

**Evaluation of the
Effectiveness of the
Bulgarian Food Bank
Summary of Results**

September 2015

Grant Title: Capacity building and expansion of the services of the Bulgarian Food Bank and its network of partner (feeding) organizations

Grantee: Bulgarian Food Bank (BFB)

Grant Amount: BGN 705,000 (USD 398,305¹)

Grant Duration: November 2012 – November 2015 (3 years)

Grant Overall Goal:

Build Bulgarian Food Bank capacity and sustainability to solicit, collect and redistribute donated safe for consumption food through a network of feeding organizations to support a growing number of needy individuals.

Specific objectives:

- Strengthen and expand the logistics capacity of the Bulgarian Food Bank to provide food to a growing number of needy people;
- Expand its network of partnering (feeding) organizations in Sofia and other regions to implement regular feeding programs, build food safety standards and reach out to more people;
- Build communication and fundraising capacity of the Bulgarian Food Bank through implementing a fundraising strategy and activities while promoting continuous active three sector partnerships (government, private sector and civic sector);
- Foster the adoption of a set of public measures that foster the expansion of the food bank model as a public tool for social support.

Evaluation Methodology

This internal evaluation report is based on grant reports, annual reports, analyses, statistics, and in-depth interviews with BFB management and staff.

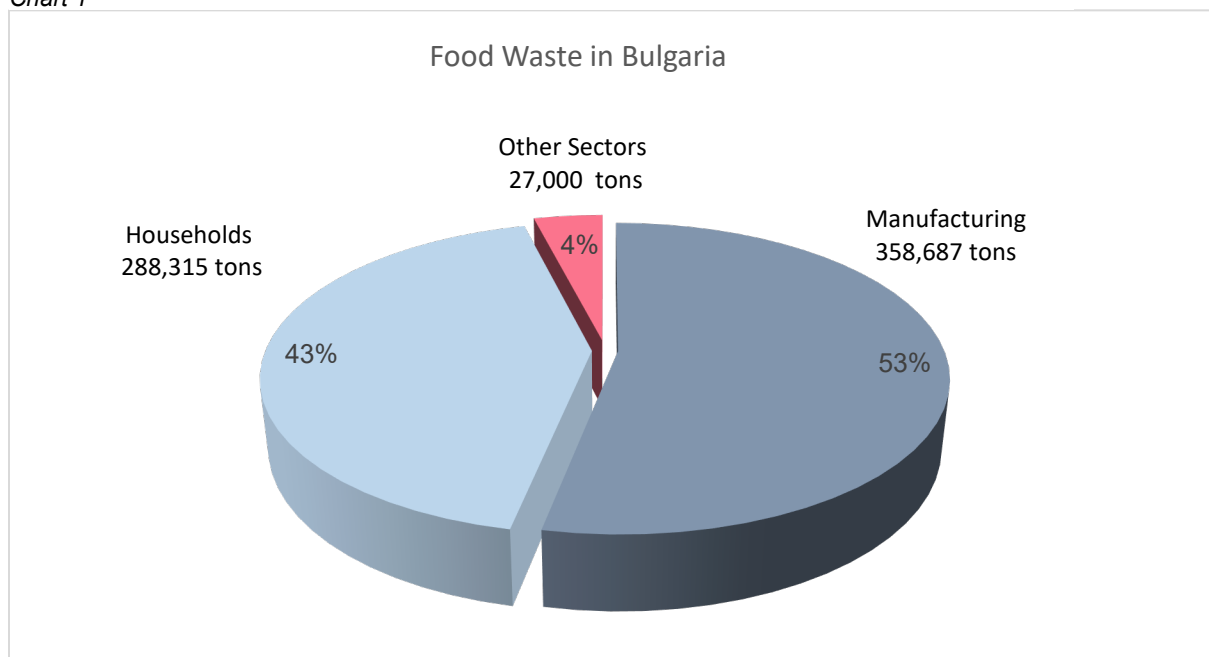
¹ Exchange rate as of July 5, 2015 (1 USD = 1.77 BGN). This is the ROE used throughout the document.

Principal Findings

➤ National Context

The *Preparatory Study on Food Waste Across EU 27, October 2010*² conducted for the European Commission, has found out that some 670,000 tons of food waste are generated in Bulgaria each year. The amount equals to over 2.2 billion meals a year (in ration of 0.300 kg per meal) that can feed over 2 million people three times a day for one year. A further analysis shows that the food manufacturing industry produces the largest amount of food waste in the country (53%), totaling 359,000 tons (see Chart 1). Bearing in mind that the agricultural food waste was not included in the cited study, we can assume that the actual food waste in Bulgaria is even bigger.

