of the Report

Chapter one outlines briefly key contextual tendencies and needs related to developing systematic initiatives for Roma employment and income generation, some of the UNDP programs with innovative developmental approaches for inclusion of disadvantaged groups since 2004 and the strategy of the *Jobs for Roma* Project.

Chapter two provides assessemint of the implementation of the *Jobs for Roma*, as a SIDA funded project. It outlines findings on the effectiveness of the implementation of the envisaged project strategy and the achievements towards the planned quantative and qualitative results.

The third chapter focuses on the potential for impact of the outcomes in the two municipalities, and broader for multiplication of this approach elsewhere. It analyzes the different aspects of the sustainability of the two centers and the extent to which their practice is known in the broader BCs network of JOBS. It also provides a brief comparative review of other practices for employment and entrepreneurship among Roma, as well as aspects of the competitiveness of the JOBS financial instruments at the financial markets dynamics in the country.

The last forth chapter provides main conclusions in regard to the sustainability of the model and recommendations for the future development of the two Business Centers, as well as broader to UNDP future initiatives that can increase the impact of the approach used for growing Roma employment opportunities and access to development in the two municipalities and nationwide.

Executive Summary

(General Conclusions and Recommendations)

Strategy and Approach

The *Jobs for Roma* Project applies an innovative approach for creating employment and entrepreneurship within the Roma communities by establishing two Business Centers (BC) in Burgas, and in Pazardjik. They provide various services (consulting, training and financial leasing) and play the role of a community center and a platform for partnership with the local authority, local institutions, businesses and community organizations. Their experience has a lot of strategic potential in view of the needs for working approaches and practices that can contribute to improving policy implementation. In this respect, it is of key importance that both BCs are a part of a network and a large scale joint initiative of the UNDP and the Ministry of Labor and Social Policy.

Implementation

The project has been effectively implemented. Some issues met during the first and a half year of work are more a problem of the generic initial project concept design, developed as indicators and timeframe expectations on assumptions from previous practice, not acquainted with the context of excluded minority communities. Major challenges from the start up are related to the change of one of the pilot sites from Sofia to Pazardjik, unexpected longer time and effort for organizing the permanent offices during the first two years, and the desire for efficient performance to meet initial indicators that were not realistic, especially in the local context of Pazardjik. An alternative implementation option could have been to adapt the program plan and success expectations to the difference in local contexts among the two municipalities.

Despite the initial issues faced, the project is very successful in finding good leadership and teams for the two centers and in creating a committed and long-term partnership with local institutions, the business and community organizations. Local teams are supported by systematic training and information by the JOBS CCU.

Very instrumental for adapting the approach is the strategic process organized in the two municipalities during the second half of 2005. It applied a common participatory methodology based on community development principles. This process helped the two centers to develop strategic directions, to diversify the approach to the needs of different groups inside the communities, to increase awareness about the specifics of the community contexts, as well as to mediate some tensions from administrative nature, related with the expectations for faster efficiency performance in Pazardjik. The strategy process increased the community trust and visibility of both BCs as open to the local needs organization.

Achievements

The two centers for employment and business development in Burgas and Pazardjik are already recognized as useful and meaningful local organizations. They are functional cross-sector and interethnic partnership among local authority, local institutions, business and Roma organizations. The BCs have active Boards, motivated leadership and teams with growing professional skills to continue the work in the long run.

The two centers are successful in applying complex and quality services in the communities – education, consultations and financial instruments, and have reached out to different target groups. The new service for employment mediation introduced in 2006, is effective for finding

jobs for community members and for overcoming existing prejudice among employers about the lack of skills and desire to work among Roma.

For the period 2005-2007, a total of 3796 people have used the BCs' information and consulting services (Burgas – 2498 and Pazardjik – 1298), 808 people are enrolled in different courses and 148 of them have found jobs. Together in the two BCs, 39 small businesses are approved for financial leasing (29 in Burgas и 10 in Pazardjik)¹.

The central management of the financial leasing fund by the CCU allowed for a more flexible response to local needs and the different rate of demand in the two cities. The small grants scheme, introduced in 2006, served as a catalyst for using the leasing opportunity by community members. This new and complementary to the leasing scheme instrument was useful by providing for start-up and working capital that are much needed in the context of Roma communities. A better choice for the form of provision would have been instead of grants, to provide it as credit – with small or no interest rate. This could lead to more sustainability in regard to the overall approach of growing market skills, and as a sustainable service – a revolving fund for operational capital that the BCs will continue using.

A visible and lasting change in the environment of marginalization and social exclusion requires a long process. The centers have started some quality changes of attitudes inside the community and towards them among employers and the institutions. Among the evidence are already existing cases of people, who have attended initial course, found work due to it, and are currently involved in next level of acquiring new skills for better job, or start their own business. The sustainability of started change will depend on the ability of the two centers to continue working in the long-term.

Sustainability and Replicability of the Model

Both BCs have considerable organizational assets for sustainability. This includes trust in the communities served, recognition for the usefulness of their work by the co-founding institutions, long-term commitment for support of the two centers from local governments and local institutions, involvement of Roma communities and of local banks and businesses in the governance structures. Both centers are members of bodies at district governance level, as well as members in the National Association for Business Development of all business centers created by JOBS.

The main and immediate vulnerability of the two centers is their survival in the first year after the funding of SIDA. The revenues from the BCs income generating activities are far from being sufficient to cover their core costs, as envisaged in the scheme for gradual withdrawal of UNDP/JOBS. At the stage of 70% core costs provision in the second half of 2007, the two BCs are already spending all their revenues and have to cut costs in order to make it. Currently, there is a decision of new core cost support reduction to 47%, starting from January 2008. With no successful project applications and insufficient skills for proposal writing, both centers will face some difficult decisions: to close key team positions that bring for the BCs income and trust in the community, and/or broaden or change their target group, as Roma are too poor to pay for services. This will put the centers in a survival mode and will jeopardize all the current achievements of the Project.

¹ As of September 2007

At the time of this evaluation, there was no readiness of transferring the management of the concrete leasing funds locally in the two centers, as it has been requested by the donor. The experience and skills of the two BCs have evolved under the centralized management of the leasing fund in the framework of the JOBS project. If the decision for transferring the ownership of the funds locally is to be enforced, then this will require time and feasibility study of how this will be done in view of country legislation and regulations, the needed institutional changes and registration, as well as new capacity building for financial management.

Multiplication and dissemination of the approach

- Inside JOBS CCU and UNDP there is no systemized learning of what from the adapted JOBS approach works, as applied in direct work with Roma communities. The practice of the two centers is vaguely known by the other BC from the JOBS network. At the same time, there is a growing practice of work with Roma in other BC – window offices and other initiatives from projects of different funding. There is a need to reflect and systemize the JOBS experience, beyond of its promotion of a success story and expanding initiative. This will be instrumental for future sharing and dissemination of learning from practice to other places too.
- The *Jobs for Roma* model, and broader the JOBS approach, is unique as complexity, scale of resources and geographic coverage. There are not too many other practices that combine such a diversity of finance and non-finance instruments for development. But among the few that exist, there is experience in working with the Roma community that can enrich some aspects in the overall JOBS model. The problem with all practices is that there is no sharing, especially of what does not work, which often can be very useful for shared learning and adaptation of own models.
- Both BCs have rich experience and credibility in the Roma communities served, which provides them with advantage to the financial and credit institutions in these communities. However, the conditions of the applied Financial Leasing Scheme are not quite competitive to the finance institutions products, that have been changing over the years. In addition, the BCs have a limited leasing fund. This does not provide for increasing the volume of leasing service and reducing the cost of this service.

Recommendations

To UNDP/JOBS and the BC Burgas and BC Pazardjik

1. To reconsider the decision to reduce the core cost subsidy for the two centers to 47% starting from January 1, 2008 and to continue with the 70% core cost support until the end of 2008. The needed funds are very little from the UNDP perspective, but of viable importance for keeping the potential of the centers for future sustainability.
2. Based on the long-term strategies the two BC need to two-year Action plans, with clear action priorities and plan for finding or developing needed resources (internal and external expertise, finances) with concrete timeframe and responsibilities. This plan should also include a set of concrete initiatives and projects developed, that will be the basis for fundraising. The centers will also urgently need technical assistance in project proposal development.
3. It is important to organize systematic discussions inside the two BCs in the first half of 2008, on the possibilities for funding that the partnership with the municipality provides – where and for what programs there can be joint initiatives and search for financing.

4. In addition to providing useful services in the communities, the two centers can be a strategic partner of the municipality for organizing discussions and consultative processes that can serve the development of local strategies, especially in regard to needed initiatives and action for social inclusion of Roma. The centers can also have a role in the monitoring of the effectiveness of application of different government measures and standards and in providing critical feedback to the institutions for possible improvements.
5. In regard to self-financing, there is a need to develop a longer term business plan with feasibility and plan for income generation activities that leads to accumulation, and without absorbing all the energy of the centers for their core work –serving the community. It will be also good to look for other forms for activating local donations and support from businesses.

To UNDP for future work for employment for Roma:

1. UNDP can be a strategic mediator and initiator of formulation of practical suggestions for improvement of policy implementation in the area of social inclusion of Roma by employment and income generation initiatives. For this purpose, it will be very useful to create a *StrategicGroup*, including practitioners and experts from BCs that have worked with Roma communities and from other organizations with relevant experience. Co-support for this initiative may be provided by the Trust for Civil Society in CEE, if it is applied by NGOs.
2. The JOBS practice of UNDP and the MLSP is already of interest to other countries. Further research of this practice and linking it with the concept for *social enterprises* can contribute to the discussion in the area of income generation and employment initiatives for social inclusion of Roma at the CEE regional level. This can be done together with the UNDP regional office in Bratislava in the framework of its work around the Decade for Roma inclusion.
3. For the centers that are already working intensively with the Roma communities it will be beneficial if UNDP searches for opportunities to create a micro credit fund for financing of pre-start and working capital as a complementary to the leasing instrument.
4. Another important development need is capacity building among young people from the Roma community – students or leaders of organizations that can have internships with well working BC. This can help create new human resources for dissemination of the approach.
5. It will be good to consider the possibilities for expanding the partnerships at regional level – with other BC or other organizations. This can be strength for the participating organizations for mutual use of expertise and joint application for projects.
6. If UNDP plans to expand the work for increased employment and income of the Roma communities in the remaining two years until its exit from Bulgaria, it will be better to build upon existing organizations instead of creating new ones. The main criteria for choices should be existing local demand and possibilities. There can be different options: support other BCs that have the desire, the motivation and some experience of working with Roma; or “host” the BC approach into another organization with practice, commitment and potential to develop the JOBS approach; or upon the request of a municipality, but under the condition that it will involve with commitment for financing or joint search for financing of the initiative.

7. The application of the model at a new place should include a pre-start phase of studying its feasibility and relevance to local potential through several micro projects or initiatives for promotion of employment and entrepreneurship among Roma.
8. There is a need to reconsider the existing JOBS scheme core support reduction, when applied to BCs working directly and mostly with marginalized and isolated communities. The reduction of support needs to be corresponding to the opportunities for self-financing in such environments and to the stage of development of the relevant BC.
9. In regard to the transfer of the leasing funds under the local management of each of the two BCs: at the moment, a better option is if these leasing funds remain inside the overall JOBS /MLSP fund. If it is decided to transfer the ownership of each fund locally, this will require time that needs to be negotiated with SIDA. This will provide space to make a concrete feasibility study for the financial viability of the local fund and its establishment in compliance with the country legislation, and to identify the needed institutional changes, new capacity building and the fund financial viability.

Chapter 1. Why Jobs for Roma: Context and Strategy

1.1. Overcoming Social Isolation and Marginalization of the Roma Community in Bulgaria

Roma social exclusion from the mainstream developmental opportunities has been increasingly on the discussions agenda in Bulgaria in the past decade. Different documents outline various aspects of the vicious circle of Roma poverty and deprivation. The most important steps for way out of this circle are the increased access to education and to employment and income generation.

Compared to the 90s, Bulgaria has much better political and strategic frameworks to deal with the issues of Roma exclusion. They translate into concrete governmental programs and measures targeting critical issues in the areas of education, health, employment and social welfare². In addition, financial support for such programs (through EU pre-accession funds and structural funds) is also growing.

Experts on ethnic issues from the Roma community are already included at the different levels of the administration. Institutional structures, like the National and Regional Councils on Ethnic and Demographic Issues have been established with the task to coordinate policy formulation and implementation for minorities' inclusion and equality. In these, as well as at different ministries, there are already consultative groups of NGOs (Roma and others) that are to provide for civil society input on initiatives for access to development and equal opportunities of the Roma.

Increasing access of Roma to employment and income generation is considered as the most critical area in the fight against Roma exclusion, not only in Bulgaria, but also in all countries of Central and Eastern Europe. Main difficulty is finding sustainable approaches to avoid the reproduction of dependency and creating of a shared vision for the cumulative effect of all measures and programs that increase the development opportunities. An important principle for finding solutions in the area of employment is the view at employment programs as an investment in the long-term benefit of society, and not as a way to resolve and contain the problem in the short-term. Inclusion of disadvantaged groups in the labor market is much more than a temporary solution of finding income for today. It impacts positively the social welfare system and can contribute to breaking the models of social exclusion. In order to overcome the social welfare's tradition of systematic dependency on social aid, there is a need for active measures that increase Roma motivation for work and encourage the transition from defeatism to active participation in the employment market.³

Together with the overall positive developments, yet there are many challenges to the effectiveness of practical implementation of policies and programs. "If the problem of the 90s was how to get on the political agenda, now when we are there, the issue is how to make policies happen. This calls for a new type of debate and joint efforts in analyzing what works and what doesn't."⁴

² According to some of the respondents there are over 46 documents of different ministries and state institutions, which are related to policies on access to development of roma in Bulgaria.

³ Many documents and studies focus on issues of overcoming poverty and exclusion of Roma. However, the most innovative and systematic view in this relation is the UNDP regional report "Beyond the Dependency Trap" 2003, as well as the follow up 2006 report.

⁴ Nikolay Kirilov. Chairman of Roma Lom Foundation, member of the board of European Roma Fund Pakiv

In the interviews for this evaluation, as well as in some discussions in the last few years, several challenges to the effectiveness of the implementation of policies for increased access to development of Roma are outlined:

The complexity of the issue and the need for a holistic approach.

The long-term unemployment as a result of the low level of literacy, the missing competitive skills on the labor market, as well as the negative stereotypes among employers have already reproduced new generations with no perspective for employment. There are an increasing number of Roma young people without any work experience and low motivation for work. General attitudes towards Roma as “only capable to work low-qualification labor” and the lack of enough positive role models for success through education, employment and entrepreneurship, has brought up a passive approach to life by survival on welfare.

This tendency is a result from social exclusion, but it is also a factor that reproduces exclusion and self-isolation from the mainstream development. The solutions require a holistic approach that links the long-term investment in employment through education with immediate measures for jobs in the present, but with a vision how these measures will reduce dependency and bring for development in the future. Often the complexity of approaches exists on paper, but is fragmented when put in practice. Among the reasons are the insufficient coordination between different institutions and government programs, missing shared vision and capacity for observation of the cumulative and complementary effects of different interventions; limited knowledge of the principles of the developmental approaches and sometimes the mechanic translation of programs at the level of only efficient project administration.

The need for differentiated approach responding to the diversity inside the Roma community.

According to a large group of respondents, most of the programs targeted at various aspects of Roma integration face “the problem of the large scale design done top-down and from the outside”. From the outside, for employers, institutions and donors, the Roma communities are the same. From within, there is a lot of diversity in terms of groups, self-identification, education, level of marginalization and internal cultural codes of self-organization and community life. Every place has its specifics and requires a differentiated approach, based on knowledge and understanding of local diversity.

Such approach needs involvement of Roma community representatives at the initial stage of program design, as well as in its follow up implementation, management and monitoring. Usually, Roma remain only the target group or the beneficiaries of already developed interventions and if there is any consulting involved, it is more formal than committed to real participation in the design of approach and strategies.

The need for drawing out shared lessons from success, but also from non-working practices and experiences.

Initiatives for Roma inclusion through employment and entrepreneurship are less as compared to programs for education. Yet, there is some accumulated experience from previous or still running programs of donors, local NGOs or government.⁵ This experience can be very useful if there are forms for discussion and shared learning from what works and what doesn't work. Unfortunately, (and not only in Bulgaria), sharing is rare or remains on promoting best practices and own unique approaches.

⁵ In Annex 2 of this report, there is a brief review of some of the programs, mainly the ones which use financial instruments like leasing, credits or target donations for development of entrepreneurship and employment.

Obstacles to learning from programs and activities are the limited resources (skills, people, time and money). Both NGOs and government programs are under the pressure for effective performance. Both sectors are not enough open to critical learning from practice. A problem of the NGOs is the low capacity to formulate proposals for change, based on systemized experience from their community work. It is much easier to say what does not work and much harder to present constructively, what can work better and how it can be mainstreamed in policy implementation.

The need for promoting Roma social inclusion approaches as an integral part of the strategies for local development and a principle for good governance.

People at the local level usually know better the specifics of local contexts. The different stakeholders – the local authorities and institutions, the local NGOs and community groups, as well as the local business, have more immediate interest to look for solutions. Locally, the consequences of poverty and marginalization are directly visible and putting pressure to find a way out of the current situation. Looking for solutions is an inevitable task for locally elected officials, no matter of whether they like Roma or not. In this respect, locally there is much more potential for growing of recognized and shared interest for integration, for training and social activation as means to develop the Roma communities in the municipality. There is also more opportunity for practical dialogue and collaboration, especially in smaller places, where there is more shared space of living together and of some memory of working together in the past.

Yet, there is a clear and visible divide between the majority and the minority neighborhoods. With the negative society perception of “Roma programs” as unfair (why for them and not for the poor Bulgarians), bridging this divide will be a long process. It will require partnership between sectors and representatives of different ethnic groups, and effective initiatives to fight poverty as part of the municipal strategies for development. It will be important to create positive practice locally and to publicize it both locally and on the national level. This will help to gradually build new awareness of Roma issues are part of the local development agenda and not a problem of their own. It will bring for public understanding of inclusion as an investment in the public benefit that has much lower price than the “cost” of long-term exclusion.

1.2. The UNDP approach

The UNDP Bulgaria has a lot of contribution and practice of introducing innovative solutions and approaches for increasing the access to employment to disadvantaged groups – unemployed from all ethnic groups, disabled people, and also the less developed territorial regions in Bulgaria. Along with the numerous publications of conceptual and practice studies of approaches and policies in various directions, the UNDP has a number of pilot initiatives jointly with the Bulgarian government and the municipalities for proposing and testing of alternative solutions. They mobilize financial resources from various donors, the Bulgarian government and the municipalities.

