



# Key Findings of the Impact Assessment of the Land Source of Income Foundation

2022

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## 1. About the Land Source of Income Foundation Program

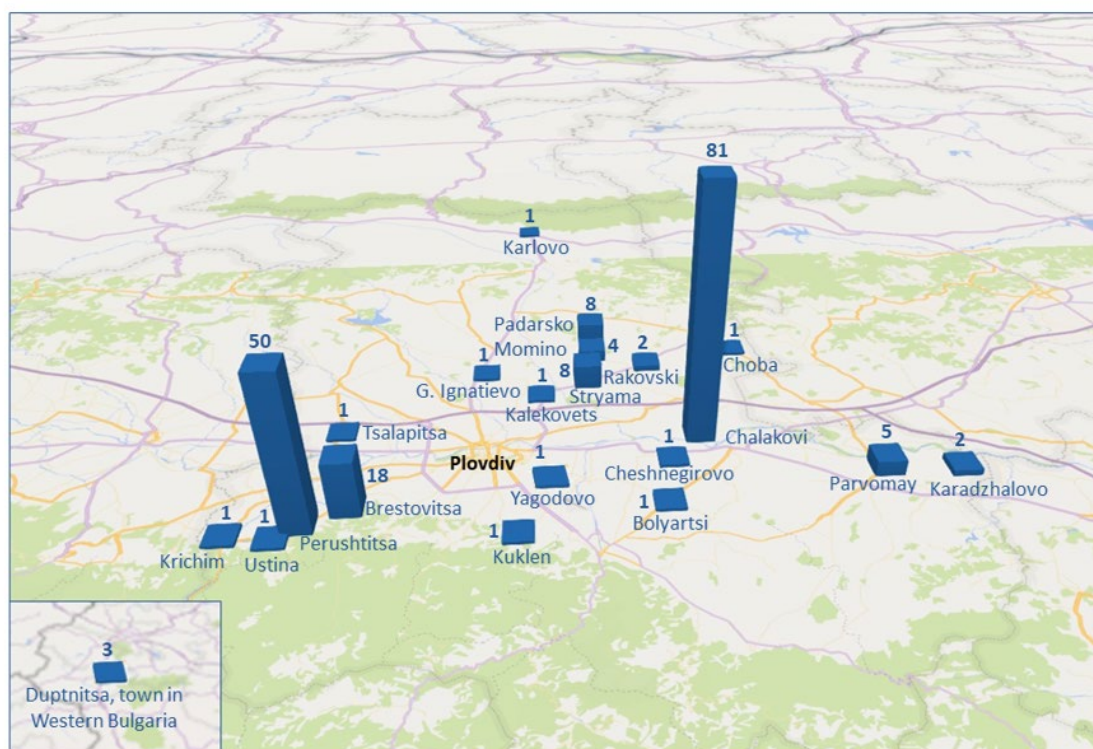
The Land Source of Income Program was initiated in 1997 to test a model for the development of disadvantaged rural communities through income generation and economic empowerment. The initiative went through four phases: *Pilot phase* (1997-2000), *Institutional development* (2000-2003), *Establishment of the Land Source of Income Foundation (LSIF)* (2003), and *Dissemination of experience* (2010-2022).

Since its establishment, the Land Source of Income Foundation has been supporting economically disadvantaged families to start and develop business initiatives in rural areas. LSIF has designed farming and small business instruments for supporting income generation. The core of the program consists in providing small enterprises with support for acquiring land and working capital in combination with specialized training and continuous on-the-ground agricultural and business consultations.

Since 2000, LSIF has provided financial and consultancy support to 192 families. The majority of the supported families (149 or 78%) are located in three settlements in the Plovdiv Region: Chalakovi (81 families), Perushtitsa (50 families), and Brestovitsa (18 families).

### Supported Businesses in Plovdiv Region (2000-2022)

**Total:** 192 Supported Businesses in 21 settlements



In 2010, LSIF started franchising its model on a national scale. Between 2010 and 2013 LSIF helped six NGO's start implementing the program in six other regions and supports them up to this day. Five out of the six regional partners still carry out the program with the support of the Trust for Social Achievement Foundation. ABF and the Trust for Social Achievement have been supporting the program since 2010 with a total of BGN 2.3M through several grants.