Chart 1

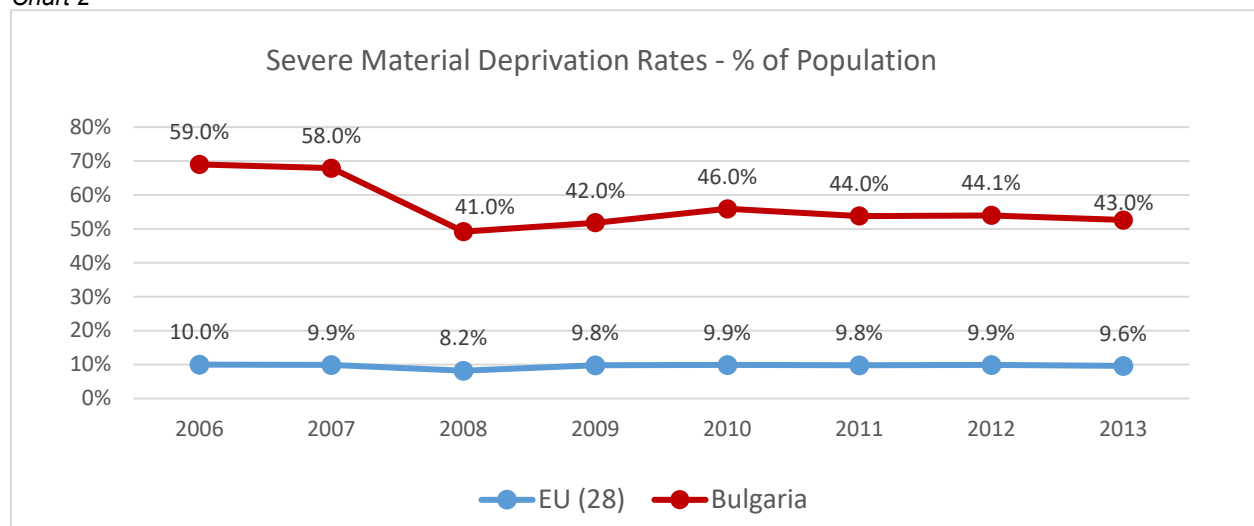


At the same time the EU statistics on income and living conditions (EU-SILC) shows that Bulgaria has the highest rate of people at risk of severe *material deprivation*³ in the Union. In 2013, about four in ten (43%) Bulgarians were materially deprived, while in the EU-28 only about one out of ten (9.6%) people experienced severe material deprivation (see Chart 2). Further, 54% of all Bulgarians cannot afford wholesome food meaning that they cannot afford a meal with meat, chicken or fish (or vegetarian equivalent) every second day.

² http://ec.europa.eu/environment/eussd/pdf/bio_foodwaste_report.pdf

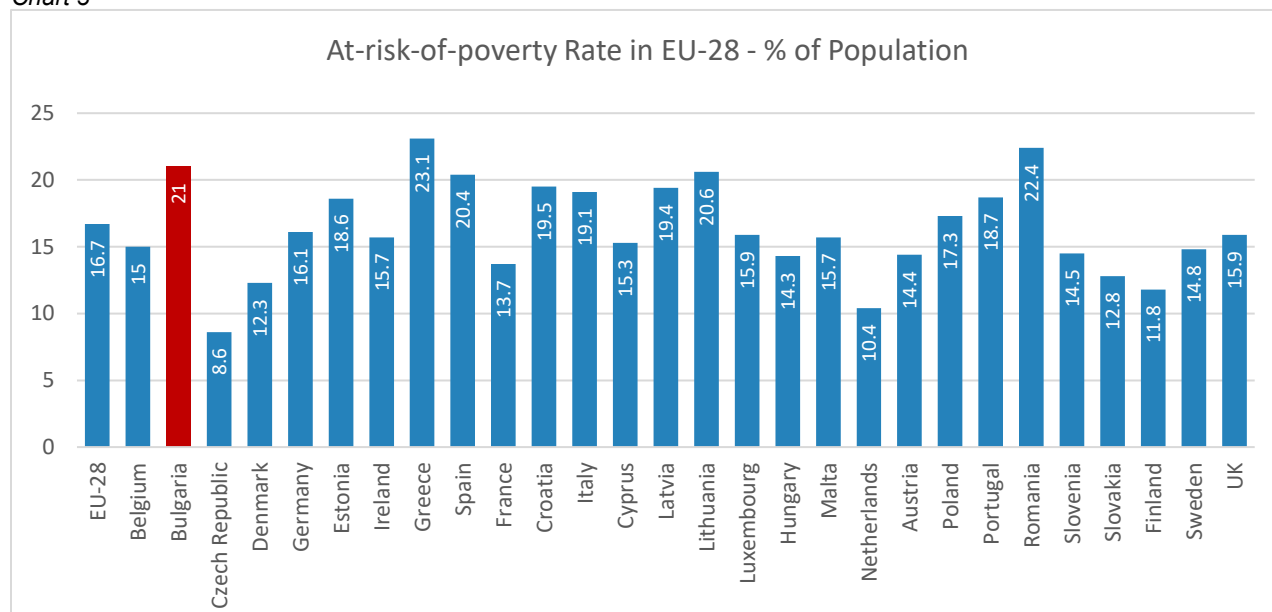
³ *Material deprivation rates gauge the proportion of people whose living conditions are severely affected by a lack of resources. The severe material deprivation rate represents the proportion of people living in households that cannot afford at least four of the following nine items: (1) mortgage or rent payments, (2) utility bills, hire purchase instalments or other loan payments; (3) one week's holiday away from home; (4) a meal with meat, chicken, fish or vegetarian equivalent every second day; (5) unexpected financial expenses; (6) a telephone (including mobile telephone); (6) a color TV; (7) a washing machine; (8) a car; (9) heating to keep the home sufficiently warm.*

Chart 2



Another indicator tracing the national development in the field of poverty and social exclusion is the *At-risk-of-poverty threshold*. According to the latest Social Inclusion and Living Conditions Survey of the National Statistical Institute conducted in 2013, the average monthly at-risk-of-poverty threshold for the country is \$161.53 per person. Currently, the number of people living below the threshold is around 1,527,500 representing 21.0% of the population, which makes Bulgaria the country with the highest at-risk-of-poverty rate in EU-28 after Greece (23.1%) and Romania (22.4%) (see Chart 3).