„*Beautiful Bulgaria*“ (1997–present) tests an innovative political instrument for relieving the social cost of the transition and applies a complex approach for addressing the issues of long-term unemployment by creating jobs for renovation of the poorly kept urban infrastructure. Starting as a pilot joint project with Sofia municipality, over the years it expanded to over 180 municipalities and covered a number of new components, which had turned it into an instrument for local social and economic development. A large share of the people who have acquired skills and employment under this program, are from the Roma Community.

„Urbanization and Social Development of Areas with Disadvantaged Minority Populations” (2003-2006) is directed to searching innovative models for solving the infrastructural problems in isolated quarters with minority communities. The approach is a combination of social infrastructure improvement with qualification upgrading, temporary employment and business support. It operates in Omurtag, Venets, Dulovo, Pazardjik, Lom, and Stara Zagora.

Maybe the largest scale initiative is the project „Job Opportunities through Business Support” (JOBS). It is a joint initiative with the Ministry of Labor and Social Policy (MLSP) for mitigating unemployment and for business development in Bulgaria by assisting the creation of permanent jobs and supporting the local starting, micro and small businesses through establishing of independent organizations at the local level – business centers, business incubators and window offices. The beneficiaries of the project are unemployed individuals, micro- and small-scale entrepreneurs, farmers, craftsmen and disadvantaged groups in the labour market.

The project started in 2000 and now covers 60 municipalities on the territory of the whole country. There are 42 business centers, which have been established so far⁶ and provide support through consulting, office and information services, training courses, access to micro-financing (financial leasing and grants scheme for the start-up business). There are also 11 business incubators to various business centers and an increasing number of window offices, which service neighbouring municipalities. Along with the permanent geographic expansion this extensive initiative develops also in program terms. At present⁷ five specific components and pilot initiatives, which test the approach in various industries or target groups related to the priorities of the respective municipalities, are being developed and executed within the scope of JOBS and are co-financed by various foreign donors.

1.3. Jobs for Roma component – a brief description of the project, funded by the Swedish International Development Agency

The main objective of the project is to test and demonstrate a sustainable and replicable model for creating job opportunities and income generation in Roma Communities. The way of achieving this objective is the establishing of *Job Opportunity and Business Development Centers* in two big towns (Burgas and Pazardjik). The strategy is that these centers will continue in the long-term and will become self-funding within three years. They will be providing high quality services to the target group through the team of business consultants, contemporary premises and equipment for training and consultancy, as well as through financial instruments for supporting starting and developing companies.

The work program of each center should be developed in two directions:

1) Access to existing opportunities through three types of activities:

- Vocational trainings, organized by the centers themselves, for developing skills in the Community depending on the needs of the local labor market;
- Attitude change of employers through stimulating schemes for hiring people from the Community;
- Attitude change of the Community through demonstrating good behavioral models of successful community members.

⁶ By 30 September 2007

⁷ As of October 2007

2) *Creating new job opportunities through:*

- Consulting for establishment of new businesses – the model of JOBS project for stimulating entrepreneurship, including through motivation courses, consultancy support for registration and start-up of business and business training for unemployed people;
- Consulting of existing Roma businesses – how to expand and hire more people from the community through a technical support for new products development and facilitated access to local, national and international markets. Providing business services, financial and administrative services and market relations for optimization of the activities and their market opportunities.
- Access to funding – leasing scheme for purchase of main equipment as less risky financial instrument for starting small-scale entrepreneurs.

The institutional implementation framework for the component envisages management by the UNDP in cooperation with the MLSP. The UNDP provides technical support through its experience in establishing similar business centers in the country. A project coordinator operates in the Central Coordination Unit (CCU) of the JOBS project. Both business centers are established as partnerships of public benefit with their own independent general meetings and managing bodies of representatives of the local community. This institutional approach/model is defined as working and successful within JOBS project.

The expected results are estimated on the basis of the experience and lessons learned from the JOBS project in previous operation in other municipalities. They are two types - institutional and program. The institutional ones are related to the establishment and development of both business centers as factors for local progress. The program results are qualitative, related to long-term effects of the project, and quantitative, related to the number of people who are expected to be covered by the centers' services till the end of the project.

Planned results for both BCs

Institutional results	Program results	
	Qualitative	Quantitative
<ul style="list-style-type: none"> - Employment and Business Development Centers established - Local income and expenditure survey undertaken - Strategy for the development of the centers formulated 	<ul style="list-style-type: none"> - Higher awareness among Roma population towards self-employment and employment opportunities - Higher awareness among existing businesses towards the potential of the Roma people to be employed 	<ul style="list-style-type: none"> - 600 Roma people trained in motivational training, vocational skills, Start Your Business, computer and language courses, etc. - 1500 people consulted in job opportunities, business development, micro-financing opportunities, etc. - 400 people directly assisted in finding new jobs another 300 indirect jobs created - 50 Roma companies created and assisted through various mechanisms, incl. financial leasing - Up to 25 entrepreneurs supported with start-up grants (since 2006)

The project proposal envisages the following as main risks:

- Finding suitable staff for the centers in the Roma Community.
- Difficulty in establishing the centers as public-private partnership due to the existing bias.
- High level of illiteracy among Roma people.
- Difficult overcoming of the attitude of Roma community to work in the grey economy.

It is considered that “these risks will require innovative solutions, which probably will result in a longer developmental and planning stage compared to the usual practice in previous business centers”.

The initial time frame of the project is three years from 2004 to 2006. Subsequently, the project is extended with one year until the end of 2007 and with additional funding. The total funding for the period 2004 - 2007 amounts to USD 808,883.

Chapter 2. *Jobs for Roma* Project Implementation (2004-2007) Achievements and Challenges

2.1. *The challenge of the start-up*

The *Jobs for Roma* Project started effectively in April 2004. At the beginning, the initial project concept as financed by SIDA faced several key challenges. They relate to project design and planning on assumptions from previous experience, but in a different environment. The process of adjusting the project strategy is very intensive in the first two years of implementation and in parallel with the effort to deliver timely the initially planned results. These challenges are in three main directions outlined below.

2.1.1. The Project's nature – a model replication or a pilot?

Jobs for Roma project design is based on the five year experience of the larger Project JOBS in 40 other municipalities. It is often defined as a proven effective model in three aspects:

- *Institutional* – as a public-private partnership and a financially viable local NGO;
- *Programmatic* – as developed set of different services (information, education, consulting and financial) to stimulate local entrepreneurship and employment;
- *Community* – as effective factor for community development with a good balance of two roles: catalyst for economic and business development and a social factor for overcoming unemployment and inequity on the labor market.

From this perspective, *the project is a replication of an already tested and working model* which would assume effective start-up and quick demonstration of success. However, the JOBS Project's experience of direct work in Roma communities is sporadic. None of its created Business Centers has a special focus on working directly inside these communities. Roma are among the general target groups, but are actually served to a different extent in the different places. The SIDA funded proposal outlines some challenges for applying the JOBS approach in Roma communities. But it does not provide for clarity on when and in what way the anticipated innovative solutions will be developed to meet this different from the mainstream environment community contexts of survival, marginalization and poverty culture that are predominant in the isolated Roma neighborhoods.

At the same time the project is referred as a pilot. It has to test and demonstrate a sustainable and replicable model that creates opportunities for employment and income generation for Roma communities. This “social engineering” aspect of the model assumes a clear system for monitoring, not only on activity implementation level, but also as a systematic learning from emerging practice. Usually, pilots are facing the need of more time to test approaches and to reflect on what actually works or not. This requires some focus on indicators that can grasp not only quantity but also some quality of change. Pilots also require some clarity or frameworks to identify who will use the lessons and working practices demonstrated in the pilot phase. In other words, who will be the users of the tested model and in what way they would adopt its practice; who, how and at what stage of the project will disseminate it.

This dynamic between the aspects of dissemination/replication and innovation/adaptation of the JOBS approach is present throughout all *Jobs for Roma* project implementation. It translates into several implementation dilemmas:

- How to efficiently administrate the replication of approach with the growing need for a development space to change approaches in response to local contexts' diversity of the two cities, among localities/communities in each of them, and inside each community (as ethnic self-identification, diverse groups and status)?
- Whether delay is a failure of implementation or a gap in the program design that needs to be compensated in the course of implementation?
- How to find leadership and teams able to effectively and quickly apply the model, but also adapt it to work inside isolated minority communities and to mobilize support from the larger majority?

2.1.2. Selecting the pilot municipalities

Initially the centers have been envisaged to be located in Sofia and Burgas. The criteria for this choice are very broad – municipalities with large and compact Roma communities and the existence of economic opportunities in both cities.

Within the JOBS methodology, the Municipality is the main factor for the successful start-up of a business center⁸. It participates as the co-founder, as a key member in the governance body, provides for free premises for the center on a 10 year basis. In the first months of the project implementation there are intensive talks with both Municipalities. In Burgas, it is decided that the BC will be in Pobeda neighborhood. All levels of the local governance – the Mayor, the administration and the local institutions in Vazrajane district, where the neighborhood is located, get quickly involved and agree to support the effective creation and work of the center. Meetings are done with local and regional Roma NGOs that also agree to get involved.

The situation in Sofia is slightly different. Letters are sent to the respective mayor offices and institutions, meetings are held with the Mayors of Sofia municipalities of Slatina (Hristo Botev), Lulin (Filipovci) and Krasna Polyana (Fakulteta), with the representatives of the National Roma Center St. George and an expert on ethnic and demographic issues within the MLSP. Despite of the readiness for cooperation of the local mayors, some problems with the big Sofia municipality significantly delay the talks at this central level, which makes the start of an effective partnership and planning of actual activities impossible. Another problem faced is the failure to identify Roma NGOs, which are ready to be partners of the BC in Sofia, but also ready to work together with others. Sofia has a lot of Roma organizations, but with some competition between them.

After consulting with the main Project partners, the UNDP decides to change the location of the project from Sofia to Pazardjik. The reports do not have a clear indication of the criteria leading to this new choice. According to some interviews, among the main reasons is the previous work UNDP done there. Following intensive talks in Pazardjik the Mayor, the Municipal council, the administration, the Labor Bureau, as well as two Roma NGOs – “Napredak” and “Badeshte” – are ready to cooperate and support the initiative.

2.1.3. The Challenge of Diversity

According to some of the interviews⁸, it is very important to render account of the diversity of the Roma communities when applying models tested elsewhere. The first issue is the big

⁸ Mostly respondents from Roma NGOs or experts

difference in conditions *in an environment with predominant poverty culture and survival attitudes*. The question is, to what extent in such conditions an entrepreneurial model approach can be applied immediately and quickly to break the social exclusion circle of low education - lack of work- increasing illiteracy and lack of vision for the future. “This is a huge jump and many people may not be able to make it at once”⁹. The second issue is *the diversity inside the Roma community itself*, in the concrete case - between the neighborhoods in one municipality and among the two municipalities. This needs a flexible approach in accordance with the local conditions.

The discovery of above differences is one of the main challenges for the project, especially in its first year of implementation. For instance, the name itself, *Jobs for Roma*, met the issue of self-identification of a large part of the served minority communities in the two cities as Turkish. A second aspect is the difference between the two pilot municipalities Burgas and Pazardjik as economic, social and community developmental conditions. This relates to differences in general for the municipalities indicators like unemployment rate, opportunities for economic development and employment, as well as to the difference between the conditions inside the minority communities. If in Burgas there are several smaller neighborhoods, in Pazardjik there is one – “Izgrev”, and with its population of about 20,000 people it is like a town in the city. In addition, inside and between these neighborhoods, there is a lot of difference in terms of level of education, unemployment rate, skills, attitudes etc. In the context of the different development opportunities in the two municipalities, the dimensions of marginalization and the options of getting out of it also have their specifics. In Burgas the overall economic environment (tourism investments, production) gives a lot more opportunities for employment than Pazardjik.

This puts a question to what extend same effectiveness of the two centers can be anticipated if local contexts are taken into consideration. At the same time from piloting point of view, the difference of the two sites can be an opportunity – to explore how the approach can be adapted to work under different conditions, if of course is the project sets the goals to draw learning from the model practice.

2.1.4. Infrastructure – where and how offices in the neighborhoods

UNDP signs a Memorandum for cooperation with the Burgas municipality on June 21, 2004 and with the Pazardjik municipality on August 27, 2004. Both municipalities provide buildings or land to build the offices for the business centers. As the BCs are to be based in the neighborhoods in order to be more accessible for the community, the project stumbles into another “delaying” factor. Usually the infrastructure of Roma neighborhoods is very limited. Very often existing buildings are very few and in very bad condition, often needing serious renovation. To solve the problem, the municipalities gave temporary premises until the completion of renovation and/or building of the BC office space.

The buildings are municipal property and the permission for 10 years free of charge lending is voted by the local Municipal Councils. In Burgas, as there were no available buildings, it was decided was to give some land inside the Pobeda neighborhood to build the BC own premise. In the Iztok neighborhood in Pazardjik, the Municipality decided to give 200 sq. m – a part from an old kindergarten that has to be renovated. This decision was voted later, as there were a few members of the local parliament, who were questioning why the business center will be there and only for the Roma, instead of serving the whole town.

⁹ According to one of the consultants helping the development of long term strategy of the both centers in 2005

Building and repairs of the buildings are complete in 2006 – two years after the start of the project activities. The official opening of the center in Burgas is on July 11, 2006, and in Pazardjik - on October 31, 2006. Both openings are organized as official events with the participation of the local and central institutions, the Swedish Embassy, the UNDP and the JOBS project.

In the time before having the permanent offices the two centers operate in the temporary rooms provided in municipal buildings, located in the neighborhoods. According to the BCs leadership, as well as the CCU in Sofia the delay in the infrastructure preparation has affected their efficiency. The time and efforts spent for this are much more than expected. The lack of office with enough space for operation and trainings has affected the initial visibility of the office. The actual full fledged effective operation of the centers is in the third year of the project, after the main offices are open. This does not mean that in the previous years the BCs were not functioning. But in the meaning of this project, the office is much more than a technical question – it is a place for interaction, an entrance for the community to new opportunities, a physical visibility and promotion of these opportunities.

2.2. Establishment and institutional development of the two business centers

The establishment of the business centers is a core component of the project. They are the institutional instrument for the implementation of the JOBS project model and for its future sustainability. The task for establishment of the BCs is at the beginning of the project, but the work for making them strong local organizations is ongoing throughout the whole project. The activities in this relation can be grouped in several directions, done alongside the programmatic work – service provision to the community.

2.2.1. Establishment of the BCs as an institutional cross-sector partnership

Based on the JOBS methodology, the two BCs are established as local associations in public interest, with representation of different local stakeholders – local government and institutions, NGOs of the Roma community, local businesses and banks. In Jobs for Roma project, it is of critical importance to involve in the centers' governance Roma community representatives. This provides for establishing links with the community, winning trust and development not only of cooperation among sectors, but also across ethnic and minority groups.

Based on the intensive work in the preparatory stage good contacts have been established locally and the agreement of all key stakeholders has been ensured in the second half of 2004. The first General assembly meeting of BC Burgas is carried out on 24 September 2004. Co-founders of the association are Burgas Municipality, Vuzrajane Territorial Labor Bureau Directorate, two NGOs – the Regional Roma Union and the Center for Minority Integration, the Burgas Chamber of Commerce, the Municipality Bank and representatives of local businesses. The General Assembly that is the supreme governance body consists of 14 members, and the managing board is from 7 people. In both, all sectors have been represented.

The first General Assembly of the BC Pazardjik is on 21 October, 2004. Co-founders of the association are: the Municipality of Pazardjik, Directorate Labor Bureau-Pazardjik, two Roma organizations - Napreduk Foundation and Budeshte Association and representatives of the

business. The Board is of 5 people. As in Burgas, all sectors are represented in both the General assembly and the managing board.

Chair of the Board in both centers is the designated to represent the Municipality deputy Mayor. The Deputy Chair is the team leader. The governance bodies of both centers have regular meetings: the General assembly once a year to approve the annual report and the plan for the next year; the Boards – four times per year as envisaged in their statute. In addition some of the Board members participate in the later established leasing commissions and Control bodies.

Based on the documents and the interviews, there is evidently high level of participation of the Board members. This, by itself is a success of the Project, as in many NGOs the Boards are not so active and do not know in details what the organization is doing. This is even more so, in mind the diversity of the members as sector and ethnicity.

It can be concluded that the task of creating the two centers as a cross-sector and interethnic partnership is a definite success of the Project. One of the factors that helped in this direction is the fact that this project is a joint initiative of the UNDP and the MLSP. This provided for more legitimacy from the beginning and guaranteed the good partnership basis. Very important is the participation and the support by the Municipality. And of course, another factor is the good facilitation work of both the BCs Team leaders, as well as of the JOBS CCU in Sofia.

The main members of the BCs teams are hired by open competition, publicized locally. This is done by the CCU and in consultation with the co-founders of the centers.

The Team leaders have been hired in October 2004¹⁰. They are a key personnel for the development of the two centers, both in the process of establishment, as well as in their further development. In Burgas the team leader is Pavel Todorov- with rich and diverse experience and leadership capacity – from work in local institutions, business, and knowledge of local NGOs. He lives in the neighborhood “Pobeda”, people from all ethnic groups know him and respect him, though he is from the Bulgarian majority. The Team leader in Pazardjik is Ilya Genchev – a young and promising leader, with education in Public Administration, and currently studying master’s degree in financial management. He is not from Pazardjik, but from Rakitovo and is representative of the Roma community. He was invited to apply for the job from the Roma organizations represented in the BC and has their support for reach out in the community.

The other two key specialists are hired respectively in January, 2005 in Burgas and in April, 2005 in Pazardjik. These are the marketing and the financial consultants. Several months later, the teams are completed with computer specialists and administrative assistants.

2.2.2. Development of long-term strategies

The development of long-term strategies of the two Business Centers is another important institutional development component of the project. It was implemented later than planned, due to the longer search for consultants who qualify for the task with experience in the field of business development, as well as in community development and action research.

In Burgas, the strategic process started in July 2005. The questionnaires were developed in consultation with community representatives. Twelve interviewers from the community were trained in action research techniques. Then, with their participation, a survey was carried out in

¹⁰ In the beginning they are hired under JOBS project and later become employees with newly established associations.

two neighborhoods in Burgas - Gorno Ezerovo residential district and Pobeda residential district, as well as in the village of Rudnik. In September 2005, seminars and focus-groups were organized with the BC team, Board and with community groups.

In Pazardjik the strategy process began in August 2005. After training of eight interviewers from the community, a direct survey of the needs and opportunities was conducted in Iztok neighborhood and in three villages in Pazardjik municipality: Saraya, Dragor and Ivailo. Discussions in focus-groups were conducted with the BC team, the Board and with community representatives.

The strategic process in both cities ended in December 2005. It resulted in a systemized and summarized report of the surveys and development strategies of the two Centers for the period 2006 – 2010. These strategic documents were the basis for the next/subsequent annual plans of the centers in the area of offering services and of institutional development (business plans).