## 2. Objective of the Assessment

The main goal of this evaluation is to assess the impact that Land Source of Income Foundation support has had on the communities in the Plovdiv area as well as to gauge the level of success of the franchising and expansion of its model through the work of the five regional partner organizations. The study is based on a mixed methodology combining desk research, quantitative, and qualitative methods. Section 7 of the document summarizes all methods utilized and the scope of collected data.

## 3. Key Findings

In the past 12 years, 2010-2022, America for Bulgaria, in partnership with the Trust for Social Achievement, the Land Source of Income Foundation, and five regional partners, demonstrated that the Integrated Model for Entrepreneurial Support of LSIF can be successfully franchised and work in different parts of Bulgaria. The program has worked well in six regions of the country and produced significant results:



**591 contracts for starting income generation activities** and expanding existing ones.



**296 unique business initiatives** supported by the program.



**929 people** receiving income from the supported businesses.

**76%**

of all supported businesses are **still operating**.



For every **BGN 1 invested in LSIF**, **BGN 0.84 of state/EU funding is attracted**.



The land cultivated by the beneficiaries in the Plovdiv region alone **grew from 702 dca in 2012 to 1,771 dca in 2022 (152% growth)**, of which 1,178 dca (67%) is owned by the beneficiaries.

The key success factors of the program are:

- Knowledge of the respective community and strong motivation to support its development.
- Ongoing support to the beneficiaries by the regional partners and LSIF.
- Ongoing capacity building of the regional partners.

#### **4. Impact of the Land Source of Income Foundation Program in the Plovdiv Region**

Over the past 13 years, a total of 321 contracts for financial support were signed with 192 beneficiaries (businesses) from the Plovdiv region.

##### **4.1 Contracts for Financial Support**

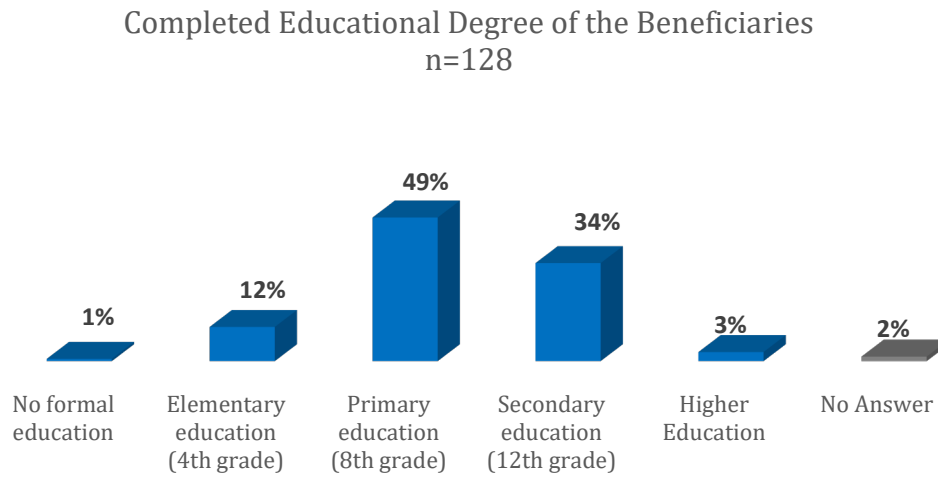
93% of LSIF supported businesses have between 1 and 5 contracts, with the mean for the whole group (all 192 businesses) being 2.3 contracts. One of the businesses is a champion with 16 contracts between 2000 and 2013. Nearly two thirds of all contracts that LSIF has made are for a value under BGN 1,000, a third – between BGN 1,000 and 5,000 and only 3% are for more than BGN 5,000. The prevailing number of small financial contracts is a result of LSIF's risk management strategy, which relies on conservative spending with new beneficiaries that haven't proven their reliability. At the same time, LSIF has been flexible in meeting the funding need of the beneficiaries, thus, the lowest amount disbursed was BGN 25.76 in 2000 and the highest – BGN 19,923 in 2020.

In terms of the repayment rate of funds contracted by LSIF, 81% have already been repaid in full or are in the process of being repaid on time. 16% are being repaid on a delayed schedule and 3% of funds contracted were terminated before being repaid.