Chart 3



Within the context of this social fragility, there are several programs that provide temporary financial support to people experiencing poverty or social exclusion. For instance, each year the Ministry of Labor and Social Policy provides energy aid of \$40 per month to about 250,000 Bulgarians for a period of 5 months. However, there is no long-term public support program for provision of basic food products to poor people. The sporadic financial support of the European Union intended for food aid also proved to be insufficient. To illustrate the limited scope of food aid in Bulgaria, the two tables below summarize the food assistance provided in 2014 by two key players on the ground: the Ministry of Labor and Social Policy and the Bulgarian Red Cross:

Ministry of Labor and Social Policy of the Republic of Bulgaria	
<i>Project name</i>	Financial support for public canteens and purchase of food for deprived persons
<i>Contractor</i>	Social Protection Fund
<i>Amount of funding</i>	\$2,514,124
<i>Duration of the project</i>	November 2014 - April 2015
<i>Organizations implementing the project</i>	181 public canteens
<i>Number of people served</i>	13,252

Bulgarian Red Cross	
<i>Project name</i>	Food aid for people affected by floods
<i>Amount of funding</i>	\$25,423
<i>Duration of the project</i>	June 2014 – October 2015
<i>Project name</i>	Hot Meal Program
<i>Amount of funding</i>	\$124,293
<i>Duration of the project</i>	2013/2014 academic year
<i>Beneficiaries</i>	Disadvantaged groups of students and their parents
<i>Number of people served</i>	1,537 students

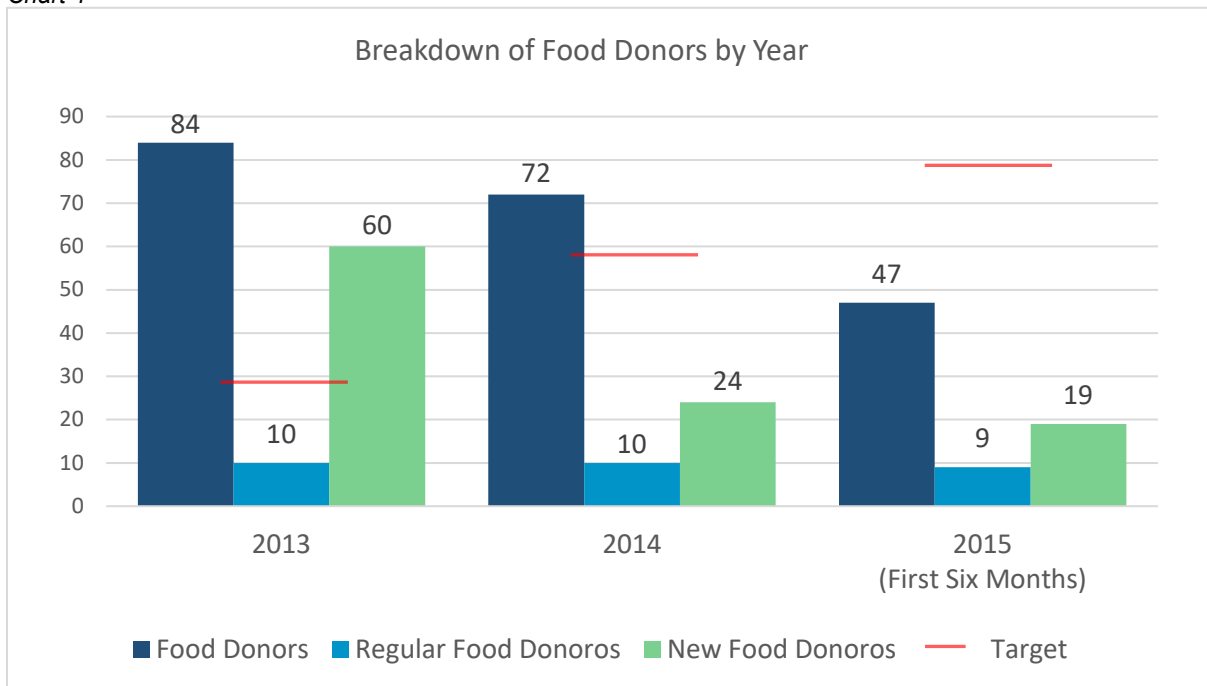
➤ **Development of a Food Donors' Network**

In this difficult national context, the establishment of the Bulgarian Food Bank (BFB) in 2012 is a major accomplishment. BFB collects and distributes donated food through a network of partnering organizations around the country, seeking to make the food bank recognizable and sustainable model for social support. The BFB collects food from the following main sources:

- Producers
- Processors
- Traders
- Retailers
- Traders of fresh fruit and vegetables
- Individual donors through donation campaigns

Since 2013, a total of **137 unique donors**⁴ have donated food to BFB. Chart 4 below demonstrates the dynamics of the food donors throughout the project years. After the initial peak of entities willing to contribute to BFB, there is a trend to decrease the number of all and new donors. It is a good sign that the number of regular donors (they donated each month or once per two months for the reported period) has stayed the same, though far from the initial targets.

Chart 4



Out of a pool of 137 donors, three stand out – *Danone Serdica*, *Fruity Veg 25*, and *United Milk Company AD*. *Danone Serdica*, a dairy processor, is the largest food donor to BFB in terms of the quantity and regularity of its food donations, providing a total of 152,379 kg of yoghurt, fresh enhanced milk-based desserts and drinks. The company doubled its contribution in 2014 by donating 89,612 kg of dairy products compared to 45,884 kg in 2013. Another generous donor is *Fruity Veg 25*, a trader of fresh vegetables - with a total contribution of 48,802 kg of food since 2013 (see the Table below).