The strategic process is seen as very useful by both BCs. It contributed to better relationships with the community, increased visibility of the centers with more clarity of their mission and work approaches. Consulting the people about their views on the needs and opportunities created more trust, that this initiative is different than others and more open for participation. The sound analysis and the joint work on the strategic documents helps both the BCs and the CCU to better focus the program actions and to search for better adaptation of the JOBS model to respond to specifics of the local contexts.

The strategic documents contain serious analysis of the minority communities as a part of the overall development conditions in the two municipalities. They show the differences between the different urban and rural minority communities and outline a more differentiated approach towards the various groups. This helped the adaptation of the initial project strategy in the real local circumstances context. Both strategies are long-term conceptual frameworks of directions which are used as the strategic base for the annual activities planning of the two centers.

2.2.3 Business Centers Team Development

The development of the local teams is a part of the sustainability strategy of the centers. Teams need to offer quality and qualified services to the community and to help the sustainable development of the organizations.

Every team-member has been trained in several general areas: financial leasing scheme, self-assessment and planning of institutional development, strategic planning, and program and project development. In addition, every member in accordance to his/her position was trained in their respective field. In 2005, every team-member in Burgas went through 5-8 trainings while the Pazardjik team went through 1-5¹¹. In 2006, the representatives of Burgas team participated in 13 trainings and team of Pazardjik – in 14. Trainings are on financial and program monitoring, on presentation skills and work with clients, training of trainers, accounting, public private partnerships etc. These trainings were in the form of work meetings and seminars, organized within the JOBS project and the National Business Development Network.

¹¹ The less number of trainings in Pazardjik was due to the fact the appointment of the main team members was delayed with several months than in Burgas.

Both centers face the issue of high turnover of hired specialists. The main reason for this was the finding of a better paid job. For instance, the financial consultants in both centers started work at local banks and the marketing consultants, who also found a better-paid job. Changing employees was a challenge for the centers. During the different periods in 2006, both centers had to announce new vacancies and to fill the positions. Although new members immediately entered new trainings, some of the training courses conducted during the first year were no longer on offer. The new specialists had to get quickly in the swing of the work themselves and with the support of the team leaders, in order to keep the speed and the quality of the offered services.

The teams in both centers consist predominantly of young, highly motivated people with a lot of energy for work and different level of expertise in the respective field as well as work experience with the community. The financial consultant in BC Pazardjik is with long work experience in finance. The lack of sufficient experience in some cases lead to more work load for the team leaders who had to participate on operational level in the respective field. On the other hand, this was an investment in the development of the younger team members.

The managing boards as well as the teams comprise of representatives of different ethnic background. This demonstrated in practice, that it is possible to work together and to overcome differences. People from the neighborhoods started to view the centers with more trust due to the fact that they saw team experts and team members from their minority.

BC Pazardjik faced a rather serious issue. CCU took steps towards changing a team leader, due to increased anxiety that planed results in the project proposal to SIDA were not timely achieved. This created a lot of tension in the organization and its managing body. What helped resolving this conflict situation was the start of the strategic process (and the mediating role of the strategy consultants). Conducted surveys and the focus groups during this process revealed that the initial expectations for fast growth and achieving the planed results were unrealistic in the particular conditions in Pazardjik. In the end of September 2005, it was decided that the team leader will stay and will be given a chance for development, recognizing his commitment and potential, as well as readiness for support to his work by the members of the BC managing board and the team.

2.2.4. Relations with the Community

In contrast to other BCs in the JOBS network, the target groups of the BCs in Burgas and Pazardjik are narrower– they worked predominantly with Roma and Turkish communities. Since the beginning, a major challenge was how to build their image as centers *for* and *of* the community. In both centers, the team leaders shared that for more than a year along with the work in the different directions, a key priority was to overcome the distrust towards the centers or the twisted perceptions of what they are for.

Initially, there were expectations about quick and immediate benefits - as giving out aid or grant support. The printed brochures and booklets were useful, but the direct meetings and the contacts with community members had greater importance. The process of strategy elaboration was very helpful in this direction too. “The strategy helped us to see the real needs, to go deeper, to become visible for people, to have direct meetings and raise understanding what we are, to realize that their participation is important.”¹²

¹² Team leader in Pazardjik

Particular activating of interaction with the community was noticed when the BCs moved into the permanent offices and after introducing various technical services to the Roma neighborhoods – for example, IP telephony, mobile phone vouchers, insurance and copying services, filling in applications for the social security office, computer labs etc¹³. Although there was no direct relation to the program activities, these services were very helpful in two directions. Firstly, they brought some little income in the centers. Secondly, what was more important, they contributed to the centers' visibility. People began to see the centers as part of the social infrastructure of the neighborhoods. Entering for technical services, people showed curiosity to other things which the center was doing and offering.

A third factor for the growing trust in the community was the increased program activities and the step-by-step demonstration of the usefulness of the offered services. It included diverse training activities, employment mediation, and financial services.

It was of high importance for the centers to establish good and working relationships with the local community leaders. They were achieved by including Roma NGOs as members of the BCs, as well as with the contacts and the regular meetings with others leaders.

2.3. Providing Services to the Community – Approach, Progress, Achievements and Problems

The provision of services to the community follows the initial Project proposal and also the gradual adaptation of the methodology in response to the characteristic features and the needs of the target beneficiaries. The services are focused on stimulating the existing job opportunities and generating new opportunities for self-employment and employment. As a result of the strategic process, these services are grouped in three major strategic streams:

- 1) *Increasing the employability to the requirements of the labor market* – through investigation and analysis of the suitability of labour force; ensure conditions for conducting training and vocational programs; cooperation with Labour Office Directorates and agency for enrollment of community members in training courses, etc.
- 2) *Encouraging and supporting entrepreneurship* – by identifying companies - potential clients of BCs and motivation for legalizing the business; ensure access to financial instruments and supportive consulting; training intended for existing companies and potential entrepreneurs from the community; assistance in organized participation in bazaars and fairs, support in companies' promotion, search for markets and realization of products/services, supporting contacts with institutions for business start-up, etc.
- 3) *Employment brokerage* – through establishing and licencing an employment exchange; intercession on employment start-up; encouragement of employers for hiring workers from the community; cooperation with the Labour Office Directorates, private employment exchanges in the municipality, employers, etc.; active involvement of the local Roma NGOs and the local leaders in the achievement of the set objectives.

¹³There is a wider range of services compared to Pazardjik

2.3.1. Encouraging employment

The main task of both BCs is to encourage employment among Roma community by conducting training courses, consultancy and public relations. The importance of this task is resultant from the significant difficulties, which community members meet in the primary labor market due to the lack of labor discipline, experience and information about employment relations. They often have low requirements for labor conditions, payment and regulations of work activities because they are pressed by destitution and poverty on the one hand and do not have even basic knowledge about the worker's rights and obligations and relations with the employer on the other hand.

Vocational/Employability training

The conducting of motivation training and vocational trainings is one of the main activities of both BCs. Total number of 808 persons were trained in the period 2005 - 2007 (Burgas – 513, Pazardjik – 295).

The topics of vocational trainings vary and are in line with the community needs or the needs of the local Labour Offices. Both BCs have their individual approach in the choice of topics according to the needs of local economy. Vocational trainings in the area of services predominate in Burgas. The training courses in Pazardjik are intended for farmers and in entrepreneurship. The Computer Literacy training courses are the most attractive and visited in both BCs.

The professions “Hairdresser”, “Cooker”, “Attendant”, “Tailor”, “Grassing Specialist”, and “Social Assistant” are prevailing in the vocational training courses. As a result of training, 148 persons have found jobs. The good cooperation with the Labour Offices is of crucial importance. In 2006 only, the BCs carried out 6 training courses, financed by the Labour Offices, for vocational training and active behaviour at the labour market. This partnership helps also the subsequent more successful job arrangement of the people who have passed the respective trainings.

The gradual linkage the training with follow up support represents a positive feature in the approach of both BCs. The people who have acquired professional qualification have been provided assistance in order to start a job. During the interviews at the different locations, the respondents shared that their enrollment in a training course on one topic has later opened a new perspective at individual level and a search for an individual development. While talking with a group of women attending a computer course in Burgas, one of them shared that she finished a course for attendants in 2006 and was employed during the summer season in a hotel in Sozopol. Now she attends Computer Literacy training. “The hotel manager told me that if I could work with a computer the next season he could appoint me in the hotel as a receptionist”.

Both BCs are members of NBDN¹⁴ and as training units of its Vocational Training Center (VTC) hold licences for vocational training issued by NAVET¹⁵. This provides them with a specific advantage in respect of providing vocational trainings and when applying for funding under grant programs.

¹⁴ National Business Development Network Association (NBDN)

¹⁵ Burgas specializations in 19 professions: computer operator, welder, tailor, builder, builder-fitter, water supply and sewage fitter, road builder, plant-grower, grassing specialist, social worker, attendant, porter-errand boy, cooker, waiter-barman, hairdresser, beautician, machinery fitter, electrician, mechanic; Pazardjik – 10 professions: computer operator, office secretary, baker-confectioner, grassing specialist, cooker, builder, builder-fitter, water supply and sewage fitter, welder, locksmith.

Consulting services

Both BCs provide a wide range of information and consulting services. As of September 2007, 3,796 individuals have used such services (Burgas – 2,498 and Pazardjik – 1,298). The clients are unemployed individuals or employers, start-up or existing businesses.

The services intended for unemployed individuals cover providing information and advice as to the preparation of professional curriculum vitae, a motivation letter, information search methods, use of e-mail and various computer applications, opportunities for enrollment in training courses, and other similar.

The entrepreneurs or persons with ideas for establishing their own business are assisted in developing of a business plan, registration of a company or as a farmer, application for funding, market contacts, etc.

Public relations

Through their activities, both BCs have the task to encourage employers to provide equal opportunities to job applicants of Roma origin and to contribute for overcoming the negative stereotypes regarding Roma people at the place of work. In the past period, both BCs made efforts mostly in promoting the project as a whole and the financial leasing scheme among potential clients. Direct work with employers and initiatives related to changes in their attitude toward Roma population started successfully with the implementation of the employment brokerage.

2.3.2. Encouraging and supporting of entrepreneurship by providing financial services

2.3.2.1. Financial leasing scheme

Ensuring a financial leasing scheme (FLS) is a traditional activity of most BCs under the JOBS project. The providing of financial leasing (FL) is a response to the existing problem of difficult access to funding for the start-up or expansion of micro- or small-sized businesses in Bulgaria. The financial leasing scheme under the model of the JOBS project comprises of the following elements:

- Preparatory period – help in the preparation of a business plan, assistance in the preparation of the application documents. Advice and support over the whole application process.
- Providing funds for assets (machines and equipment purchase) at the amount of up to BGN 30,000. Only for the purchase of new agricultural equipment with a regime of registration, the maximal funding amount may be up to BGN 35,000.
- Lease period – from 12 to 48 months.
- Grace period from 6 to 9 months and interest – $BIR^{16} + 10\%$
- Initial installment – minimum 20% of the investment amount and for start-up business with funding of BGN 15,000 – minimum 10%.

¹⁶ Bulgarian Central Bank Base Interest Rate

- Additional services and opportunities for the lessee – application for a second lease. Training in marketing, financial and business planning for start-up business. Consultation and assistance in market identification. Attending of training courses. Accounting.

Based on the accumulated experience and in response to the needs of the Roma communities, within the scope of the Jobs for Roma component in Burgas and Pazardjik, the strategy of applying the FLS as an instrument for development, is focused on two main groups:

- Support of entrepreneurs from the Roma community who wish to start their own business or who have business and wish to expand it.
- Support of small-sized enterprises and start-up businesses, which provide employment to Roma people in Burgas and Pazardjik.

Any tangible fixed assets may be subject to leasing – machinery, equipment, motor vehicles, agriculture technique, fixtures, etc. At local level, the leasing scheme is executed by the BCs following a procedure created under the JOBS project by the Central Coordination Unit in Sofia.

The execution of the FLS is performed by a financial consultant of the BCs, a local leasing committee, financial lease experts and a financial leasing manager from the Central Coordination Unit. The received interest amounts, paid penalties and VAT are being placed at the disposal of the BC. The leasing fund of each BC is capitalized while a portion, equivalent to the BIR, is appropriated from the received interest amounts. Both BCs use the remaining amounts, obtained from interest, for conducting activities and covering expenses.

2.3.2.2. Development of financial instruments

When FLS was initially adopted, both BCs experienced difficulties in finding clients. The low educational and qualification level and the low motivation of a large part of the Roma community as well as the negative stereotypes of the employers are among the main challenges. Entrepreneurship is very difficult to promote in a community with prevailing survival thinking, existence outside the common economy and fear of business legalization. This activity is also impeded by the exceptionally limited resources of the unemployed from the community for business start-up. In addition to equipment under leasing, many of the activities require also appropriate premises, funds for working capital, etc. FLS is applicable for activities, which do not presume significant initial investments as taxi services, small service workshops (tailoring, shoe repairing, etc.), handicraft and other types of small-scale production.

Two modifications were made in 2006 in the procedure of providing financial services to the community.

The first one is a change in the leasing scheme itself. Starting from year 2006, the scope of admissible applicants for leasing was expanded by providing access thereto of the commercial outlets as well. In 2007, an independent evaluation was made of FLS within the scope of the JOBS project. Its recommendations led to a second modification of the procedure. The changes were mainly related to: the amount of the personal participation of the lessee and the grace period depending on the type of the performed activities and the development stage of the business (start-up or existing); the allowable amount of funding depending on the type of business (start-up, under development or agrarian). Thus, the product of both BCs became more diversified. These changes were made based on considering mainly the needs and requests of the

target group of both BCs were considered and with the ambition to fulfill the initially planned results and to a lesser extent – the dynamic development of the leasing market in Bulgaria.

The second one is related to the implementation of a supplementary financial instrument. In response to the needs of start-up businesses, a new product was introduced in 2006 – a combination of leasing for fixed assets with providing working and pre-starting capital. A pilot grant scheme is introduced as a method for overcoming the exceptionally serious difficulties experienced by the companies in ensuring funds for their business start-up. UNDP provides a fund of USD 15,000 (approx. BGN 22,000) for each BC.

The funds for grants are bound to the financial leasing through the common business plan of the application. The amount of special-purpose grants is up to BGN 2,000. They are provided mainly to start-up businesses of the minority communities. While the financial leasing is used for the purchase of business equipment only, the grant is used to cover expenses and to acquire assets related to start-up activities.

The strategy for combining both mechanisms (the Financial Leasing Scheme and the Grant Scheme) aims at activating entrepreneurship among start-up businesses, especially from the Roma community. The plan is to make the FLS more attractive and to support the establishment of 30 new companies (businesses); 30 individuals shall become self-employed after the activity start-up; 20 new work places shall be created for members of the ethnic minority groups in the newly established companies.

The application for grants follows the FLS procedures in respect of start-up businesses. The grant amounts are intended for: purchase of machinery, plant and equipment, software, animals and other assets necessary for the activities; purchase of the necessary materials and consumables for the first two months of operation; insurance of assets and property; licences, charges and permits; training of the entrepreneur; vocational training and re-training of the staff.

The introducing of the Small Grants Scheme is generally agreed as a needed support for start-up businesses by providing the necessary working capital and part of the pre-starting capital. However, there are two views in regard to its form of provision – funding in the form of a grant with conditions for the type of funded expenses, or of credit at relieved terms and conditions without limitations as to the type of expenses from the working or pre-starting capital.

According to some of the respondents, it would be better to provide the funds in the form of short-term and interest-free credit for working or pre-starting capital. The views in both BCs are that this would be more sustainable. This way the fund for providing assistance for operating expenses will be revolving and can be used in the long term. Now, after the finalization of the project, this will not be possible. The opinion of some of the entrepreneurs, who have used grants under the *Jobs for Roma* component, is also interesting. According to three of them¹⁷, even if the assistance for working capital were in the form of interest-free credits, they would have applied for it and would be able to repay the amount.

According to some experts and organizations that provide similar financial services for the Roma community,¹⁸ the approach of combining repayable and grants funding to the business is not

¹⁷ The owners of a fitness centre in the village of Rudnik and of a video service in Burgas; farmer from the village of Zvanichevo, Pazardjik municipality – he has a leasing of a cutting machine from a BC and grant for the purchase of seeds, fertilizer and consumables. His own accounts show that he has earned enough from the sale of products and even if the grant assistance were in the form of an interest-free loan, he would also use it.

¹⁸ Foundation Roma Lom, Agro Information Centre and Foundation Earth – Source of Income, Plovdiv, Foundation SEGA – Start for Effective Civil Initiatives, Sofia.

working. Both instruments are different and work in different directions – one of them is business oriented and works for the growing of market skills, while the other is more of social assistance type and can reconfirm the attitude of aid-dependence.

2.3.2.3. Efficiency of financial services – results achieved

There are four factors that facilitate the efficiency of providing financial services:

- The adoption of financial support for working capital and pre-starting capital as a supplement to the FLS helps in attracting more clients from the Roma community. This is a response to an actual need. However, the form of provision as grants makes this financial instrument efficient only in the short-term during the time of availability of such a fund for grants.
- Another factor is the development and increasing visibility of both BCs – the increasing capacity of their staff, relations with the community and the local businesses as well as the efficient work of the managing boards and the leasing committees.
- A third aspect is the more flexible application of the FLS and the introduction of the above described changes, which meet better the needs of the specific target group of both BCs under the *Jobs for Roma* project.
- The approach towards optimization of clients support by increasing their access to already existing funding programs is of crucial importance for efficiency increase. An example for this is directing clients of the BCs for further funding from the encouraging measures for unemployed individuals of the Labor Offices¹⁹. In Burgas, for example, 5 businesses combine aid through the FLS, grant of up to BGN 2,000 from the BC and assistance of up to BGN 2,000 from a Labor Office.

The increased FLS effectiveness is most clearly obvious from the growing number of provided leases²⁰. If the FL in 2005 were used by 6 companies, their number in 2006 was 10 and in 2007 – 15.

As of September 2007, 39 entrepreneurs in total were approved in both BCs for providing financial leasing. In addition, 13 special-purpose supplementary grants totaling BGN 28 214 were also provided, as a part of the approved business plan of the respective clients. Within the supported companies, 142 new jobs were created, whereas 102 of them were intended for individuals from the Roma community.

In BC Burgas approval for leasing were obtained by 29 entrepreneurs while 23 had utilized the respective amounts totaling USD 185,563 (BGN 259,789); 2 of the leasing agreements were successfully finalized. The distribution by segment was as follows: 75% are service-providing companies and 25% - production companies. Nine of them received also a supplementary special-purpose grant.

In BC Pazardjik approval for leasing were obtained by 10 entrepreneurs and 8 of them utilized the sum. The total utilized amount was USD 43,715 (BGN 61,203). The distribution by segment was: 72% - farmers, 14% - transportation companies and 14% - service-providing companies. Five of them received also a supplementary special-purpose grant.