##### **4.2 Profile of the Beneficiaries**

Demographically speaking, 85% of the business owners are men and 15%—women. The highest degree of education that the majority of beneficiaries have completed is either primary (49%) or secondary/high school (34%) education. The overall lower educational level of the supported beneficiaries justifies the need for handholding by LSIF throughout the years, and this approach is a key factor of success.

Chart 1



*LSIF's beneficiaries from villages and towns near Plovdiv*

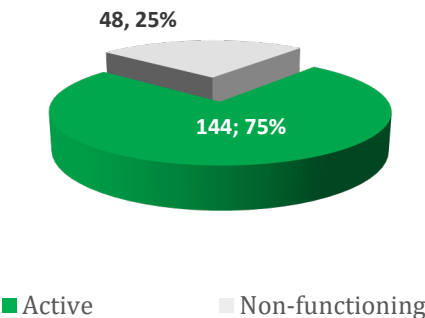


### 4.3 Types of Supported Businesses

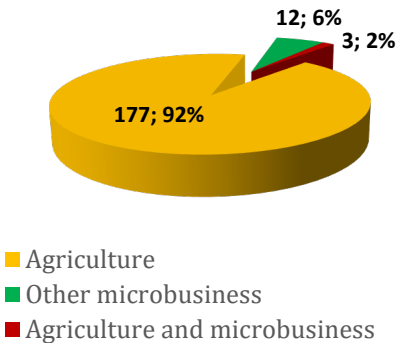
Most of the supported businesses are agricultural and approximately 75% of them are still active.

Chart 2

**Status of the Supported Businesses  
(2000-2022)**  
Total: 192



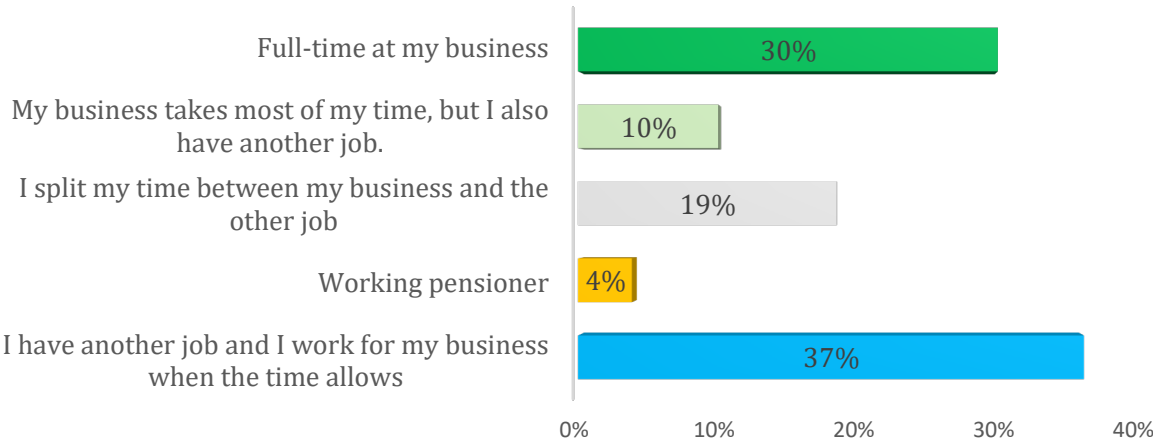
**Type of Business  
(2000-2022)**  
(#; %)



For most of the beneficiaries (70%), the business they run is in addition to another job they have.

Chart 3

**Individual Respondents' Occupation**  
n=128



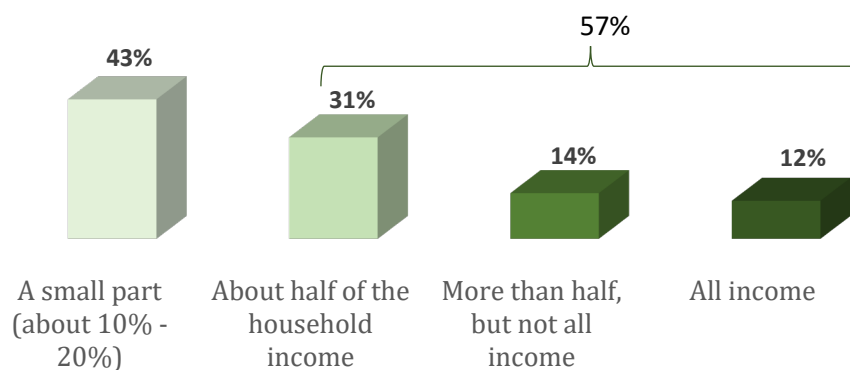


#### 4.4 Income Generation

Despite being a side activity for most of the beneficiaries, the income from LSIF-supported businesses makes a significant contribution to the budgets of supported families—for 57% of them, the income from their businesses makes up about half or more of the total family income.