⁴This number does not include individual donations during the food-drive campaigns.

Name of Donor	Type of Food	Quantity Donated in 2013 (kg)	Quantity Donated in 2014 (kg)	Quantity Donated in 2015 (kg)	Total Amount of Donated Food (kg)
1. Danone Serdica	Milk and Dairy Products	45,884	89,612	89,612	152,379
2. Fruity Veg 25	Fresh Vegetables	25,088	23,715	-	48,802
3. United Milk Company	Milk and Dairy Products	17,373	11,222	14,771	43,367

It is also worth noting that in two years the amount of collected food from individual donors has increased more than ten times from 1,605 kg in 2013 to 17,696 kg in 2014. The main reasons for this growth were:

- The success of “One kg of goodness” initiative - a food-drive campaign in supermarkets that allows food donations by individuals; and
- The effective partnership with international companies for fundraising and purchase of food among their employees.

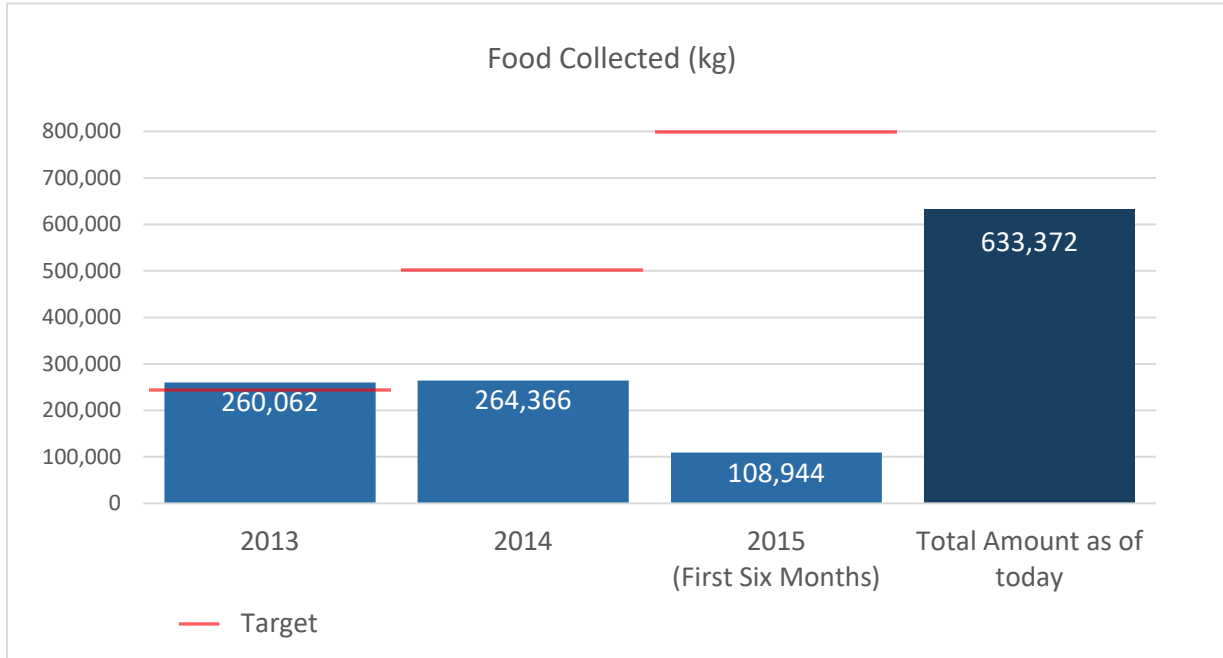
Overall, BFB has managed to develop and maintain a sustainable network of food donors. Although there is a permanent circle of donors, which have been donating each year since 2012, BFB is not totally dependent on their contribution as approximately 65% of the food donated in 2014 came from companies with less than 10% individual share of the total amount of food donated for the year.

However, there are some challenges to partners and companies that actively support BFB’s mission. A major constraint to the growth of the volume and variety of food donated by the companies is the 20% VAT that each donor is obliged to pay on the amount of donated food. This lack of incentives for food donors is a serious obstacle to increasing the impact of the BFB’s operations. Further, current legislation makes it more difficult for BFB to organize and plan its long-term strategy regarding the type, quantity, and regularity of food distributed to partnering organization, and thus to develop a sustainable model for systematic food assistance (refer for more details to section “Public Policies and Legislation” on page 18).

➤ **Food Collected**

As a result of the cooperation between the BFB and its food donors’ network, the amount of collected food is 633,372 kg since project inception. The Chart below shows the distribution throughout the years, with modest increase from 2013 to 2014.

Chart 5



BFB successfully collects **253,348 kg of food on average per year**, meaning that only **0.04%** of the previously mentioned amount of food waste in Bulgaria (670,000 tons per year) is saved and redistributed. However, this data reveals a great potential for BFB to expand its operations as well as the huge need of strengthening the food bank model. Hypothetically, the redistribution of the annual amount of food loss would be sufficient to feed the 1.5 million Bulgarians living below the poverty threshold for a period of 15 months.