¹⁹ Measure „Entrepreneurship Encouraging of Unemployed Persons for Startup of Individual Business Activities as a Micro-enterprise under the Law on Small- and Medium-sized Enterprises (Art. 49 of the Law on Encouraging Employment)”

²⁰ Under data of the Central Coordination Unit.

2.3.3. Employment Mediation

The short experience of both BCs showed the need for a new the service of employment brokerage. This was also clearly outlined in BCs the strategic processes in the end of 2005. There are difficulties related to both parties participating in the labor market – the Roma community as a labor source with its characteristic features and the employers with their negative and often discriminating attitude towards Roma. Direct work with employers and the support of the community leaders provide the BCs with opportunities to assist unemployed Roma people in being appointed to work. Evidence for the benefit of such a service is the successful mediation of the Pazardjik BC in finding permanent jobs for 27 women in the food industry.

From the beginning of 2006, both BCs have a licence for employment agency from the Ministry of Labour and Social Policy (MLSP). Immediately after this service was included in the portfolio of the BCs, just for the period October – December 2006, promising results were noted: 173 individuals seeking work and 7 employers job-providers were registered; 37 unemployed people started work; 21 unemployed people were given help in order to be registered in a Labour Office; 26 unemployed people were enrolled in vocational trainings.

The employment brokerage covers: providing information for vacancies and consulting job seekers and employers; psychological consulting and support of job seekers; recommending vocational and motivation trainings; recommendations and support for employment in Bulgaria and abroad.

For the short period of providing employment brokerage as of September 2007, 212 community members were appointed to work, 526 unemployed were registered and 31 employers announced their vacancies. This is definitely a proof for the usefulness of this part of the strategy and the necessity in continuing it as a permanent activity of the BCs.

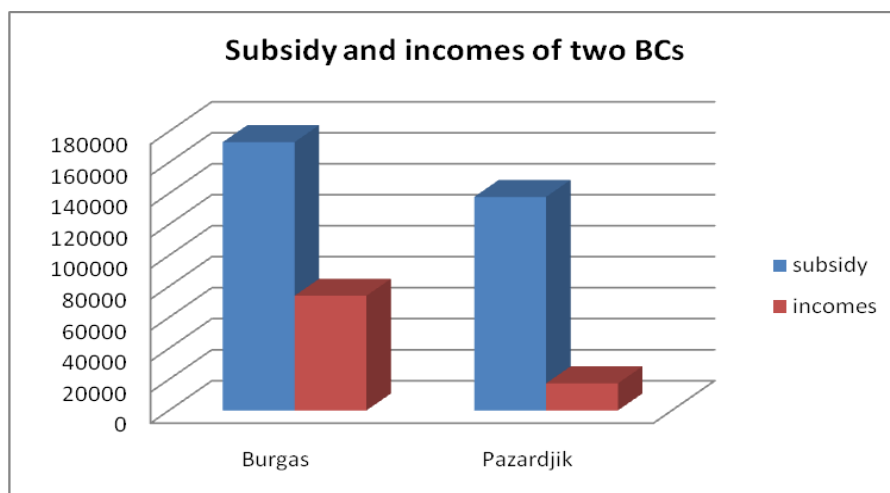
2.4. Self-sustainability activities of both Business Centres

The work on financial stability is an integral part of the application of the JOBS model for the BCs. The generally accepted approach to ensure the BC's financial independence is the graduate decrease of core cost subsidy in a five-year timeframe. In the first two years the core-cost financing is 100%, in the third year - 70%, in the forth year – 45%, and in the fifth year – 30%.²¹ At the moment of this assessment, both BCs receive 70% funding for general expenses.

The direct funding of both BCs started in 2005 after their establishment as independent non-governmental legal entities. The main subsidy (BGN 64,181), provided by UNDP/SIDA, covers salaries for staff of 6 individuals, all social security and health insurance contributions, operating expenses, business trip costs related to the activities under the project, training of the staff and of end beneficiaries, expenses on BC promotion.

²¹ According to reference data from the Central Coordination Unit.

From 2005 to September 2007, BC Pazardjik received funding at the amount of BGN 137,806 and BC Burgas - BGN 173,162.²² For the same period both BCs ensured additional income from business activities as follows: Pazardjik – BGN 17,476 and Burgas – BGN 74,025.



The relative share of the additional income gained in both BCs is proportional to the relative share of the subsidy provided in the period 2005-2007. The larger subsidy of BC Burgas by 25% has contributed to generating a larger relative share of additional income against the subsidy amount (Burgas – 43%, Pazardjik – 13%).²³ This relation confirms once again that both BCs are in different stages of development. BC Burgas has operated with a fuller capacity since the beginning of the project in terms of the staff. This has created an opportunity for applying a diversification strategy²⁴ and achieving larger income amount from business operations. The process has been facilitated also by the conditions of the local environment. BC Pazardjik has started the project with incomplete capacity in terms of staff. This has not allowed focusing of the organization on a relevant development strategy. This is one of the reasons for lower income from business operations. The local environment in the town compared to that in Burgas also has a material impact on this result.

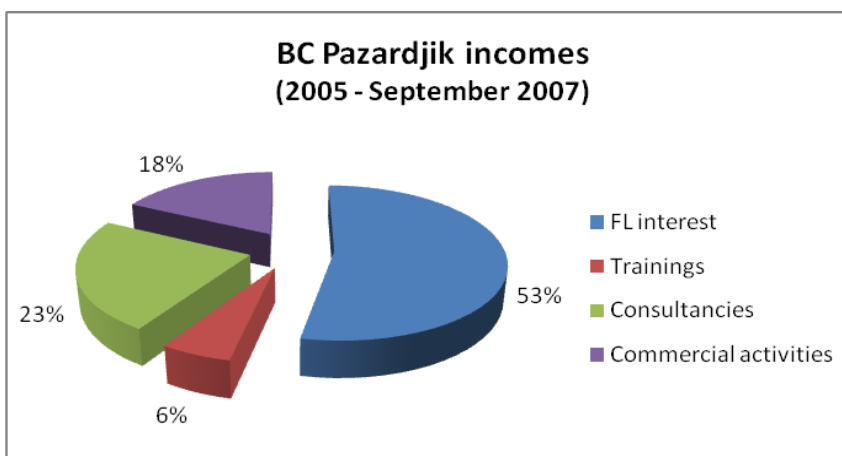
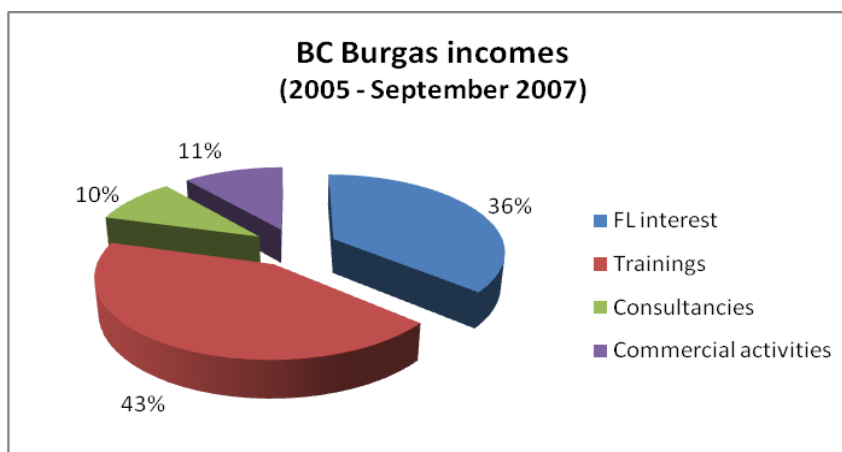
The business operations income structure for the period 2005 – September 2007 in both BCs is different. Income from training – 43% followed by interest from financial leasing – 36%, commercial activities – 11% and consultations, information and administrative services – 10% are prevailing in Burgas. The income gained as interest from financial leasing has the largest share in BC Pazardjik – 53%, followed by consultations, information and administrative services – 23%, commercial activities – 18% and training - 6%.

²² The information is obtained from the BCs and the stated amounts represent the actually received sums as of September 2007. The difference in the subsidy is due to larger expenses on transport and business trips for BC Burgas and the later assignment of all members of the staff of BC Pazardjik.

²³ The observed regularity of mutual dependence is confirmed also by the value of the Pearson correlation ratio, which is +1. The linear correlation ratio is an indicator for statistical dependence between the parameters, which is characterized by a **direction and strength**. Therefore, the correlation ratio is interpreted in terms of its **sign and absolute value**. The sign "+" means presence of **directly proportional** relation – the increase in one parameter is related to increase in the other one, while the sign "-" means presence of **inversely proportional** relation – the increase in one parameter is related to decrease in the other one. The larger absolute value of the correlation coefficient (the maximum absolute value being 1) - the stronger respective relation.

²⁴ According to the Ansoff's Growth Vector Matrix, depending on the mission and the product, the appropriate strategies are as follows: new mission and product – diversification; new mission/existing product – market development; existing mission and product – market penetration; existing mission/new product – product development.

As from year 2005, both BCs have been applying for funding under current programs but have not succeeded in achieving approved projects until this moment.



Considering the structure of income over the years in both BCs, the following is observed:

- **BC Burgas**

In 2005 the largest income share is attributable to commercial activities – 53%. In the following year the leading position is occupied by training at the account of decrease in the relative share of commercial activities. The same structure is preserved in 2007. The income received as interest from financial leasing shows a slow rate of decrease as follows: in 2005 – 45%, in 2006 – 40% and in 2007 – 34%.

Bourgas

Incomes (in BGN)	2005	2006	IX 2007	Total
FL interest	2 477	8 484	15 933	26 894
Trainings	0	11 56	20 744	31 900
Consultancies	108	155	6 788	7 051
Commercial activities	2 939	1 398	3 843	8 180
Total	5 524	21 193	47 308	74 025

- BC Pazardjik

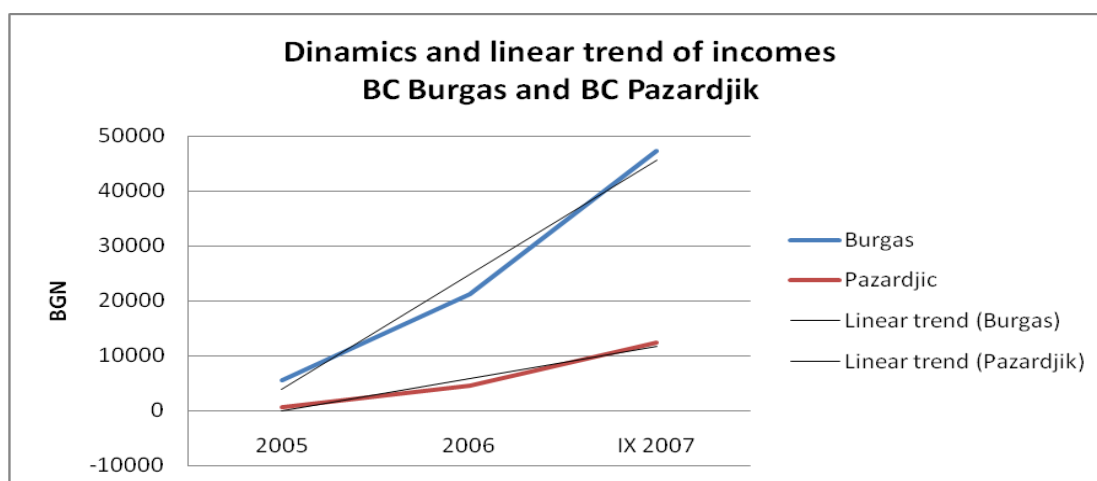
In the first year of the BC activities, the largest revenue share is attributable to consultations, information and administrative services – 35% and interest from financial leasing – 23%. In 2006, the leading position is occupied interest from financial leasing – 71%. In 2007 the observed distribution is similar to that in 2005: interest from financial leasing – 48%, consultations, information and administrative services – 26% and commercial activities – 19%.

Pazardjik

Incomes (in BGN)	2005	2006	IX 2007	Total
FL interst	133	3 279	5 903	9 315
Trainings	0	124	872	996
Consultancies	249	583	3 250	4 082
Commercial activities	206	596	2 281	3 083
Total	588	4 582	12 306	17 476

The dynamics in the income structure of both BCs during the three years of their development leads to the observation that the organizations are still in search of their place in the existing environment. The short period and anticipated further decrease of the main subsidy hamper drwoing a stable tendncy. However, it can be noted that the stabilization of the product portfolio of both has started. In Burgas the leading in income structure is income from training and from financial leasing interest. In Pazardjik, these are the interest from financial leasing and consultations, information and administrative services. If the conditions registered in the observed period remain relatively same in the following years, stabilization of these indicators and specialization of the BCs may be expected.²⁵ The main income sources for both BCs will be interest from financial leasing, whereas Burgas will specialize in providing training and Pazardjik – in consultations, information and administrative services.

²⁵ The expected subsidy decrease for both BCs by 23% is a serious change of the conditions under which the organizations have worked so far. Therefore, income forecast cannot be prepared of the basis of the current indicators for linear trend. If the current level of the subsidy is preserved, both BCs will continue increasing their income at comparison ratio of the forecasts against the actual values being for BC Burgas – 0,979 and for BC Pazardjik – 0,967. (R^2 value – comparison ratio of forecasts and actual values in the range from 0 to 1, where 1 – total comparability, 0 – lack of comparability and non applicability of the trend for forecasts).



The expenses in both BCs are incurred in accordance with the budget parameters of the project²⁶. Both BCs, as shared in the interviews with the team leaders search for decrease of costs mainly in the expenses on salaries. For instance, both BCs have used the opportunity of the Employment Agency's measures²⁷ for covering the salaries of the administrative officers. The different approaches used by the two BCs for financial operations accounting in the various years as well as the different accounting policies adopted in both BCs do not allow making of comparative analysis based on financial statements.

The above review of the self-financing activities in both BCs, and their financial position leads to an important issue - the subsidy and the strategy for its withdrawal should be related to the life cycle of the BCs and not to the planned years for project performance. Thus, the beginning of the subsidy decrease will follow the real development of the organization in its specific local context. The decrease of the subsidy will be less painful when the BC enters a stage of more maturity. Then the organization will be more successful in its specialization related to local conditions it operates in and it will have accumulated a monetary reserve that will allow it make structural changes.

2.5. Achievements and Results: Summary Conclusions on Implementation Effectiveness

The implementation of the *Jobs for Roma* component, supported by SIDA, is successful in view of planned results:

From institutional perspective:

The established two BCs in Burgas and Pazardjik are visible and with growing credibility as effective locally based NGO.. They operate as sustainable and long-term partnership between the local authorities and the institutions, the business and the civil associations of the target communities. The centers have motivated management and teams with increasing professional skills for continuing the activities of the organizations in the long-term. They have long-term strategies developed on the basis of extensive survey of community needs.

²⁶ The expenses are registered and monitored by CCU by an internal form for cash flow planning and reporting.

²⁷ Measures to encourage employers.

The following quantitative results are achieved from the program perspective:

- 808 Roma have been trained in motivation and vocational trainings, Start Your Own Business, computer and language courses, etc.
- Consultations have been provided to 3,796 individuals regarding job opportunities, business development, options for micro-financing, etc.
- 544 individuals have been directly assisted in finding work.
- 52 start-up companies have been established and obtained aids through various mechanisms including through the Financial Leasing Scheme.
- 14 entrepreneurs have obtained help through grants under the micro-financing scheme.

With regard to the application of methods for encouraging employment and entrepreneurship:

- Both BCs have successfully utilized the amounts under financial leasing. The general management of the financial resource has created a possibility for a flexible response to local needs while the differences in the possibilities for development in both towns – bigger demand in Burgas and need in a longer period for development of the service under the conditions in Pazardjik.
- The project management has responded flexibly to the needs of the start-up businesses for providing access for sources of funding. The adopted scheme for grants has played a motivating role for the use of financial leasing. It is beneficial as a supplementary financial instrument for working and pre-starting capital for start-up businesses especially in view of the conditions of the target communities. However, the form of funding as a grant is not useful from the perspective of entrepreneurship development. If this assistance is provided as an interest-free credit, it will lead to further sustainability in two aspects. First, regarding the approach of entrepreneurship, the grants assistance does not stimulate market skills. Second, the recovery of the funds would form a revolving fund that will continue to be used by the BCs.
- Both BCs consider the role of the CCU as exceptionally important. The central unit provides assistance to the BCs by organizing various training courses for capacity building. The attendance, consulting, discussions and joint work have been of crucial importance. This occurs through much devotion and motivation of the people in the coordination unit working on this component.
- Both BCs have tried hard to encourage employment in the Roma community by conducting training courses, consultancy and public relations. The training topics are various and in line with the needs of the community or these of the local Labour Offices. An individual approach is used in the choice of topics depending on the local economy needs. A wide range of information and consulting services has been provided.
- The employment mediation service has responded to the specific needs of the local community and has provided an approach for decreasing the unemployment among Roma people. The employment brokerage has a double importance for the long-term objectives of the BCs. It helps creating more visibility and trust in the local community as an organization having capacity to provide employment. On the other hand, this activity helps for overcoming the existing stereotypes of employers for missing working habits and attitudes among Roma people. The continuing development of this service will be of exceptional benefit for the sustainability of the BCs.

With regard to the targeted quality parameters for changing community and employers' attitudes it is still early to assess the long-term impact.

- First, the centers themselves have adequate operating activities over the last two years. The first stage for starting and functioning of temporary offices mostly tests methods and finds adaptation of the JOBS model.

- Second, the changes in attitudes and skills towards entrepreneurship and employment have rather deferred in time visible effect.
- Third, in many respects the long-term effects of the centers operation will be related also with changes in environment – as approaches, programs and policies.

Some qualitative changes have already started. They are at the level of local institutions – more openness and search for innovation approaches and partnership with civic organizations. These changes are also at the individual level – in terms of skills, attitudes and behaviour, which are still early to follow in terms of stability of change. There are already cases of cumulating. People, who have passed one training become interested in a subsequent one and this provides them with further opportunities for actual employment. The community members- clients to the BCs services, who we met, definitely show better understanding of the opportunities for self-employment and starting work. We may assume that this indirectly influences a wider community – their families, friends and relatives. The employers, who have hired Roma people, are more open to the community, they start understanding it but again, this is only a beginning of change in attitudes.

The quality outcomes, even if a good start cannot be sustainable if there is no follow up work. It will require at least 10 years of systematic work for qualitative change in attitudes and relations at individual and institutional level. In this respect, the viability of change that started in both municipalities will depend on the systematic work on the long-term strategies of both centers. Key actors in this process will be the two BC - whether and in what ways they (being local civil alliances and public-private partnerships) will continue acting as catalysts for local change.

Chapter 3. Looking Forward: Impact Potential and Sustainability Prospects

The long-term goal of the Project is” *to test and demonstrate a sustainable and replicable model for increased opportunities for employment and income generation of Roma communities*”. From this perspective a key issue of the project’s impact in the long run is the sustainability of the established business centers as the institutional carrier of the model. A second important impact aspect is the nature of the project as a pilot – testing of approach in a new local context that can be multiplied in other municipalities. In this way, the investment done through this project can have a much wider impact in regard to approaches for Roma integration and employment.