Chart 4

**How much of your monthly household income in the last 12 months came from the business supported by the LSIF:**  
n=128

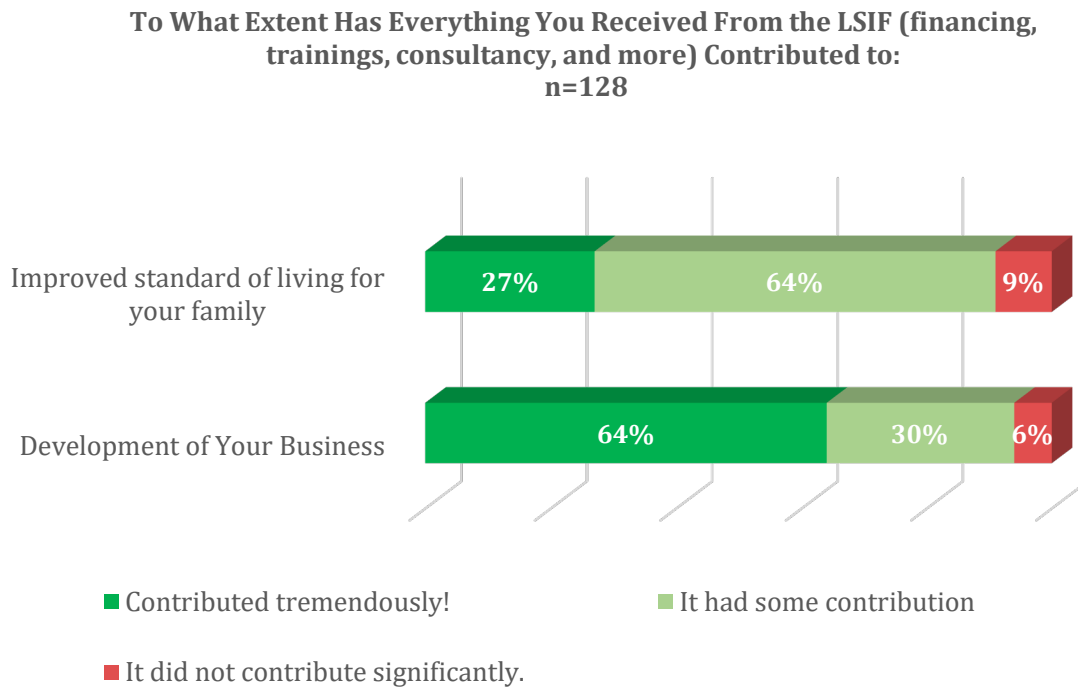


The LSIF doesn't collect data about the economic status of the supported families before and after the provided support and some beneficiaries engage in other income-generating activities. We cannot measure a causal relationship between the LSIF program and the economic development of the supported families with standard quantitative impact evaluation designs. Having these methodological limitations in mind, we collected qualitative data about the personal perceptions of the beneficiaries about the impact of the program on their lives and businesses.

The majority of beneficiaries (91%) claim that the support they have received from LSIF impacted their standard of living positively; for 27% of the respondents, the LSIF support made a great difference. The impact on the development of the families' business ideas is considered even bigger – for 64% of the respondents the program's contribution was *significant*, while for other 30% the program had contributed but only to some extent.