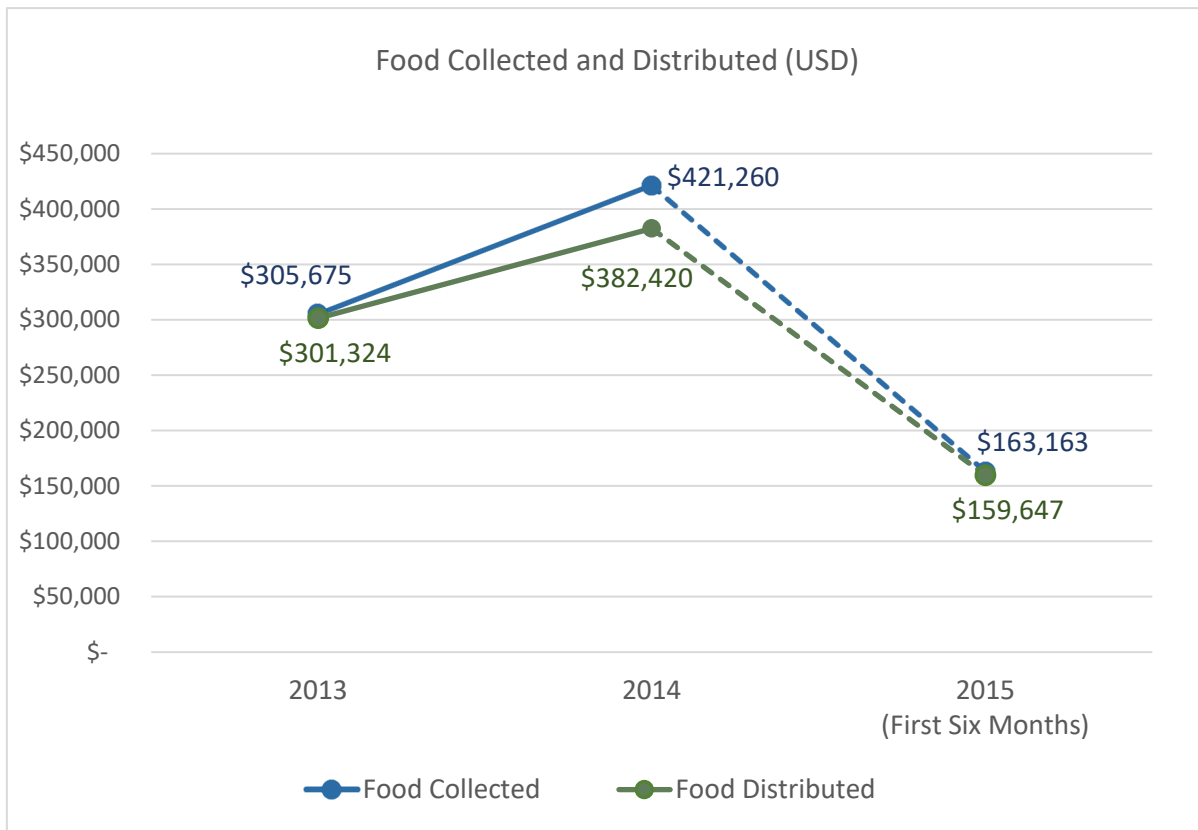
➤ **Type of food collected**

Milk and dairy products prevail in the collected food with 243,993 kg or 38.5% of the total amount of the donations. The second largest category by volume is fruit and vegetables - 190,840kg or 30% of the total amount of collected food. On the other hand, the quantity of food with some of the highest nutritional value such as meat, meat products, fish and fish products is relatively low - only 445 kg as of today. The table below shows the quantities of food collected by the BFB by food category per year.

	Breakdown of food collected by food type	Quantity (KG) 2013	Quantity (KG) 2014	Ratio 2013 vs. 2014	Quantity (KG) 2015 YTD	Total as of Today (kg)	% of Total as of Today
1	Milk and dairy products	80,542	108,749	28,207	54,702	243,993	38.50%
2	Meat and meat products	187	0	-187	0	187	0.00%
3	Oils and fats	3,368	2,833	-535	3,130	9,331	1.50%
4	Cereals and cereal products	14,099	17,542	3,443	7,601	39,242	6.20%
5	Potatoes and root vegetables	23,238	5,139	-18,099	975	29,352	4.60%
6	Legumes	921	4,050	3,129	6,419	11,390	1.80%
7	Vegetables	65,389	55,941	-9,447	7,732	129,062	20.40%
8	Fruit	15,491	36,207	20,716	10,080	61,778	9.80%
9	Sugar, confectionery and chocolate, honey	1,489	2,452	963	2,007	5,948	0.90%
10	Soft drinks and water	38,239	14,073	-24,167	9,292	61,604	9.70%
11	Tinned and bottled goods	1,594	2,594	999	1,856	6,044	1.00%
12	Ready-to-eat foods	13,289	2,049	-11,241	338	15,676	2.50%
13	Coffee, Tea, Cacao	36	207	171	5	248	0.00%
14	Fish and fish products	257	1	-256	0	258	0.00%
15	Baby food	1,508	9,142	7,634	1,196	11,846	1.90%
16	Spices	252	90	-163	73	415	0.10%
17	Other	163	3,299	3,136	3,537	6,999	1.10%
	Total Food Collected	260,063	264,366	4,303	108,944	633,373	

According to the current BFB's management, the quality of the collected food has been improving in the years judged by the significantly increased quantity of donated products with relatively high nutritional value such as cereals and cereal products, legumes, fruit, and baby food. Another indicator corresponding to the quality of the collected food is the monetary value of the food. As already discussed, the amount of food collected has increased by only 1.65% from 2013 to 2014 (see Chart 5). Nevertheless, the monetary value of the collected food has increased from \$305,675 in 2013 to \$421,260 in 2014 which corresponds to a growth by 37%. The same trend can be observed for the value of food distributed where the increase has been a little bit lower - 27%. Chart 6 illustrates these findings. Thus, though there is no significant increase in the amount of the collected food throughout the years, there is a substantial growth of its monetary value, which is explained by the improved quality of the collected and respectively distributed products.