3.1. The Sustainability of the Business Centers – Aspects, Potential and Challenges

The Sustainability's Dimensions

What is the sustainability perspective for the two established business centers? Quite often, understanding of sustainability is confined into the organization's abilities for self-financing. Our way of looking at sustainability is based on a broader view – as a dynamic system that combines external and internal aspects of the ability of the organization to make long-term changes. This includes:

- 1) *The responsiveness to community interests and benefit* – to what extent the organization responds to long-term needs and local interests and is able to gain local trust?
- 2) *The clarity of the role, shared vision and strategic priorities:* or of what will the business centers look like after 2007?
- 3) *Level of institutional development:* how effective are the organizational structure, management and professional capacity, and its ability to develop and provide quality and responsive to local needs services and initiatives?
- 4) *Relations and partnerships:* the ability to work with different stakeholders in support of the organization's strategy and capacity;
- 5) *The existing environment* - how the existing regulations and policies enable or hamper the work of the organization
- 6) *Financial vitality* – existing resources and the potential for raising new ones

This framework offers a more systematic view on sustainability as interacting factors within the organization and in its relation with others, as well as with the broader environment. The responsiveness to community interests and needs is the leading factor within this framework. The financial viability is a result from the overall maturity of the organization such as institutional development, ability to mobilize partnerships and support, as well as the outside environment and the ability of the organization to operate effectively in it.

1) *Responsiveness to local needs and working for community benefit*

According to all people interviewed locally, the BCs in Burgas and Pazardjik will be needed in the long run.

- They respond to strategic needs for new approach to fight poverty and marginalization in the diverse Roma/minority communities.

- They are viewed as socially meaningful organizations, with services that are of benefit to the community – trainings, consultations, and financial instruments.
- They are the only organizations in the relevant municipality, working systematically in the field of employment and promotion of entrepreneurship. Other organizations address different aspects of Roma inclusion – such as education, health issues and various civic self-organizing initiatives.

Their potential is seen in the areas of:

- Implementation of programs and measures for overcoming marginalization and for local development, especially in the field of fighting illiteracy through training programs related to employment, promoting entrepreneurship and community development.
- Assisting the process of developing local and regional strategies for economic development with integrated measures for social inclusion of disadvantaged communities.
- Establishment of coalitions and partnerships for concrete initiatives that increase access to economic development of Roma communities.

The participating in the BCs local institutions consider them as a an initiative of public benefit. This benefit is defined differently by the different stakeholders. For the Labor Bureaus, it is the employment mediation services, the qualification courses and the ability of the centers to run well organized and focused trainings for unemployed Roma people. The Municipality views the business centers as a partnership structure helping their the work with the communities and solving the problems within the neighbourhoods, together with the other Roma organizations.

According to the BC team and members of the Boards, the biggest asset of the organization is the increasing trust to their work amongst the community. An evidence for their increased visibility is the growing number of people visiting the centers. Despite the fact, that many initially come only for technical services and information, this provides a good entry for a follow up interest towards training, skills and what is most important – for growing self-confidence in the next steps towards employment or starting their own business.

However, the success of the centers is their main challenge. They are much more visible and attended as compared to the beginning. Some people, who have attended a certain training, are already interested in a next one, which will give them more opportunities for better employment. There is a growing recognition that they are useful. At the same time, the needs inside poverty and marginalization areas, are many and various. They bring numerous and different expectations from the centers, also as a result of their success so far. These expectations are concrete for specific services, and strategic as well – for the development and implementation of systematical approach and different measures.

The risk for the centers' work is how will they meet the variety of expectations and needs with the limited existing resources - human, material and financial. The immediate and main vulnerability of the centers is the end the project in December 2007 and whether they will be able to find funding to assure the same rate of program activeness. The critical sustainability question is how an eventual delay in continuation would reflect on the community's trust and the high expectations from the centers as visible, actively working and useful institutions.

2) Clarity of the role, vision and strategic priorities:

BC Burgas and BC Pazardjik have clear mission – to promote the development of minority communities in their municipalities by creating possibilities for employment and income and through assisting the development of small and medium-sized businesses.

Both centers have long-term strategies /2006-2010/ developed through a consultative process with the local communities and the local institutions. They have clear target groups – minority communities that are disadvantaged at the labor market, long-term unemployed who seek for jobs or plan to start own business as well as farmers, small and medium-sized businesses that want to expand their business. A specific approach has been developed towards each of these groups, including various level of information, education, consultation and access to financial resources. These strategies serve as the framework for drafting the annual action plans of the BCs.

It is quite rare for relatively young NGOs as the two business centers to have fully developed long-term strategic documents, which is a potential for their institutional sustainability. The JOBS CCU assistance to organize the management of the two BCs around the long-term strategic vision is quite useful.

At the same time, according to the interviews and the analysis of the existing strategy documents, some challenges are present.

The longterm strategies of the two centers are really informative but quite heavy documents. They include a thorough analysis of the needs and the situation in the relevant Roma urban and rural communities. They also outline clearly the differences and diversities among them and between the two municipalities. At the same time the actions planned are quite the same. The documents give a general directions strategic framework. These need to be transformed into two-year action plans if they are to serve as a practical instrument. These plans need to outline the priorities, the different types of work and programs, as well as the needed resources and the ways to find or develop them.

The centers have quite an ambitious and difficult strategic task, and at the same time not so clear idea of how this will be provided with the needed resources. The two strategies have been developed on the base of existing funding and experience for increasing income generation activities to meet the JOBS diminishing core costs support. However, at the time of this evaluation both centers did not have idea whether and what financial support will be provided from the JOBS CCU as of January 2008. This reduces the strategic thinking and the vision to fight for mere survival.

From the outside, it is not quite clear what is actually the leading role of the BCs as organizations. As one of the interviewed said, „they have too many roles – a financial leasing house, NGO for educational programs, labor market mediator, a community-based center for different services...“. Even though all these roles might be compatible, from institutional point of view it is very important to define which one of them is leading and which are supportive. This will also clarify what they need to develop as organizations – like resources, skills, etc. For instance, what would they need more if they are to develop as a financial institution /capital, competitive instruments, type of management/ or as a community center for economic development, etc.

3) Level of institutional development

Since their establishment the business centers have been developing as organizations with clear structure, management and expert capacity and a set of program and financial services to the community. Both centers have their strong points:

- A partnership structure which brings together different sectors and ethnic groups
- This partnership is institutionalized and does not depend on the change of people in the relevant participating.
- Working Boards – most of the members participate actively in the work of the centers.
- Human resources - as people and capacity are seen as leading for the sustainability of the centers. «If people have long term motivation and energy to work, than we will make it». The leaders of teams definitely have energy and desire to prove the success of the organizations. They have commitment to be there at least in middle term plan. The motivation and the growing capabilities are also present within the teams; most of members have been working in the centers since 2006.

Some challenges from sustainability's point of view include:

- The business centers emerged as local units for operational implementation of a project and approach of JOBS. Their institutional development has been under the intensive supervision by CCU in terms of development of documents, reports, funding. More or less the institutional development of the two centers has been under the direct management of CCU – with the relevant extent of dependency. Even the title of the leader of the organization has more project than institutional connotation – team leader instead of Center's Director.
- The institutional challenge to both sides will be how the BCs will make the step from an organization, established by the JOBS project, towards an organization – partner to the CCU; from implementer of strategic plans initiated from outside to developing its own strategies and initiatives. Instead of receiving full subsidies the BCs will have own responsibility for resource development.
- The election of the representative chosen by the municipality /the relevant deputy-mayor till now/ as a Chair of the BC's Board provides the organization to gain more legitimacy. At the same time this creates a certain amount of risk. For instance, when applying for projects – in partnership with the municipality or others subcontracted from the municipality to the center – this could be seen as a conflict of interests /the municipality funds its own structure/.
- There is anxiety in both centers related to the threat of losing people if no new resources are timely found. The closing down of key positions in the team will lead to difficulties in the realisation of the above mentioned strategies. In addition, the centers have to assure salaries which are competitive, so that they can attract and maintain good expertise needed for the effective service provision.
- Both centers have permanent offices which are provided by the municipality for 10 years with no charge. These premises are of great importance for the centers' activity and self funding. The offices assure visibility and make them important for the local institutions.²⁸ Two aspects of possible risk have been noted in the interviews. The first one relates to the effect of the current changes in the regulation for free of charge and longterm commitment of municipal property. So far this was possible for a period of 10 years, but according to the

²⁸ The Business center in Burgas is the only NGO with a longterm commitment of municipal property.

new regulations the possible terms is only 2 years. The second, is more technical and is connected with some requirements for project applications.. For instance – the requirement for a notarial act for the property or a contract for a longterm rent, which the centers do not possess. Eventhough this is a technical problem, it could prevent them from applying for certain programs.

4) Relations and partnerships

The partnership is at the core of the JOBS approach through involving in the centers different sectors – local authorities and institutions, civil sector and business. As a result of this approach the two centers have:

- Very good relations with the Labor Bureaus which consider the centers as a real partner with direct outreach in the community and very helpful for the realisation of employment initiatives and measures.
- Support from the main community NGOs, business representatives and banks which take part in the organization.
- The legitimacy of a recognized partner of municipalities. The evaluation was made right after the municipal elections. Both cities have new mayors and it is likely that new deputies will arrive who will be the municipal representatives and Chairs of the BCs'Boards. In general, such a change could pose a risk. But in both cities such a risk doesn't exist. The evaluation team was welcomed by the new mayor of Pazardjik in the very first days of his governing. Before he has been the Chair of the Municipal Council and knows very well what the BC does and he considers it as an organization of real public benefit. The mayor underlined the readiness of the Municipality to continue the partnership with the center in the long run for developing joint projects. This support is a definite asset for the future sustainability of BC Pazardjik and an acknowledgement for its credibility. Even though we could not manage to meet the new Mayor of Burgas, due to the short time to organize meetings, the interviews with the epresentatives of local institutions and with the BC Burgas provide evidence that the municipality will continue supporting the center and is going to be more effective with the newly elected Mayor of the city.
- Both centers participate in regional commissions and bodies. Business center Burgas is even a member of the regional employment commission. Business center Pazardjik is member of the Regional council for ethnical and demographic issues. This is not only an acknowledgement their activity is of great social meaning but also an opportunity to accept new types of approach and practices for social inclusion of the communities in unequal positions.

5) *The environment*

Both Business Centers work in a dynamic environment that has changed a lot after 2004. On the positive side, there are the opportunities that come with the new Operational Programs of government. The growing role of the municipalities and local development issues will provide the BCs with another advantage – of being their institutional and strategic partners. New financing programs are opening. However, the new funding opportunities require very good technical proposal skills and ability to mobilize good partnerships. The funding environment is extremely competitive, especially in view the reducing number of other donors and financing resources outside the EU funds that are channeled through government. A challenge for the BCs as relatively new NGOs is to what extent they will be able to become competitive at the “project” market.

6) *Financial vitality*

a) Self-financing and funding from other sources

The main difference between two BCs and the other BCs created under the JOBS model consists in the difficult local conditions in which the former operate and in the peculiarity of their target group. The JOBS model of financial sustainability of BCs has been developed according to the conditions of a different environment.

In their attempts to ensure income that can compensate the decreasing UNDP subsidy, the two BCs may face the necessity to make a difficult choice – either to stay as they are or to change/expand their target group. For the short period of their activity both BCs have had certain income coming from the interest on FL, counseling, information and administrative service, various trainings – free recruited and trainings on programs of the Labor Office, etc²⁹.

To be able to manage with the already decreased subsidy from UNDP³⁰, both BCs use the resources from their income to cover necessary expenses while seeking at the same time for possibilities to shrink their expenses. At the moment, the self funding of the two centers from income-generation activities cannot by itself solve their financial sustainability under the conditions of a less UNDP support. What they earn is spent to cover the 30% core costs. A dramatic increase in their income from income generation activity is not expected in the nearest future. This means that if the centers pass to the next stage of subsidy decrease, they will be able to compensate the new percentage of self support only if they cut down their expenses on staff, activities and others. To ensure a stable trend of self support increase, it is necessary to introduce a period for the accumulation of financial reserve. Otherwise the strategy to subsidize over the self ensured financing may prove extremely risky.

Both BCs have not won grants on other funding programs yet. Despite the trainings in project cycle management, they still do not have enough skills in project proposals development. In Burgas the problem is temporarily solved by hiring through other organization of a person with experience in writing project proposals. Both centers operate in such an environment which will need social programming too – trainings and initiatives, which will not easily grant direct benefits for self-support, though they are, without a doubt, beneficial for the execution of the strategic task of the organizations. The development of skills and the successful application for grants will be extremely important for the work of both BC.

b) The financial leasing fund – an instrument for financial sustainability

For the component *Jobs for Roma* SIDA provided the two BCs in Burgas and in Pazardjik a total of 200,000 euro (100,000 euro per each center). According to the project agreement the donor requires that after the end of the project the relevant funds be managed by each of the two BCs under the condition that it is used only for leasing.

JOBS project is organized in such a way that the leasing fund management is centralized but it is used by the BCs on location. This has made it possible to meet different leasing needs and capacities of the target groups in both municipalities. According to profile information on both

²⁹ See items 2.4.1.

³⁰ In the mid-2007 the centers enter their third year and according to the withdrawal plan support of institutional expenses is only 70%.

BCs³¹ the leasing fund has been distributed as follows: 172,200 USD for Burgas and 50,000 USD for Pazardjik.

If the relevant fund for each center has to be transferred locally, there is no real readiness to do it at present. According to reviewed documents and to the interviews there are no targeted activities planned or implemented for such a transfer.³² The local management of such a fund is possible but it requires a preparatory work from an institutional point of view – research into its application, development of skills, structures and business plan for sustainable management. To make it possible it should have been part of the objectives for institutional development with a corresponding plan of activities.

At the moment there is no solution to the issue of the leasing fund transfer and this has to be discussed with SIDA. Some of the information gathered from interviews and the study of other practices may be useful in this direction:

- Both BCs teams consider that the better option is the use of a common for the JOBS project leasing fund. They do not feel prepared to manage it independently.
- If the leasing fund management is transferred locally a possible shortage of money in it at moments will put the BCs in a passive waiting position for a period of 1 or 2 years. This will affect the sustainability of work with the community and the centers self- support. If both BCs are able to use the resource of a common for all BCs fund, they will be able to meet adequately the arising market needs.
- A serious challenge for both BCs to have and manage independently a leasing fund is the legal order of the leasing sector in Bulgaria. Both BCs will have to function as non-bank institutions, which require research into the way this role can be combined with their role of local NGOs. If the option of a locally managed leasing fund is approved, the experience of other organizations may be useful.³³
- To a great extent the sustainability of both centers depends on decisions related to UNDP exit strategy and the establishment of a foundation for the management of the common leasing fund on JOBS project. In this respect some possible questions include: how will the transfer of the fund to Burgas and Pazardjik affect other BCs funded by other donors? What is better for the two BCs – to be part of a common government support or to have their own fund including the above risks for sustainability? What will be the corresponding responsibilities of the Bulgarian government for a lasting support of the BCs network?

3.2. Dissemination of the Model in the Business Centre Network Created by the JOBS Project

The approach of direct work within Roma communities has been already used for expanding the work of two existing BCs in Peshtera and in Elhovo. This was designed as another special component inside the JOBS Project – “*Integration of the Roma Community through Business Development*”, and as a project it has been funded by the Global Development Fund – Great

³¹ provided by UNDP as of September 2007

³² We have no details about any communication between UNDP and SIDA and within this evaluation an interview with SIDA was not planned.

³³ We refer to the experience of C.E.G.A foundation in Sofia with the start of “Land as income resource” Foundation and with management of such fund on local level.

Britain, Switzerland and the UNDP. The aim of this component is to encourage Roma integration by providing better community access to services of already existing in the towns Business Centers. The approach is based on some lessons learned from the *Jobs for Roma* in adapting the JOBS model, when applied inside Roma communities. The difference is that, instead of establishing a new BC inside the community, window offices of existing BCs have been created in the Roma quarters. There are two consultants in each of the window offices. This is an interesting and more cost effective practice of expanding without creating new organizations.

This component has started in 2007 and it is too early to assess to what extent a window office of an existing centre is more effective approach. According to the interviews with the CCU and the answers to the questionnaire by the BCs Peshtera and Elhovo, it is evident that this type of practice has a lot of outcomes potential. However, from sustainability point of view this new practice faces the same question – will these two BCs with “window offices” continue to offer services to Roma with the same intensity after the end of their project funding in 2009.

To what extent the other JOBS BCs in the country with Roma and are acquainted with the practice of the special component *Jobs for Roma* in Burgas and Pazardjik?

In general, the Roma are part of the broader target group of all business centers created by JOBS. For this reason, we conducted a quick inquiry in all 43 BCs in the JOBS Network. We received the answers of 23 business centers/business incubators³⁴. The rest of the centers did not reply. This is may be due to the fact that they are not working with Roma, or it could be due to their busy schedule at the end of the year and the short time given for answering to the questionnaire.

To what extent they work with the Roma community as part of their services as a BC or as a result of their own projects, financed by other sources programs?

- All business centers replied that usually Roma use technical (copying services, filling in applications and documents), consultant and information services.
- In 20 BCs the Roma participated in motivation and vocational trainings. In Vidin, Isperih and Teteven 11 Roma firms have used financial leasing.
- Out of 23 centers 10 have special programs funded by different donors where they work intensively work with the Roma community. These programs vary in range, funding sources and focus – some are for vocational training, for agribusiness, for work with young people, etc.

To what extent do they know the work of Burgas and Pazardjik business centers and what of their experience could be practically useful?

- Seven of 23 are not acquainted with the work of the *Jobs for Roma* two centers, six have some very general information and ten of the asked know it in details or exchange working experience with the two centers. Among them are Elhovo, Peshtera and Kozloduy – for work experience exchange on the issues of effective work with the Roma community. In most cases the work is known too generally to be used as a practical approach

³⁴ Aytos, Byala Slatina, Vidin, Dobrich, Gotse Delchev, Novi Pazar, Targovishte, Teven, Sunguralre, Svishtov, Kozloduy, Silistra, Ruen, Peshtera, Elhovo, Parvomai, Polski Trambesh, Isperih, Kotel, Straldja, Samokov, Montana, Pernik.

- According to one of the centers, the establishment of BCs inside Roma neighborhoods is increasing Roma self-isolation, rather than contributing to integration.

Answers and opinions of the centers which answered the inquiry helped us in drawing useful lessons for the working practice of the *Jobs for Roma* project and for future recommendations.

3.3. Comparison of the approach with other programs

There are few initiatives applying financial instruments to support employability and entrepreneurship for Roma. Annex 2 presents these practices. Here we provide brief information of the programs.