Chart 5

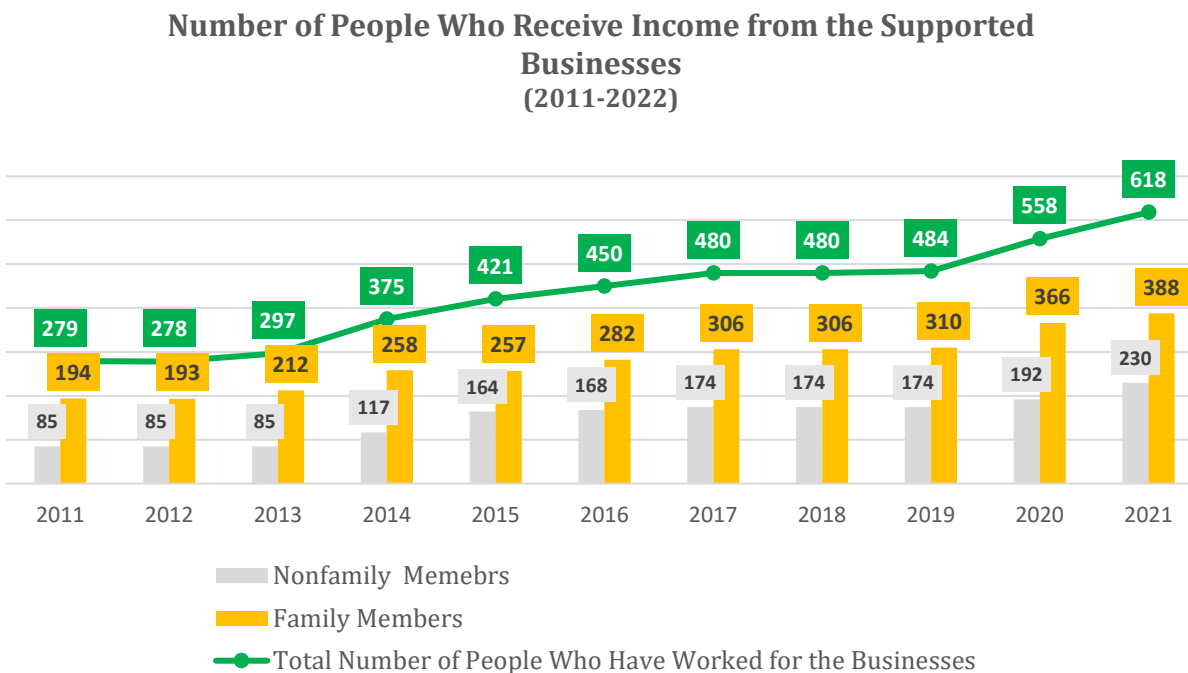


The total number of people who receive income from the supported businesses has steadily increased throughout the years, reaching 618 people in 2021 (an average of four workers per business). The majority of people who receive income from the activities are members of the supported family—62% in 2021. These are mostly part-time seasonal jobs.



*Agricultural land cultivated by a participant in the program*

Chart 6



While the land cultivated by LSIF beneficiaries has increased steadily over the years – from a total of 702 decares (173.5 acres) in 2012 to 1,771 decares (437.6 acres) in 2022 (152% growth), finding the labor force continues to be one of the major challenges for the small agricultural producers. A large part of the working age population in supported communities work abroad (mostly in the Netherlands, Germany, and the UK) and return to Bulgaria for a month or two for their summer vacations.