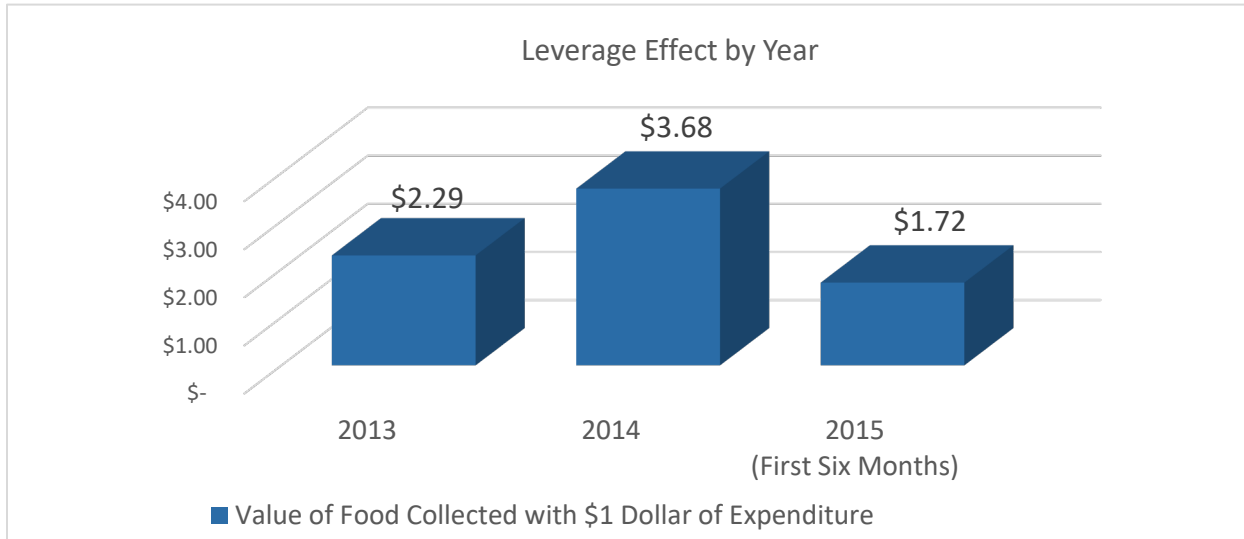
Chart 6



➤ **Leverage effect**

An important indicator illustrating the efficiency of BFB’s work is the leverage effect analysis. The leverage effect corresponds to the ratio of the value of the collected food to the expenditures incurred in the process. Or in other words, how much food (in value terms) brings each \$1 spent by the organization. Analysis of BFB’s financial reports starting in 2013 has revealed that the monetary value of the collected food has exceeded BFB’s budgeted more than two and a half times, or \$1 of expenditure has brought food valued at **\$2.6**. Considering ABF investment separately from BFB’s contribution, one ABF dollar has brought food valued at **\$4.5**. Chart 7 below shows the leverage effect by year:

Chart 7



➤ **Volunteers' Involvement**

Once the food has been collected, an extremely important phase of the BFB's operations is its processing, sorting and preparation for distribution to the beneficiaries. For this phase of its activities, food banks rely on volunteers. Therefore, the ability of BFB to attract a bigger number of volunteers to help with these operations is another key performance indicator for its organizational capacity. The data collected shows that a total of 783 volunteers have supported BFB's operations by 5,529 hours, with a clear trend of increasing the number of both, the corporate and individual volunteers. See charts 8 and 9.