1) *“Ethnic Integration and Conflict Resolution” Program (2000-2007), funded by USAID and implemented by Partners Bulgaria Foundation.*

The program applies a complex approach for activating the potential of the minority communities and supporting the access to development in multiethnic regions. Gradually the initiative expanded and included 13 municipalities³⁵ in the country.

Measures for the economic development are only one of the program lines and include support to employability and creation of new work places for representatives of ethnic minority communities. The form of financing is grant upon the project proposal and business plan. Necessary condition is employment of people from the ethnic minorities.

The program statistics shows that the approach is successful for existing and less successful for start-up businesses. The relatively high share of unsuccessful start-up businesses is due mainly to the fact that entrepreneurship was not a program priority and the program did not focus on the development of entrepreneur skills. There is no sustainability of the financial instrument and some business activities in the respective municipalities after the graduation of the USAID funding.

2) *Project “Alliance for Inclusive Business Development of Roma Communities in Bulgaria” (2006-2008) – financed by USAID and implemented by CRS in partnership with Ustoi AD and Microfond EAD*

The overall goal of the joint initiative is to enhance the economic livelihoods of Roma communities in Bulgaria by creating a microfinance network for vulnerable and ethnically discriminated Roma groups in 7 towns³⁶ in Bulgaria.

The project activities have a two-pronged approach of providing economic opportunities and promoting role models of entrepreneurship in Roma communities. The project will sustain a countrywide microfinance network for marginalized Roma communities, addressing broader developmental goals such as poverty alleviation, economic development, and tolerance for Roma minorities in Bulgaria.

Customers are offered a combination of mutually guaranteed group credits and individual credits. In addition to that they create a revolving fund for the community members who do not meet the requirements for small credits but have a good idea and are willing to start a small

³⁵ 2000 – Lom; 2001 – Vidin and Kyustendil; 2003 – Asenovgrad, Dupnitsa, Samokov and Targovishte; 2005 – Aytos, Devin, Ispirih, Kardzhali, Momchilgrad and Razgrad.

³⁶ Burgas, Sliven, Sofia, Silistra, Pazardjik, Razgrad and Omurtag.

business. Starting entrepreneurs are offered professional counseling in business planning, legal advice and managing skills. Upon payment of the initial credit, the amount of each further credit is gradually enlarged.

The project has a complex approach for the development of entrepreneur skills in the Roma. It is straightforward and offers practical steps to limit poverty and accelerate economic development and raise tolerance towards the Roma minority in Bulgaria. A positive feature of this approach is the partnership and division of roles among CRS, “Ustoi” and “Microfund”. The two associations have experience in the financial market as non-bank institutions and their main activity is micro crediting. CRS have experience in dealing with the community and their main role in the project is public relations. The main challenge of this practice for the two companies lies in continuing their work with the Roma as their key market segment upon the end of USAID financial support.

3) *“Land as income resource” – C.E.G.A. Foundation – “Creating Effective Grassroots Alternatives” in Sofia, “Land Source of Income” Foundation, Agro Information Center and “Land and income” Ltd. in Plovdiv*

It started as C.E.G.A. Foundation program. During the pilot stage a plan of micro crediting for working capital in agriculture was applied in two villages in the district of Plovdiv³⁷. Since 2002 C.E.G.A. is a strategic partner of established in Plovdiv NGOs – Land as income resource Foundation, “Agro-information Center” (provision of consultancies, trainings, and publications) and Land and Income Ltd. (financial management of the revolving fund of 53,000 euro).

The approach combines financial plans/instruments, constant counseling, partnership with local Roma organizations and communities, and constant critical feedback from the program users. The financial plans ensure a possibility to purchase land, access to long term (equipment, buildings) and short term (working capital - fertilizers, substances) material assets. Funds under these plans are reimbursed by “deferred repayment”, and a proper financial participation of Roma families is a prerequisite. There is an annual interest on the granted credit, which makes the plans similar to the actual market conditions.

This program has a strategic approach towards the long term development of entrepreneur skills in the members of the community. It uses a complex approach combining land property and micro crediting to create entrepreneur skills in the Roma community. The model of funding is flexible and is constantly adapted so as to correspond to the changes in the environment and the experience gained. The need of longer period to achieve desired impact and change is the main challenge of this practice.

4) *“Generation of income” Program of “Roma Lom” Foundation (2000 – to the moment)*

The main objective of this program of “Roma Lom” is to create better opportunities for income generation and to stimulate the economic initiatives in groups of non-equal position. Activities on this program are related to the creation of conditions for business and opening work positions for people from such groups.

³⁷ Due to the existing legal limitations funding was provided in the form of conditional grant, and paid installments were deposited in a special fund for regional development.

The foundation has a guarantee revolving fund at Bulbank AD³⁸. Representatives from the target group are granted trainings in entrepreneurship and counseling for the development of a business plan. “Roma Lom” assists entrepreneurs willing to expand their business and guarantees before the bank with its fund so that they can receive credits for turnover means or long term assets under preferential conditions³⁹.

Advantages of this practice include the long term work with the Roma community and the accompanying services for the development of entrepreneur skills. Through its guarantee fund “Roma Lom” aims to open the banks for Roma customers and to create market skills in members of the Roma community.

5) *Government programs*

There are two targeted government programs aimed to stimulate employment and entrepreneurship in the Roma community – “National Program for Literacy and Qualification of the Roma” (2006-2007) and “Integration of Ethnic Minorities into the Labor Market” (2006-2008). These programs are mainly aimed to stimulate employment through training, professional qualification and information.

A financial mechanism is used by MLSP project for micro crediting, in whose target group Roma are also included.

“Guarantee fund for micro credits” – financed and implemented by MLSP

The main objective is to create jobs by an easy access of small and new enterprises and physical persons to free financial resources necessary for the development and expansion of their business activities.

The target group includes micro enterprises, cooperatives, agricultural and tobacco producers, craftsmen and handicraft enterprises, free lance professions. Although there are no official statistics on beneficiaries’ ethnicity, the Roma form a significant part of the main project users⁴⁰. The financial mechanism consists in providing guarantee credits for investment, turnover and mixed credits for starting or existing micro and small business. The guarantee fund provides a money guarantee to the amount of 70% of the credit on behalf of the credited – already existing businesses, and 100% for starting ones. The credited also guarantees 100% or 130% of the credit. The annual interest on the credit is 6-8%. A condition for the creation of new work positions⁴¹ is included as part of the credit agreement.

The project is practical and offers a completely market-based approach towards the development of entrepreneurship. Government guarantee of credits supports people who have a business potential but do not have sufficient means to guarantee a bank credit. This makes it possible for the Roma, too, to form part of the target group of prospective credited. The challenge consists in the fact that compared with 2001, when the project started, the bank and credit market in Bulgaria at the moment is, as a whole, extremely dynamic and competitive.

³⁸ According to information provided by the foundation, DSK and OBB banks also showed interest in the matter and made an offer for cooperation. “Roma Lom” works in close cooperation with BC Vidin. The foundation participates actively in counseling and training of the MLSP “Micro credit guarantee fund” project customers. Due to this about 50% of MLSP fund customers in Lom are from the Roma community.

³⁹ Interest is about 2% lower compared to the usual credit products of the bank.

⁴⁰ According to non-official information from Guarantee fund for micro credits, for instance, in the town of Lom about 50% of the credited are Roma.

⁴¹ If the credit is up to 25000 BGN, at least one new work position should be open, for credits of over 25 000 BGN, at least two new work positions. At least one of them is to be open in the term of 6 months, the rest – in 12 months.

Conclusions

This review of the practices stimulating employment and entrepreneurship in the Roma community in Bulgaria outlines the differences in their strategies, forms and tools of support. The comparison of the above practices gives a reason to point out the following advantages and challenges of the FLS offered by the two BCs:

- The two BCs' FLS is not offered by any other donor, government program or NGO.
- It fills a niche in the market and is popular with and trusted by the two BCs prospective customers. It uses an individual approach in work with customers, who are assisted during the whole process of preparation and use of the leasing.
- The product portfolio is enriched by a combination of long term assets leasing and funding of working capital for short term assets. This makes it possible to meet the needs of the target group and to reach the long term objective of the component "Jobs for Roma".
- The challenge is in the combination of repayable financing and grant support.
- The lack of narrow specialization of the two BCs as non-bank institutions makes them non-competitive on the market of micro credits. This brings about the necessity to make a choice – BCs should either develop as non-bank institutions or become a link with the community, while specialized institutions offer micro credits. The challenge for the BCs is to preserve their straightforwardness in their work with the Roma community if they decide to develop as non-bank institutions.
- As a whole, the financial instruments used by some of the donor programs and NGO initiatives mentioned above are quite flexible. They attempt to change and seek ways to adapt to the changed environment. Various and complementary forms depending on customers' potential are used. In some cases counseling is available not only at the initial stage but also during the whole period of the credit. The two BCs financial instruments are managed centrally, they form part of a common fund and their flexibility and adaptability depend on the degree of adaptation within JOBS.
- Some programs have high level of systematization of their approaches and present serious economic prognostication analyses of their credit funds sustainability⁴². Another positive feature is their consistent effort for feedback from Roma customers, which helps to adapt approaches as fast as possible.
- Each of the mentioned practices has elements that can be useful in order to develop suitable approaches in the work with the Roma community. The problem is they are not popularized enough within JOBS. Most of the NGOs mentioned above also have little information on JOBS practices. A problem of all practices is the lack of information on what does not work.⁴³ And often, this is the most useful information necessary to adapt models and learn from each other.

3.4. Comparison with credit institutions and leasing companies⁴⁴

Leasing and micro credits are traditional products on the financial market. That is why, the use of these market mechanisms as an instrument to achieve long term objectives such as stimulating

⁴² We refer to Agrobusiness Center – Plovdiv and the coalition around "Land as income resource" Program.

⁴³ A possible exception to a certain extent may be the coalition around "Land as income resource" Program.

⁴⁴ Annex 3 contains a comparison of actual products offered by credit institutions and leasing companies in Bulgaria

employment and entrepreneurship in the Roma community should also correspond to the actual situation and development of the market. There is an opinion that the use of micro credit mechanisms by NGOs is incomparable with the work of financial institutions due to the difference in the objectives of the two sectors. This is quite true. However, despite of the differences (for instance in the name given to their customers - NGOs call them target groups, financial institutions call them market segments, or the approach – which for the NGOs is related to more development assistance and increased public benefit), some characteristics of the used financial instrument have also similarities as instruments for market skills and competability.

At the same time the financial institutions in Bulgaria are becoming more flexible and socially responsible. “Under the conditions of economic growth it is important that the small and medium enterprises in Bulgaria have access to the necessary funding to meet their needs.”⁴⁵

Leasing

The leasing sector in Bulgaria is gaining speed and has achieved a significant growth in recent years. Due to the fact that in 2004 Bulgarian Central bank was expected to take steps to limit the aggressive increase in credits many banks founded daughter leasing companies. This has lead to more favorable leasing conditions for customers. The average cost of equipment is 100,000 BGN, the annual interest is 7-9%, the initial payment is 10-30%, and the term of leasing is 3-5 years. Growth rates of leasing market are expected to rise and the main reason will be the increased number of products for which leasing applies, as well as the increase in the sale of those products. Assets bought by leasing fall into three categories: vehicles (cars and cargo); equipment (machines, industrial equipment, construction equipment, computers and electronic equipment, agricultural equipment, home appliances, hotel and commercial equipment); real estate property (commercial areas and places, such as stores, restaurants, gas stations, car servicing centers, storehouses, offices, production areas, etc.) To be able to occupy a bigger share of the market, some more aggressive leasing companies deal with high risk customers using “Financial risk” insurance policies – about 2% of the asset cost – as compensation for the risk.

It is important to mention that in 2005 leasing companies united in NGO – “Bulgarian Leasing Association”, whose main objectives are the following: to improve commercial and tax legislation in Bulgaria in its part concerning leasing activities; to improve leasing business competitiveness through tax preferences for leasing; to encourage loyal competition on the leasing market; to collect and publish information on the leasing market; to popularize leasing as form of funding.

Bank crediting

Since 2004 many banks have directed their activity to serve micro, small and medium enterprises. The most modern financial products, services and communication channels are being offered on the market. Target oriented credit products are offered mainly to micro and small companies operating in the area of production, trade and service. Product parameters are as follows: long term assets or working capital credits to the average amount of 50,000 BGN, credit terms from 1 to 7 years, 7-14% interest. Credit technology allows flexibility as to making

⁴⁵ James Hislop, ERDB Director for Bulgaria – on the occasion of the second 10 million euro loan granted to Raiffeisen Leasing Bulgaria, part of Raiffeisen Group, aimed to support the further development of small and medium enterprises in Bulgaria.

decisions and offering suitable plans for servicing and payment. Evaluation approach is specific as micro credits are not guaranteed.

Financial institutions have large experience and expertise in work with micro credit instruments. They have sufficient money resources to ensure high turnover, which gives them the opportunity to lower the prices of the financial services offered. The challenge lies in their lack of experience in work with risk customers, such as the Roma community. However, it is only a matter of time that financial institutions start working more actively with this community⁴⁶. The main reason for this will be the fast saturation of the market and the opportunities offered by Operational Program “Competitiveness”.

FLS offered by the two BC and financial institutions products:

- The two BCs have occupied a still vacant non-attractive for the financial institutions niche on the market of micro crediting.
- The two BCs have rich experience and created image among the members of the Roma community, which gives them a competitive advantage compared with financial institutions.
- The conditions for FLS of the two BCs are not competitive compared with those of financial institutions products.
- The two BCs have limited financial resources. This prevents them from expanding the volume of the leasing they offer and from lowering the price of the service. That can only become possible by the consolidation of the total resource within the frame of JOBS Project’s Leasing Fund.

⁴⁶ There was a reference above on the experience of “Roma Lom” Foundation with Bulbank. In July 2007 DSK Bank and the Bulgarian Commercial Chamber signed a partnership memorandum. This memorandum is an engagement to join the efforts of the two institutions to stimulate economic activity on regional and national levels. The memorandum states the necessity to develop a network of partnerships involving the state, municipalities, the business and financial sectors to make use of the best EU practices and to turn the public private partnerships into a driver of sustainable development and economic growth.

Chapter 4. Conclusions and Recommendations

4.1. Conclusions in Regard to Sustainability and Replication

- All respondents believe that the BCs in Bourgas and Pazarjik are strategically relevant to the local development needs. They offer a new approach for overcoming poverty and marginalization in the neighborhoods populated by Roma or other ethnic minorities. They are organizations offering practical benefits to the communities in terms of providing services, managing programs and implementing poverty reduction measures.
- Both BCs have clear missions and long-term Strategies (2006-2010) developed through a consultative process with the Roma communities and the local institutions. The Strategy documents provide general strategic frameworks for future activities. Yet they lack prioritization on activity level responding to the differences in the two municipalities. In order to practically serve the centers, they need to be further translated into two-year Action Plans that clearly outline priorities in terms of roles and areas of action, methods of work and programs, resources needed and ways of obtaining them.
- After their first three years of existence, the BCs have clear institutional structures, growing management and expert capacities and sets of operational programmatic and financial instruments for delivery of services to the communities. Definite successes of both organizations are the established institutional collaboration with different sectors, ethnic groups and administration structures, as well as their highly motivated staff and management bodies.
- Together with the good partnership with the participating in the BCs institutions and organizations, both centers participate as members in Committees and Councils at regional governance levels. BC Bourgas is a member of the Regional Employment Committee, and BC Pazarjik participates in the Regional Council for Ethnic and Demographic Issues. Together with being a recognition for their work, this is also an opportunity to advocate new approaches and practices for Roma social inclusion.
- As members of the National Association for Business Development the two BCs have access to working relationships with other BCs that work more actively with Roma minority. They also co-operate with other active NGOs in their cities and regions.

Some potential challenges to future sustainability include:

- The incomplete transition from a local implementation unit of the JOBS Project and approach under the intensive supervision of the Central Coordination Unit (CCU) towards an independent local NGO and a CCU partner.
- Poverty and marginalization lead to a number of diverse development needs. There are also various expectations from the BCs, as a result from their success. The challenge here is how the BCs will meet these needs and expectations with their limited resources – human, material and financial.
- The two BCs will be most vulnerable immediately after the end of the project in December 2007, when they will have to quickly secure adequate funding that could sustain the scale of

their program operations. Any major delay in this respect will have a negative impact upon the trust of the communities and the BCs abilities to meet the communities' expectations for being visible, active and effective institutions.

- A major challenge in the coming months will be the financial stability of the BCs, allowing them to offer salary levels that are adequate for securing the professional expertise needed for quality delivery of specialized services.
- The decision has recently been taken for following the standard procedure and decreasing the financing of the BCs' core expenses to 47%. This will definitely make the BCs think in a survival mode. With 47% of the current financing they will have to make the hard choice of who of the employees should be let out: the employment mediator or the computer specialist. Both positions have proved their significance for the organizations in terms of strategic positioning, income generation and raising the trust of the community.
- At the time of the evaluation there was no readiness for transferring the management of the Leasing Funds locally to the BCs, as requested by the donor – SIDA. The experience and the practical skills of the BCs developed within the project are fit for another setting – i.e. centralized management of the Leasing Fund in the framework of the JOBS national project. Should the fund be transferred locally to the BCs, this will demand a detailed feasibility of the legislative framework related with leasing, the organizational changes (structure, registrations needed, the registrations to be obtained, and the financial viability as well the development of the appropriate management skills.
- Inside the CCU of JOBS and the UNDP there is still no assessment of the working aspects of the model itself – i.e. what are the levels of effectiveness of the different elements of the JOBS model when applied inside poor and marginalized communities .
- Within the JOBS BCs network the knowledge of the two *Jobs for Roma* BCs's practice is limited and rather general. At the same time there are other JOBS BCs with increasing experience in working with the Roma community, e.g. window offices or practical experience under projects funded by other donors. There is a need for analyzing and assessing the JOBS' overall experience in terms of approaches beyond its traditional promotion as a successful and expanding practice.
- The dynamics of the leasing market in the country, the emerging diverse experience with programs, and the changed funding mechanisms after 2007 with Bulgaria's membership in the EU, etc. – all these trends require a new type of reflection. This, together with the complexity of the issues of Roma exclusion, call for complementarity of approaches and for joint learning and strategies among programs and actors, beyond their own success story promotion.

4.2. What is the Model: Lessons from the Practice in the Roma Communities

Based on the interviews and reviewed documents, some general aspects of *what works* could be outlined. However, more systematic lessons for further application will require a deeper study, which was not possible within the time limits of this evaluation.