#### *LSIF beneficiaries at work*



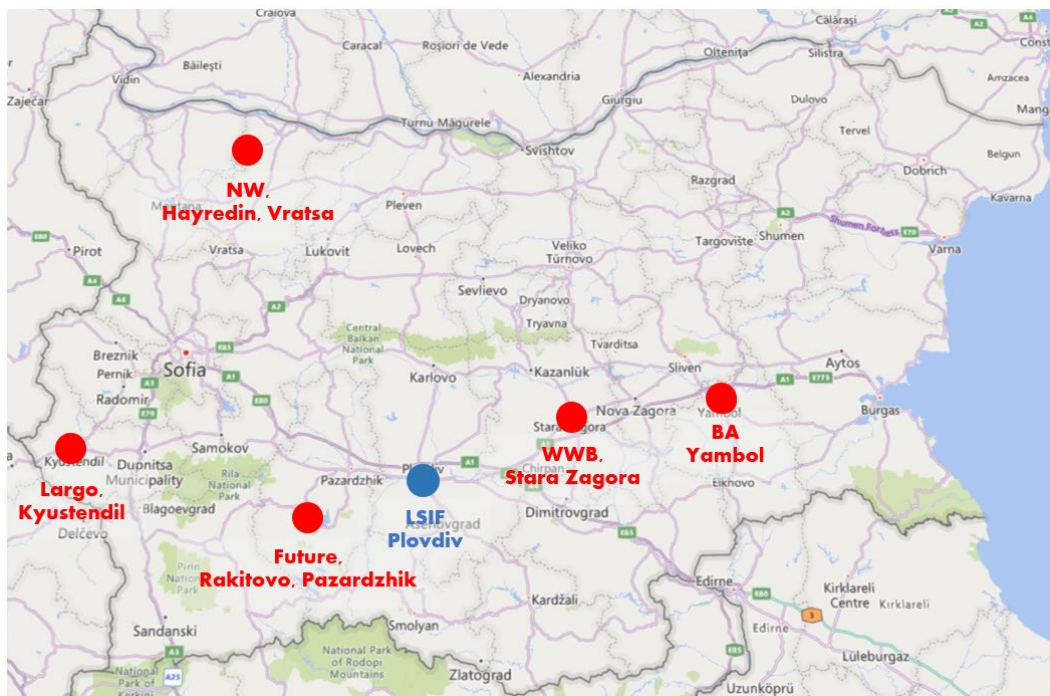
## 5. Franchise of the Model

The franchised model was conceptualized and implemented as part of ABF's 2010-2013 grant to LSIF. The main objective was to test whether the LSIF Integrated Model for Entrepreneurial Support can be expanded to new communities by working with relevant NGOs (franchisees) and providing them with continuous support. The focus of the model was to support Roma integration through employment opportunities & entrepreneurial development in predominantly rural areas.

The five partner organizations that have continued working with LSIF are:

- *LARGO in Kyustendil / (LARGO)*, Kyustendil Region
- *Future in Rakitovo / (Future)*, Pazardzhik Region
- *World Without Borders in Stara Zagora / (WWB)*, Stara Zagora, Region
- *Bolni ot asthma in Yambol / (BA)*, Yambol Region
- *New Road in Hayredin / (New Road)*, Vratsa Region

The map below illustrates the six regions of the country covered by LSIF and the local partners. In addition, beneficiaries in Sliven, Sredets, and Burgas were supported.



## 5.1 Impact of the Franchisees

All Regional Partners (RPs) are well-established entities working with and for the Roma communities they serve and are recognized and respected by the community members. The similarities between them are many, but so are the differences among them, particularly the ones related to the program's implementation. Two of the organizations joined the program earlier (*LARGO*, Kyustendil and *Future*, Pazardzhik) and had more time to learn the model and accumulate their funds. Based on this diversity of the organizations, it is natural to expect differences in their achievements.



In ten years, a total of **144** contracts for creating new business and expanding existing ones were signed by the five regional partners.



The total cost of the contracts was **BGN 604,883**



These contracts supported **104** unique businesses – **66** newly launched and **38** existing businesses.

**78%**

of all supported businesses are still operating. The **long-term support for the businesses in the form of consultations** seems to be a main factor for success.

The success rate of 66% of businesses in the project surviving over 5 years, compared to just 5% of small businesses in Bulgaria speaks to the importance of this support.

The support is balanced with an approximately 50/50 split between agricultural and non-agricultural businesses. Two of the organizations are on the two extremes: 81% of the businesses supported by *LARGO* (Kyustendil) are non-agricultural, while 88% of the businesses supported by *New Road* (Vratsa) are agricultural.

The study shows that 75% of the beneficiaries earn half or more of their household income through the supported businesses. The total number of people who received income from the supported businesses has reached 311 (86% were members of supported families) over the past ten years. An estimate based on the status of the 104 businesses (78% still operating) shows that about 240 people are still employed (3 workers per business on average). About 400 household members have benefited through the supported businesses of the 107 families. See Figure 1.



*Figure 1 Beneficiaries of the Regional Partners and Jobs Created*



The specificity of the region and the background, vision, and the leadership of the RPs result in some differences in their performance. Nevertheless, the overall conclusion is that the initial scaling of the model has been successful.

The key factors for the success of the program are:

- *RP's knowledge of the respective community and strong motivation to support its development:* Some of the partner organizations shared their initial skepticism about the success of the program. However, their ambition and motivation to do good contributed to the success of the program and turned them into strong supporters of the model.
- *Ongoing support to the beneficiaries by the RPs and LSIF:* handholding and consultations are key components of the model, and the RPs were trained to perform them. Quite often the RPs approach LSIF with requests for assistance even 10 years later.
- *Solid selection criteria applied by the RPs:* sound business idea and vision for the future; type of the business initiative (new vs. established business); amount of the required investment; and reputation of the potential beneficiary.
- *Ongoing capacity building of the RPs:* TSA has continuously invested in training programs to strengthen the capacity of the partners and to broaden their knowledge in various sectors.