Chart 8

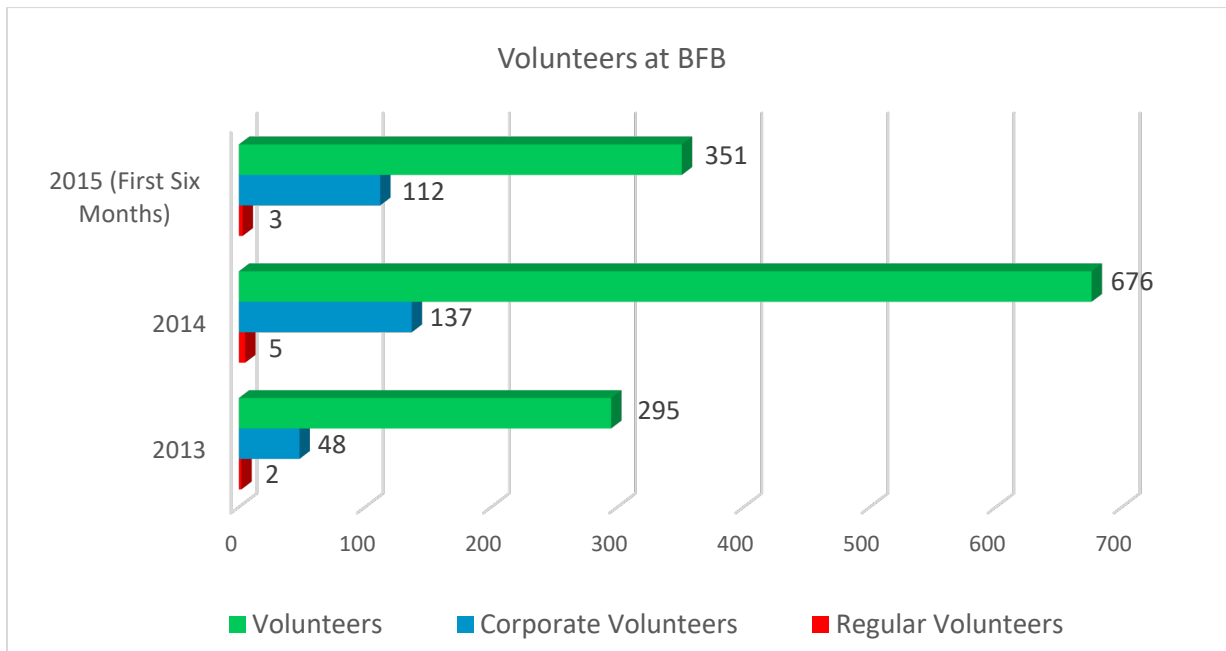
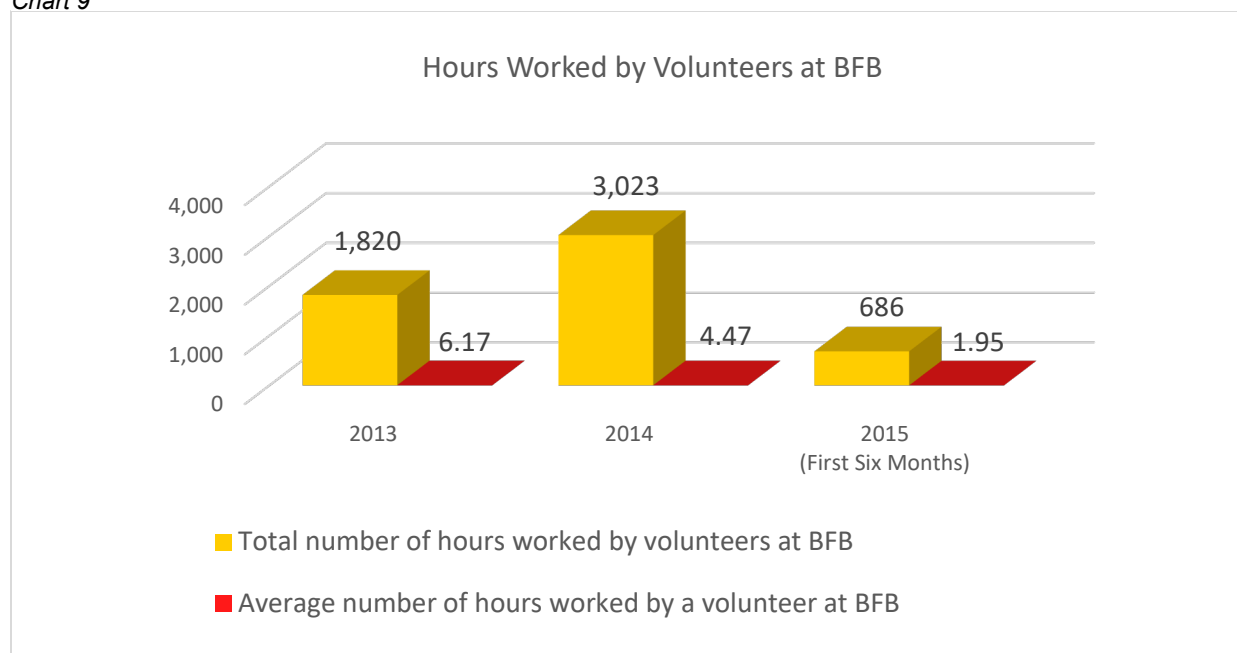


Chart 9



Despite the growing number of volunteers, there are two main challenges that BFB faces:

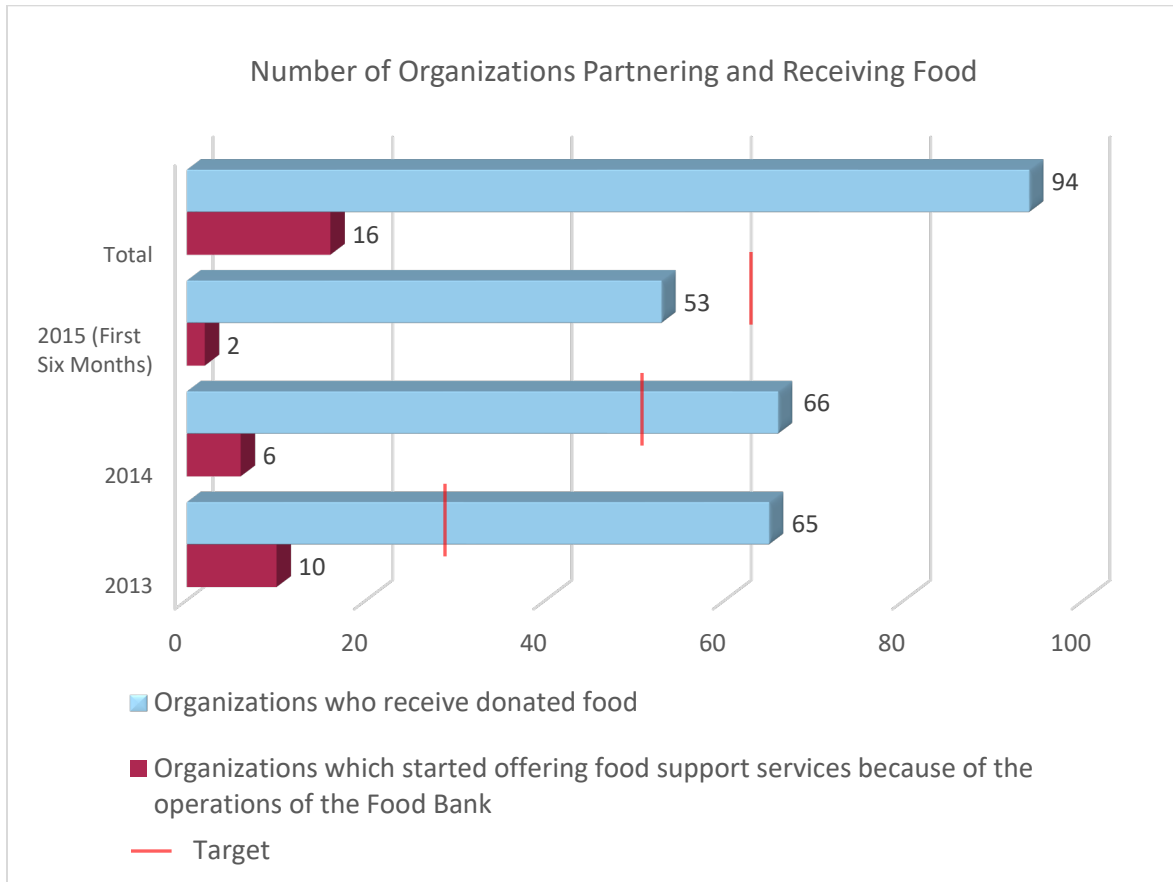
- During the period considered (2013-2015YTD), very few volunteers have worked regularly⁵ at BFB’s warehouse. The vast majority of the volunteers chose to donate only a couple of hours or maximum a day of their time. Currently, there is only one regular volunteer at BFB involved in different kind of activities more than once per week;
- The irregularity of the food donations and the urgent need of food processing at BFB’s warehouse frequently pose a challenge in terms of the ability of the organization to mobilize sufficient numbers of volunteers at an extremely short notice;
- On the other hand, organizing appropriate tasks for more than ten people from a particular company to complete on a given day and at a specific time, is also a problem, exactly because it is not possible to plan the arrival of donations more than one week in advance.