Some of the lessons from the Jobs for Roma practice outline the following working aspects of the approach:

- *Creating of a local Business Center, based in the Roma neighborhood and focused at economic development service to the community.* This makes the Center more accessible and “owned” by the community. It becomes a part of the neighborhood social infrastructure. However, it is arguable, whether by a separate Center in one neighborhood and only for Roma, the issues of excluded minority groups within all the Municipality will be effectively served. According to a large group of respondents, it might be better if such a center is located near a Roma neighborhood, but not inside it. This is especially important for cities with more than one Roma neighborhood and very often with great differences between the different communities. This will also provide for a more integrative rather than exclusive approach..
- *What is more important than the location itself, is the functional accessibility of the Center –* to be committed and to have direct outreach in Roma communities through coordinators for the different settlements and neighborhoods, and to have people from the community as part of the team or governing bodies. All this is bringing trust in the community and a good example.
- *The BCs as an institutionalized partnership with the Municipality and the local Labor Office provides for legitimacy and mainstreaming the emerging practice,* as well as for higher effectiveness of the services of both the institutions and the BCs themselves. The cumulative outcome is the opportunity for more employment and community problem solving.
- *Community involvement is of priority importance for the success of the approach* and for growing trust among community members. This is realized through the active involvement of community leaders and NGOs in the governance structure – in the general assembly, in the Board and in the team. A good practice is consulting with community members on the needs and opportunities by participatory action research, done directly inside the urban and rural communities, where target groups live.
- *Developing a long-term strategy is of crucial importance for creating a shared vision inside the center and for its better visibility.* It is more useful, if this is done as an initial stage for entering the community and with enough time for needed process.
- *It is of great importance to know the informal leaders and the internal mechanisms of power and influence in the community.* Though the BCs work on individual level, reached out individuals are also an entrance to the community and an opportunity for broader developmental effect. Pure business approaches and promotion would hardly work, if they do not refer to the principles and approaches of community development, especially when working with closed and more traditional communities.
- *The rate of effective use of financial instruments as leasing for long-term assets is slower in local contexts of marginalization and exclusion from the mainstream economic development.* In this relation, it is useful to also provide support for operational and start-up capital. For sustainability, it is better if this accompanying the leasing financial instrument is provided, based on economic development perspective - as a credit. Its social developmental aspect could be if the credit is provided at a much lower interest rate or with no interest.

- *A good practice is the effort to optimize the Business Centers own resources, through combining them with existing resources of measures and programs* (for example, active employment measures and the grants). This can be done by providing information to people and assisting them to develop a joint business plan, which envisages the possible resources provided by the BCs as a leasing and credit, as well as funds from locally operational governmental programs.
- *The component for increasing the employability through different educational and vocational programs is also very important.* In some cases, especially in regions with less business opportunities and higher level of marginalization, this type of social activity could take longer time, but to be critically needed as a first stage of the program. The next step towards ideas for self-employment and setting up own businesses could be designed as a second phase, after preparing a group that will be ready for this “jump”. Envisaging such a “pre-leasing” period in more devastated regions will provide for more realistic expectations and quantitative markers of the leasing scheme effectiveness.
- *The employment mediation service offers an appropriate approach for decreasing the unemployment among Roma.* This service has a lot of practical advantages – a bigger chance for real finding of jobs, direct contact with employers for overcoming their stereotypes in regard to the working habits of the Roma, practical cooperation with the local labor offices, and a better visibility of the business centers among the local community as organizations which can practically help finding jobs.

*Other Business Centers Practice – What works in the Roma Community?*⁴⁷

- *A differentiated approach and accompanying assistance.* “What is needed is work in smaller groups and a more individualized approach: for analyzing the concrete case, for defining the problems and prioritizing the work on them, for creating an individual action plan, for motivating the representatives of the Roma community for change; it is the everyday joint work and including of educated community representatives in the teams working with the Roma community”⁴⁸.
- *Creating role models of positive life change due to successful entrepreneurship.* “The positive experience and success of one or two entrepreneurs from the Roma community stimulates the rest of the entrepreneurs. There are a lot of people in the Roma community with very creative ideas for developing their own business and who apply for bank credits. Some of the financial institutions need to adapt to the Roma, or in other words to trust them more.”⁴⁹
- *Lobbing on the labor market* through intensive and individual work both with the Roma and the local institutions.
- *An integrated approach when working with the Roma* – it is good to include them in intercultural environment in implementing projects or trainings and thus to avoid self-isolation.

⁴⁷ According to the answers to the inquiry of the BCs in the country

⁴⁸ BC Novi Pazar

⁴⁹ BC Elhovo

- *Motivating Roma* for increased illiteracy, for education and personal development and *working with the community leaders*.

From the practice of other programs and initiatives, that could be useful:

- *Annual meetings with Roma clients* of financial services for discussing the he problems faced and the solutions found.
- *Targeted efforts for transparency and publicity of the achieved* – publishing an annual report in the local media and meetings with the community⁵⁰, special initiatives for working with the community and the media.
- *Flexibility and adaptation of the approach and the financial instruments* – elaborating a model and working practices and long-term analyses of the changing market and working environment.
- *Providing on-going consulting from experts in the proper area of production* – to increase the clients' ability for success and up-grading.
- *Creating partnerships* – several organizations with clear roles, working as part of a network, linking the expertise of a NGO with local universities for specialized support.⁵¹
- *Participation in the elaboration of local strategies for development* in the role of a mediator for a consulting process with the community.⁵²

⁵⁰ Roma Lom Foundation

⁵¹ CRS, Ustoi, Microfund, Agribusiness center and partners; the Earth a Source of Earnings Foundation

⁵² Roma Lom Foundation

4.3. Recommendations

4.3.1. To the BC Pazadjik and Burgas, the JOBS CCU and UNDP

A. To be done in the coming 3-6 months

1. The decision for cutting the subsidy for the BCs' core expenses down to 47% from January 1, 2008, needs to be reconsidered; the support should be continued within 70% till the end of 2008. The funds needed for that are small for the scale of UNDP, but critically important for preserving the potential of the two BCs for future sustainability.
2. Assistance should be provided to the BCs in the coming months for immediate development of proposals application to available funding programs. The assistance may be delivered within the CCU or externally – by professional consultants, targeted partnerships with BCs from the network or other organizations with similar needs and experience in project development and implementation.
3. Action plans should be developed for the next two years on the basis of the Strategies. They need to be practically oriented and to outline priorities, resources needed in the immediate and the longer term, methods of securing the resources from within (e.g. development of specific expertise and skills) and externally (e.g. strategic partnerships, use of outside experts), effective use of the existing local resources (e.g. making the supported businesses support the BCs, involvement in local development initiatives).
4. In the framework of the Action Plans a set of concrete initiatives and projects for which funding will be sought is to be developed. They should be focused on the local needs and opportunities for development. This will help preserve the strategic focus of the BCs and to avoid possible fragmentation of the efforts and losing their missions while perusing randomly diverse donor funds.
5. Some concrete funding opportunities suitable for the BCs in the coming 6 months are the Matra KAP Program of the Royal Netherlands Embassy in Sofia and the Bulgaria Fund managed by the Balkan Trust for Democracy that will launch a call for proposals targeted at minority groups. The main future source of funding will be the Operational Programs of the Bulgarian Government.
6. A structured discussion needs to take place in the coming six months aimed at exploring the funding opportunities (a) provided by the Municipality and (b) accessible in partnership with the Municipality.
7. It is important that the FLS to be modified and the conditions to be improved by: development of the clients profile that comprises the client' demographic characteristic, behavior and motivation; based on that different products, prices and communication tools to be created.

B. In a medium term of 1-2 years

1. Focused discussions within the two BCs, and also within the JOBS network, are needed to prioritize the roles of the organizations – what role is leading and which are supporting. The long-term strategies and programmatic focus of the BCs need to be a shared vision of all participating in the centers institutions and organizations.

2. In this respect, the BCs can consider a possible role in assisting the development of local strategies for effective implementation of initiatives and measures for social inclusion, especially in relation to economic development. The BCs can be a good mediator for organizing discussions on the issue and for presenting proposals to the local institutions. The participatory approach applied in the strategy processes of the centers can be further developed and enriched by discussions in mixed working groups and surveys in the community.
3. The BCs could have a valuable role in monitoring of the implementation and the effectiveness of measures and standards and providing feedback and recommendations to the institutions.
4. A longer-term business plan should be elaborated, outlining the feasibility for development of income generation activities that could help the sustainability of the BCs. This should be done in a balanced way to avoid preoccupation of the teams in this area of development and leaving enough space for their core work – servicing the communities. Other options can be also explored - .g. local philanthropy, corporate support, etc.

4.3.2. Recommendations to UNDP for future work for Roma inclusion by employment and income generation initiatives

At the strategic level:

1. A Strategic Group should be formed for discussing models and practices for Roma inclusion by means of employment and entrepreneurship initiatives. The group is to include BCs with experience in the area (e.g. Bourgas, Pazarjik, Novi Pazar, Elhovo, Peshtera, etc.) and other organizations and experts with practical and research experience in the field.
2. The current JOBS approach can be enriched by linking its own experience with the *social enterprise* concept. This can be done jointly with the UNDP office in Bratislava in the framework of the Decade of the Roma Inclusion. The experience of UNDP and MLSP with the JOBS project is already of interest to other countries. The study of this experience in its part for fighting Roma exclusion can greatly contribute to the larger discussion on economic initiatives and entrepreneurship approaches in this area.
3. The CEE Trust for Civil Society could co-support the work of the above Strategic Group provided that the proposal comes from NGOs able to systemize the working approaches and practice into concrete proposals that can be of use for the implementation of the Operational programs and the MLSP measures for overcoming poverty and the marginalization of disadvantaged communities.
4. All above can bring two benefits to UNDP. Firstly, to assist its exit strategy in the part of sustainability of the investment done over the years in the work with disadvantaged groups and communities. And second, to play the role of a strategic mediator and initiator for formulation of practical suggestions that can help improvement of policy implementation in the area of Roma inclusion by employment and income generation initiatives

On Practical Levels:

a/ In continuing the work with the BCs, that already are working intensively inside Roma communities – the BCs in Burgas and Pazardjik and the Window offices of the BCs in Peshtera and Elhovo:

1. To attract funds for a micro credit fund for working and start-up capital. This fund will be additional the Leasing Scheme; the credits can be with low or zero interest and the fund can operate as a revolving one. The management of the Fund can be based on the model of the Leasing Scheme or it can be managed locally but with carefully structured management scheme.
2. To launch a discussion among experienced BCs on the levels of effectiveness of different practices for Roma community work; the discussions should lead to structured recommendations for improvement of the measures of the institutions locally.
3. To increase the capacities of the BCs to assist the drafting of municipal strategies in their parts for employment and entrepreneurship of minority groups, by organized own training or in partnership with other organizations⁵³.
4. To explore the opportunities for capacity growth of young Roma (e.g. students or NGO leaders) by offering to them internships in selected BCs. Apart from the immediate impact among the young people, this will help the further dissemination of the approach
5. To enhance partnerships at the regional level with other BCs and organizations. This will widen the opportunities of the BCs for mobilizing additional expertise and involvement as partners in concrete project applications.

b/ If dissemination of the Jobs for Roma model to other locations is planned:

1. The timeframe for establishment of new BCs seems short with the pending exit of UNDP after two years. Therefore, if new BCs are to be created, it would be better to upgrade appropriate existing organizations rather than starting new ones from the scratch. The criteria to be applied should be existing local demand, willingness and suitable organizations. Three ways of creating new BCs can be outlined:
 - Using existing experienced BCs with commitment and some experience in working with Roma. Jointly with them participatory needs assessment is carried out, initiative groups are formed around the window offices and people from the community are employed.
 - Creating a BC within an existing organization outside of the JOBS network, but in a city where promoting employment and entrepreneurship is considered necessary. With this approach a preliminary capacity assessment of the hosting organization is needed in terms of experience, values, preparedness to adopt the JOBS approach and to develop it together with its own ones, ability to mobilize support from the community and other Roma organizations, ability to act as a catalyst of cross sector and interethnic partnerships.
 - Upon request of a municipality that is willing to establish a BC. In such a case the establishment of an initiative group can be supported and technical assistance can be

⁵³ E.g. Foundation for Local Government Reform

provided, but only under the condition that the requesting Municipality, in partnership with local organizations, will fundraise for the BC.

2. The application of the model on a new territory should be preceded by creation of demand, testing and assessment of the model's applicability. This can be done in the form of a couple of micro-projects or initiatives in the field of promotion of employment and entrepreneurship.
3. In relation to the BCs working primarily with marginalized and closed communities, the JOBS exit strategy should be reconsidered together with the subsidy decrease levels, taking into account the specific characteristics of the environment and the level of maturity of the organization.

Annex 1: List of people interviewed

Representatives of organizations and experts

1	Andrey Ivanov	UNDP Bratislava
2	Antoaneta Tsoneva	JOBS project National Coordinator, Active Policies on the Labor Market Department, MLSP
3	Asen Slavchev	Executive Director, Roma Lom Foundation
4	Boyan Zahariev	Program Director “Management and Public Policies”, Open Society Institute
5	Daniela Kalistratova	Sales Manager, DSK Leasing AD, OTP Group
6	Dolores Grigorova	Program Coordinator, Economic Development, C.E.G.A. Foundation
7	Dorina Hristova	Lawyer
8	Elena Trifonova	CRS
9	Elza Grigorova	Executive Director, NBDN
10	Emiliyana Jivkova	UNDP
11	Galya Georgieva	Senior Expert, European Funds, International Programs and Projects General Directorate, MLSP
12	Georgi Bogdanov	Center “Sv. George Pobedonosets” – Sofia
13	Georgi Georgiev	“Land Source of Income” Foundation, member of the board, Chairperson of the E.K.I.P. Foundation – Plovdiv
14	Ivan Penov	Chairperson of “Land Source of Income”, expert in agri-economics, Plovdiv
15	Kostadin Mounev	Leasing Manager, JOBS
16	Krasimir Popov	General Director, European Funds, International Programs and Projects General Directorate, MLSP
17	Lene Jespersen	UNDP Deputy Resident Representative
18	Leonchiya Ivanova	Minorities Initiatives Coordinator, CCU – JOBS
19	Maria Metodieva	Open Society Institute
20	Maria Zlatareva	UNDP
21	Nikolay Kirilov	Chairperson, Roma-Lom Foundation; Chairperson, Lom Municipal Council, Member of Managing Board – Pakiv European Roma Fund
22	Ognyana Glavousanova	UNDP
23	Rayna Gavrilova	Executive Director, CEE Trust for Civil Society
24	Roumyan Sechkov	Executive Director, C.E.G.A. Foundation
25	Tashka Gabrovska	Project Manager, JOBS
26	Teodora Hristoforova	Project 100 Coordinator, CCU – JOBS
27	Todor Krastev	Head of Active Labor Market Policy Department, MLSP
28	Yanichka Toueva	Monitoring Manager, CCU – JOBS

Burgas Municipality

1	Ahmed and Nigyar Gangarlak	Client, former team member
2	Ahmed Emin	CIME Association, board member
3	Chavdar Bachvarov	Director, Obshtinska banka – branch Burgas
4	Doko Minkov	„Roman 999” Ltd., board member
5	Hristo Angelov	“Aetos story” Ltd and Association “Oblasten Romski Sayuz”
6	Iliyan Netsov	„Sirius777” Ltd.
7	Ivan Dragiev	„Burgas-cvet Baev” Ltd., board member
8	Izet Ramis	“Izet Body Sport” Sole Trader
9	Krasimir Brambarov	“Alibaba” Sole Trader
10	Martin Hadjiev	“Maks” Sole Trader
11	Meral Ismail	BC Burgas
12	Milena Atanasova	BC Burgas
13	Pavel Todorov	Team Leader, BC Burgas
14	Rashko Enchev	“Glarus” Sole Trader
15	Slav Hrelev	“Denis Bond” Ltd.
16	Velina Todorova	Director, Labor Office “Meden rudnik” - Burgas

Pazardjik Municipality

1	Dimitar Katsarov	“Magdalena Katsarova” Sole Trader
2	Dimitar Nenchev	Napredak Foundation
3	Georgi Shopov	Employment brokerage, BC Pazardjik
4	Hristina Bojilova	Supervisor, Pireos Bulgaria Bank, member of leasing committee
5	Iliya Genchev	Team Leader, BC Pazardjik
6	Katya Yaneva	Director, Labor office - Pazardjik
7	Milena Fitkarova	Financial Consultant, BC Pazardjik
8	Neli Asenova	Board member, Manager – “Neli Asenova” Sole Trader
9	Paycho Iliev	Farmer, village of Zvanichevo
10	Penka Angelova	IT Consultant, BC Pazardjik
11	Petko Vatshev	Manager, Medina Ltd.
12	Plamen Tsankov	Board member, Chairperson “Napredak” Foundation”
13	Todor Popov	Mayor, Municipality of Pazardjik
14	Vasil Paskov	Manager, Tosoun Ltd.

Questionnaires from 23 BCs

Annex 2: Review of other practices using financial instruments to support employability and entrepreneurship in the Roma community

As stated in chapter 1 of the report, since 2004 there have been several initiatives that apply financial instruments to support employability and entrepreneurship in the Roma community. They can be grouped in three categories – donor programs supporting organizations and initiatives for social inclusion and economic development, local NGO programs, and government programs.

1) Donor programs supporting organizations and initiatives for social inclusion and economic development

“Ethnic Integration and Conflict Resolution” Program (2000-2007), funded by USAID and implemented by Partners Bulgaria Foundation.

It started as a pilot program in Lom in 2000 and gradually expanded and included 13 municipalities⁵⁴ in the country. The main objective is social inclusion and integration of the Roma through better access to education, social services and economic opportunities.

Steps towards economic development are only a small part of this program and include trainings in cooperative and business planning and sub-grants for local initiatives. The program aims to support employability and does not focus on entrepreneurship development. Target grants for local economic development are for expansion or start-up of micro and small businesses under the condition of creating work places for people from the ethnic minorities. During the period of the program a total of 68 businesses received grants to the value of 870,000 BGN and 438 work places, of which 253 for women were created. The average amount of a grant is 12,000 BGN and the money is used mainly on purchase of equipment, repair and rebuilding, vocational training and fees.

Application for grants has been closed. Those willing to apply are required to have passed training in “Cooperative planning for local economic development”. This training includes four modules: Cooperative planning; Presentation of experience and good practices; Project cycle management; Business project. Applicants are provided with three free individual consultations with a professional in business projects. Projects are approved on the base of two specialists’ evaluations. Money is transferred in advance according to the needs presented by the grantee. The term of the projects varies from 6 to 12 months. During the work on the business project there is a monthly monitoring carried out by a local coordinator. Upon the project completion postmonitoring is carried out every three months.

Those who receive a grant for a micro business project are included in the other program initiatives on local and national levels, such as conferences, discussions, specialized trainings.