## 5.2 Challenges of the Model Identified by the Regional Partners

All five regional partners were highly satisfied with the program; still, they identified aspects of its implementation that can be improved. The paragraphs below are a summary of the RPs' perspectives:

- *Lack of Sufficient Funding for the Administration of the Revolving Funds:* The TSA study reveals that all partners struggle with ensuring human capacity to work on the project. Administration of the beneficiaries, identifying new clients, and the on-going consultations require time and expert knowledge in different spheres.
- *Potential Clients:* The issue with the potential beneficiaries depends on the regional specificities. Two of the organizations shared that their pool of potential clients had shrunk, due to COVID and/or because of migration.
- *Shrinking Markets, Rising Prices of Consumables, and Purchase Power of the Clients:* The shrinking market is affecting the small agricultural businesses primarily, while higher prices of consumables are affecting the non-agricultural businesses more often.

## 6. Future of the Model

The COVID pandemic and the latest worldwide developments resulting in the sharp increase of energy prices, significant inflation, and overall instability make the future of all businesses unpredictable and the start of new ones risky. Some of the RPs shared the hesitation of potential beneficiaries on how to proceed with their business ideas. Nevertheless, optimism prevails among the partners, and they see the future of the program focusing on:

- *Continued TSA Support:* Most of the RPs believe that it is important to continue to rely on the TSA support for the administration of the revolving funds. If this does not happen, the RPs will continue to work, but probably giving out bigger amounts to decrease the number of contracts and reduce the time for their management. Another option would be for the RPs to find funding for the administration of the loans, which might be a challenge. Other NGOs believe that the lending scheme cannot exist without additional funding for its administration.
- *Upgrading the Model:* Some of the RPs believe that the model needs to be further developed. This process has already started with its adaptation to the urban environment (LARGO in Kyustendil), which was risky but yielded high returns. As a result, all five RPs and the LSIF now support non-agricultural businesses.

The interviewees shared two ideas for modifying the model:

- *Rethink the size of the funding and the priorities:* consider the option to contract larger amounts to meet the needs of those who worked abroad and have accumulated some initial capital.
- *Depending on the region, consider if the agricultural businesses should continue to be a major focus.*

An important discussion topic was the sustainability of the already supported businesses to continue managing them while generating enough revenues to pay the bills and support their households. LSIF believes that over 70% of its beneficiaries will successfully continue without LSIF support, but probably won't be able to grow quickly. The issues for these businesses will be:

- *Difficult access or no access to EU and state funding* because of lack of agricultural expertise and limited knowledge of the available funding schemes.
- *Reduced credibility in the eyes of financial institutions and short-term asset sellers* – LSIF and the RPs get discounts and negotiate favorable conditions due to their good organizational reputations.

## 7. Methodology of the Assessment

Parameters of the Desk Research Component of the Study	
Period	Analysis of LSIF grant reports and project documentation: Jun – Sept 2022
	Analysis of TSA data on the performance of the 5 active regional partner organizations: Aug – Sept 2022

Parameters of the Qualitative Component of the Study	
Period of the Interviews	LSIF interviews: ongoing throughout the entire study
	TSA interviews: 30 <sup>th</sup> Jun – 6 <sup>th</sup> Jul 2022
	Interviews with beneficiaries: 10 <sup>th</sup> – 12 <sup>th</sup> Aug 2022
	Interviews with Regional Partners: 22 <sup>nd</sup> – 29 <sup>th</sup> Aug 2022
Data Collection Method	In-depth Interviews in-person, videoconferencing, and phone conversations
Number of Interviews	LSIF: ongoing throughout the course of the study (>10)
	TSA: 3
	Beneficiaries: 16
	Regional Partners: 6

Parameters of the Quantitative Component of the Study	
Period	Analysis of LSIF databases: Jun – Sept 2022
	Survey of Beneficiaries: 7 <sup>th</sup> – 18 <sup>th</sup> Aug 2022
Data Collection Method	Analysis of LSIF databases: Statistical analysis
	Survey of Beneficiaries: Semi-structured questionnaire
Number of Responses for the Survey	128 valid responses, 89% response rate