ADVANTAGES AND CHALLENGES:

The successful completion of this program supports employability and creates new work places for people from the ethnic minorities. Grants give entrepreneurs the opportunity to focus on production effectiveness and thus to ensure business growth. Statistics of this program point out

⁵⁴ 2000 – Lom; 2001 – Vidin and Kyustendil; 2003 – Asenovgrad, Dupnitsa, Samokov and Targovishte; 2005 – Ayto, Devin, Isperih, Kardjali, Momchilgrad and Razgrad.

that this approach is successful for ongoing businesses, but less successful for start-up ones. The relatively high share of unsuccessful start-up businesses is due mainly to the fact that entrepreneurship was not a program priority and the program did not focus on the development of entrepreneur skills.

“Partnership for business development of the Roma communities in Bulgaria” Project (2006-2008) – funded by the USAID and carried out by CRS in partnership with “Ustoi” AD⁵⁵ and “Microfund” EAD⁵⁶.

Objective and approach

The main objective of the USAID, CRS, “Ustoi” AD and “Microfund” EAD joint initiative is to expand the access to financial services and resources in seven Roma communities in Bulgaria by the creation of a network for micro financing. The project is carried out in the towns of Sliven, Burgas, Sofia, Silistra, Pazardjik, Razgrad and Omurtag. Work is carried out in two main directions: expansion of the access to financial resources and popularizing successful models of entrepreneurship in Roma communities. The joint initiative is applied by the existing network for micro financing of “Ustoi” AD and “Microfund” EAD.

Financial services

- Customers are offered a combination of mutually guaranteed group credits (“Ustoi” AD standard product) and individual credits (“Microfund” EAD standard product).
- In addition to that they create a revolving fund for the community members who do not meet the requirements for small credits but have a good idea and are willing to start a small business.
- Start-up entrepreneurs are offered professional counseling in business planning (discussions on the importance of building a credit history and the maintenance of ethnic minority business practices), legal advice (assistance in company registration, obtaining licenses, tax payment) and managing skills (planning, financial management, assets management, pricing).
- Credit applicants meeting the requirements initially are given a small credit (1,000 – 1,500 BGN) for a period of 4-6 months (“Ustoi”) and 12 months (“Microfund”). Upon payment of the initial credit, the amount of each further credit is gradually enlarged. The maximum of each further credit is up to 30% larger than the previous one depending on the needs and the business plans of each customer.

Work with the community

Together with providing micro credit instruments for mutually and individually guaranteed credits, the program works for a better public image of the Roma in the target communities. The aim is to create a public image of the Roma as potential hardy and successful entrepreneurs who

⁵⁵ “Ustoi” AD is the legal legacy of “Ustoi” Program, started more than seven years ago by CRS Bulgaria. Since 1999 “Ustoi” Program has been supported by the USAID. “Ustoi” Program objective is to assist the development of small business in Bulgaria by providing entrepreneurs with fast and easy access to financial services and resources so that they can expand their business activities and enlarge profit, and at the same time develop partnerships and cooperation among themselves.

⁵⁶ “Microfund” EAD is the legal legacy of “Microcrediting” Program of “Resource Center” Foundation in Sofia, started in 1999. “Microfund” EAD grants and supports micro and small enterprises in regions with high unemployment and poor economic development, whose owners do not meet the requirements for bank credits for their business projects. The long term objective of “Microfund” is to grow into a social financial institution that raises funds from public actors of Bulgarian society, such as companies, local authorities and the NGO sector in Bulgaria.

serve their communities. A series of journalist articles and TV programs present the most outstanding achievements of the Roma entrepreneurs within the project. The program plans to carry out a selection procedure and award two scholarships for “Entrepreneurship in Bulgarian Roma communities”.

ADVANTAGES AND CHALLENGES:

The project has a complex approach for the development of entrepreneur skills in the Roma. It is straightforward and offers practical steps to reduce the poverty, accelerate economic development and raise tolerance towards the Roma minority in Bulgaria. A positive feature of this approach is the partnership and division of roles among CRS, “Ustoi” and “Microfund”. The two companies have experience in the financial market as non-bank institutions and their main activity is micro crediting. CRS have experience in work with the community and their main role in the project is public relations and community outreach. The main challenge of this practice for the two companies is in continuing their work with the Roma as their key market segment upon the end of USAID financial support.

2) Local NGO programs

“Land as income resource” – C.E.G.A. Foundation – “Creating Effective Grassroots Alternatives” in Sofia, “Land as income resource” Foundation, “Agro center” Association and “Land and income” EOOD in Plovdiv

Pilot stage (1997-2002)

It started as C.E.G.A. Foundation program. During the pilot stage a plan of micro crediting for working capital in agriculture was applied in two villages in the district of Plovdiv. Due to the existing legal limitations funding was provided in the form of conditional grant, and paid installments were deposited in a special fund for regional development. During this stage 75 families from the villages of Borets and Chalakovi were granted access to working capital. Repayment of the money received for agriculture was a prerequisite for a second participation in the financial plan. Reimbursement in the village of Chalakovi reached 62% and a group of Roma families with skills and persistence in agricultural work was formed. In the village of Borets reimbursement was only 14% that is why the participation of families from that village was suspended.

In 2000 “Land” Association was founded with the participation of 7 partners from the village of Chalakovi. Its main task was to apply a financial plan for the purchase of private land by landless Roma families. As economic structure the association has presented the following advantages: micro credit plans are carried out legally through it; it uses a number of different mechanisms to guarantee the credits; it has a great potential to encourage partners’ economic initiative. Purchase is done by lease including 20% own financial participation, 6% annual interest and a maximum payment term of 5 years.

Actual stage

Institutionalization of the program

Since 2002 C.E.G.A. has been assisting the establishment of “Land Source of Income” Foundation, “Agro-information Center” (for counseling, training and publications), “Land and income” Ltd.(revolving fund financial management) in Plovdiv. Main institutional strategies include the following: clear definition of the role of the different institutional partners; separation

of the financial fund management from the training and social activity and expansion of partnerships on both, local and national, levels.

The total revolving fund of the “Land” component is 53,000 euro. At the moment a pilot testing of micro financing plans is carried out in urban regions in different municipalities. The common fund is rather small – 5,000 euro and includes several municipalities. Customers are identified by Roma partner organizations of C.E.G.A. The initiative is funded mainly by NOVIB, Holland.

Approach

The approach combines financial plans/instruments, constant counseling, partnership with local Roma organizations and communities, and constant critical feedback from the program users. The program works with Roma families.

Families working together on a big land property receive preferential conditions for its purchase, as well as additional working capital. Land property with an area of 25 to 100 decares is bought. Several families work together on that land; each family buys their own part of land with the help of the financial plans offered by “Land” Association.

Financial plans

The financial plans ensure opportunity to purchase land, access to long term (equipment, buildings) and short term (working capital - fertilizers, substances) material assets. Funds under these plans are reimbursed by “deferred repayment”, and a proper financial participation of Roma families is a prerequisite. There is an annual interest on the granted credit, which makes the plans similar to the actual market conditions.

Payment terms are determined according to the duration of assets use. Credits on short term assets are to be paid in the term of one year, credits for long term assets should be paid in 5 years. The plan for the purchase of land plays the most important role for receiving the funding under the program. Participation in it is a prerequisite for access to working capital and serves as a guarantee for participants’ correctness.

Plan for the purchase of land: Landless Roma families willing to possess agricultural land are eligible to participate in this plan. They can buy land at a maximum price of 300 BGN a decare by deferred repayment. At the moment of purchase the participant pays 20% of the cost of the land. The association pays the rest and becomes the owner of the purchased land. The participant pays for the association share at equal annual installments in the term of 5 years at 6% annual interest. When he has paid the total price, he becomes the owner of the land. The payment of the annual installment can be deferred for 6 months. If the participant doesn’t pay upon the 6-month term, he loses the possibility to become the owner of the land.

Long term assets plan: This plan gives participants the possibility to purchase agricultural equipment and buildings. Families participating in the plan for the purchase of land, who have paid at least 40% of the due installment, or those who have their own land, can enter this plan, too. The credit is granted at deferred payment or leasing. The maximum amount of money cannot exceed the sum paid for the purchase of land or that of the mortgage. The participant is to supply at least 30% of the total cost of the long term asset. He should repay the credit in 3 years at 7% annual interest.

Working capital plan: Access to turnover means is granted at deferred payment for purchase of seeds, plant material, fertilizers and plant protection chemicals. These are given to participants, who are included in the plan for the purchase of land if the same have already made their first

installment for the land. The participants are to supply at least 50% of the expenses for the agricultural practices. They are to repay the credit in 1 year at 7% interest.

ADVANTAGES AND CHALLENGES:

This program has a strategic approach towards the long term development of entrepreneur skills in the members of the community. It uses a complex approach combining land property and micro crediting to create entrepreneur skills in the Roma community. The model of funding is flexible and is constantly adapted so as to correspond to the changes in the environment and the experience gained. This is assisted by a strong expertise provided by the Plovdiv team, as well as by constant counseling and meetings with the users from the Roma community and the assistance of the Roma organizations, partners of C.E.G.A. The challenge consists in the need of a long period of time necessary for the achievement of the aimed effect and change. The initiative is funded mainly by NOVIB, Holland. The partner organizations have developed a sustainability plan, they have excellent capacity to develop projects, but they depend on their success in applying for projects in the future.

“Generation of income” Program of “Roma Lom” Foundation (2000 – to the moment)

The main objective of this program of “Roma Lom” is to create better possibilities for income generation and to stimulate the economic initiatives in groups of non-equal position. Activities on this program are related to the creation of conditions for business and opening work positions for people from such groups.

The program started in 2001 as a credit program aimed to assist small and family business. The idea originated in 1999 and was based on the existing at that time situation in Lom.

The program is to serve exclusively Roma firms, as at that moment banks in Bulgaria, especially their requirements for crediting, did not allow Roma firms to make use of them. “Roma Lom” foundation provided a fund of 20 000 BGN used to give credits. Bulbank – Lom Subsidiary became partner of the foundation. They signed an agreement for mutual activity and set up an expert board, which was to determine the conditions for crediting, the number of beneficiaries and the credit volume. The board consists of two members from “Roma Lom” Foundation and two members from the bank.

The foundation has a guarantee revolving fund at Bulbank AD⁵⁷. Representatives from the target group are granted trainings in entrepreneurship and counseling for the development of a business plan. “Roma Lom” assists entrepreneurs willing to expand their business and guarantees before the bank with its fund so that they can receive credits for turnover means or long term assets under preferential conditions⁵⁸.

Advantages of this practice include the long term work with the Roma community and the accompanying services for the development of entrepreneur skills. Through its guarantee fund “Roma Lom” aims to open the banks for Roma customers and to create market skills in members of the Roma community. This experience is being systematized and analyzed. Due to changes in the experience and the environment some parameters of the program are changed too.

⁵⁷ According to information provided by the foundation, DSK and OBB banks also showed interest in the matter and made an offer for cooperation. “Roma Lom” works in close cooperation with BC Vidin. The foundation participates actively in counseling and training of the MLSP “Micro credit guarantee fund” project customers. Due to this about 50% of MLSP fund customers in Lom are from the Roma community.

⁵⁸ Interest is about 2% lower compared to the usual credit products of the bank.

3) Government programs

There are two target government programs aimed to stimulate employment and entrepreneurship in the Roma community – “National program for literacy and qualification of the Roma” (2006-2007) and “Integration of ethnic minorities into the labor market” (2006-2008). Steps comprised in these programs are mainly aimed to stimulate employment through training, professional qualification and information. A financial mechanism is used in a MLSP (Ministry of Labor and Social Policy) project for micro crediting, in whose target group Roma are also included.

“Guarantee fund for micro credits” – financed and applied by MLSP.

It started as a pilot project⁵⁹ in 2001 in 18 municipalities from 9 districts, and since 2002 has been working throughout the country.

The main objective is to create work positions by an easy access of small and new enterprises and physical persons to free financial resources necessary for the development and expansion of their business activities. The target group includes micro enterprises, cooperatives, agricultural and tobacco producers, craftsmen and handicraft enterprises, free lance professions. Although there are no official statistics on beneficiaries’ ethnicity, the Roma form a significant part of the main project users⁶⁰.

The financial mechanism consists in providing guarantee credits for investment, turnover and mixed credits for starting or existing micro and small business. The guarantee fund provides a money guarantee to the amount of 70% of the credit on behalf of the credited – already existing businesses, and 100% for starting ones. The credited also guarantees 100% or 130% of the credit. The annual interest on the credit is 6-8%. A condition for the creation of new work positions⁶¹ is included as part of the credit agreement.

ADVANTAGES AND CHALLENGES:

The project is practical and offers a completely market-based approach towards the development of entrepreneurship. Government guarantee of credits supports people who have a business potential but do not have sufficient means to guarantee a bank loan. This makes it possible for the Roma, too, to form part of the target group of prospective credited. The challenge consists in the fact that compared with 2001, when the project started, the bank and credit market in Bulgaria at the moment is, as a whole, extremely dynamic and competitive.

⁵⁹ On the base of Cabinet Decree No. 213 from 2001 on the target financial support of entrepreneurship enhancement through guarantee for micro credits MLSP with the help of “Labor Office” joined efforts with nine partner banks, namely, “United Bulgarian Bank” AD, “Pireus Bulgaria Bank” AD, “UniCredit Bulbank” AD, “Economic and Investment Bank” AD, “Central Cooperative Bank” AD, “Investbank” AD, “DSI Bank” AD, “DSK Bank” EAD and “Bulgarian Post Bank” AD.

⁶⁰ According to non-official information from Guarantee fund for micro credits, for instance, in the town of Lom about 50% of the credited are Roma.

⁶¹ If the credit is up to 25000 BGN, at least one new work position should be open, for credits of over 25 000 BGN, at least two new work positions. At least one of them is to be open in the term of 6 months, the rest – in 12 months.

Annex 3: Credit institutions and lease companies products

Financial institutions in Bulgaria are becoming more flexible and socially responsible. In their attempt to attract more customers, the financial institutions launch unorthodox for the sector activities in the sphere of their product, price, and investment and communication policy. Banks create lease associations, decrease dramatically their loan interest, offer special credit products, and create public-and-private partnerships.

For example, at the end of October 2007 Raiffeisen Bank decreased their initial interest on small company credits to 5.5% for credits in euro. This interest is a promotion valid for the first six months; for the rest of the period the interest is 8.5% depending on the guarantee type. The maximum term for the credit is 25 years regardless whether the aim of the loan is the purchase of equipment, real estate property, construction and rebuilding, furnishing or turnover.

Financial nets merge with NGOs nets. For instance, one of the main objectives of DSK Bank and the Bulgarian Chamber of Commerce cooperation is to enlarge the capacity and competitiveness of Bulgarian enterprises. The cooperation between these two institutions will stimulate entrepreneurship and the efficiency of access to information and counseling services aimed at Bulgarian enterprises, branch organizations and municipalities.

Bulgarian banks are quite ready to work with the government operative programs. DSK Bank created a daughter association – DSK Bul-Project. With the help of the financial resources of the bank, whose net of branches is the amplest in the country, the association will offer counseling services. It will assist companies and municipalities to use European funds by providing counseling on the required documents related to application and the evaluation of beneficiaries, and by providing bank loans for the approved investment project of companies, prospective receivers of structural funds.

Below follows a comparative review of the most popular lease and bank products in Bulgaria.

Automobile lease

Automobile lease is the biggest part of all lease deals. Competition is significant, as almost all lease companies sign automobile lease contracts.

For physical persons the minimum initial payment is 10%-30% for new vehicles and 20%-30% for used vehicles (4-5 years old) and cargo vehicles. For juridical persons the minimum initial payment is 20%-30%. The maximum lease term is five years. Interest is in the scope of 7-10%, but under definite conditions interest may reach 14%.

The initial fee for the lease management varies from 1 to 3%. An insurance policy for complete auto Casco on behalf of the lesser, as well as civil responsibility insurance, is a prerequisite, and it is usually the lease company that determines the insurance agent. Leasing can be financial or operational.

Equipment lease

Contracts are signed only with juridical persons or with free lance profession physical persons. The initial payment is at least 20% and the lease term is 5 years. Interests vary from 6% to 8.5%. Leasing on second hand equipment is permitted. Leasing is financial in all such possible forms.

Agricultural equipment lease

The minimum initial payment varies from 20% to 30%. The maximum term of the lease varies from 3 to 5 years. Interest is from 5% to 10%. Contracts can be signed with almost all bigger lease companies.

Real estate lease

This is the real alternative of mortgage. Contracts are signed with the daughter lease companies of banks and with “Midwest Lease Company”. The maximum term of the lease contract is 20 years. Interest in most of the cases is strictly individual depending on customer’s specific features. The minimum self participation is from 10% to 25%.

Credit programs for the agriculture and food industry

Banks give loans to this group against storehouse promissory note to the amount of 75% of the market value of the grain serving as guarantee. These credits are provided for private farmers, grain producers and traders, agricultural cooperatives and tenant farmers. Most banks work on projects approved by SAPARD and “Agriculture”, “Animal-breeding” and “Plant-growing” State Funds.

The maximum term of credits is 15 months for the turnover ones and 60 months for the investment ones. Grace periods vary from 1 to 12 months depending on the loan term.

When the loan is for the purchase of agricultural equipment most banks require 15% (VAT excluded) self participation. Interest is determined individually according to the base interest plus 9 to 12% increment.

Such loans are guaranteed by the storage of grain, the purchased on the loan agricultural equipment, real estate property, etc.

Most banks offer such credits: DSK Bank, DSI Bank, UBB, Pireus Eurobank, SG Express Bank and many others.

Micro credits for companies and free lance professions

These credits are for micro companies with a staff of up to 10 people and for free lance professionals. They correspond to the needs and the professional priorities of the companies. These are investment loans used for the purchase of equipment and real estate property for professional use or turnover in all such possible forms.

The loan volume varies from 1 500 euro to 100 000 euro, and the term for investment loans is 7 years, while for the turnover ones it is 2 years. The possible grace periods vary from 1 to 8 months.

Interest ranges largely – from 9.5% to 13.5% a year.

Credits can be guaranteed by two guarantors, money bail, promissory note, etc.

Most banks offer such products:

Post Bank – “Small business credit” and “Progress bonus”

Unionbank – “Union micro”

First Investment Bank – micro “Turbo credit”

Hebros Bank – “Hebros correct” and “Hebros office”

SG Express Bank – “Expert” and “Start”

Raiffeisen Bank Bulgaria – “Microcredit”

Company turnover credits

Company turnover credits are granted to cover the company needs for turnover capita, such as the purchase of raw material and other necessary supplies, as well as to finance other current expenses related to the company activity. Usually turnover loans are in the form of overdraft, revolving credits, credit lines, bank guaranties and other financial instruments appropriate for the particular case.

The volume of turnover credits varies from 1 500 BGN to 50 000 BGN, or its equivalent in euro and dollars, and depends on the financial situation of the applicant. The term is shorter and varies from 1.5 to 3 years depending on the volume of the loan, on the payment plan and the interest. Grace periods are shorter, too – from 3 to 6 months.

For this group the annual interest is also fixed individually depending on the type of the loan and varies from 10 to 15%.

Guarantees can be as various as those for investment credits.