➤ **Development of Feeding Organization’s Network and Food Distributed**

As of today the BFB has distributed more than 557,932 kg of food to a total of ninety-four partnering organizations providing community service around Bulgaria. Sixteen of these entities have started offering food support services as a result of the cooperation with BFB. Looking at the data over the years, we see that BFB has substantially exceeded its initial targets for partners - by 160% and 30% respectively in 2013 and 2014 (see Chart 10).

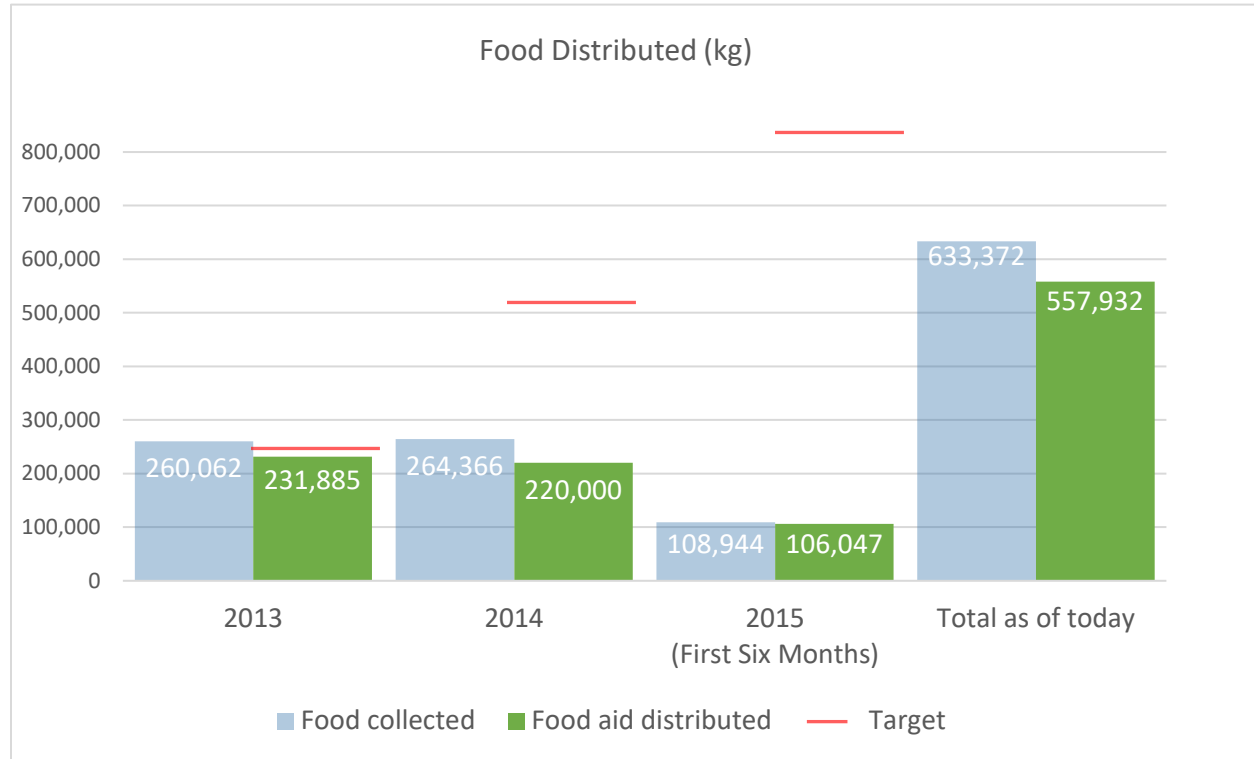
⁵ Regular Volunteer – volunteer who works voluntarily at least once for a period of three months.

Chart 10



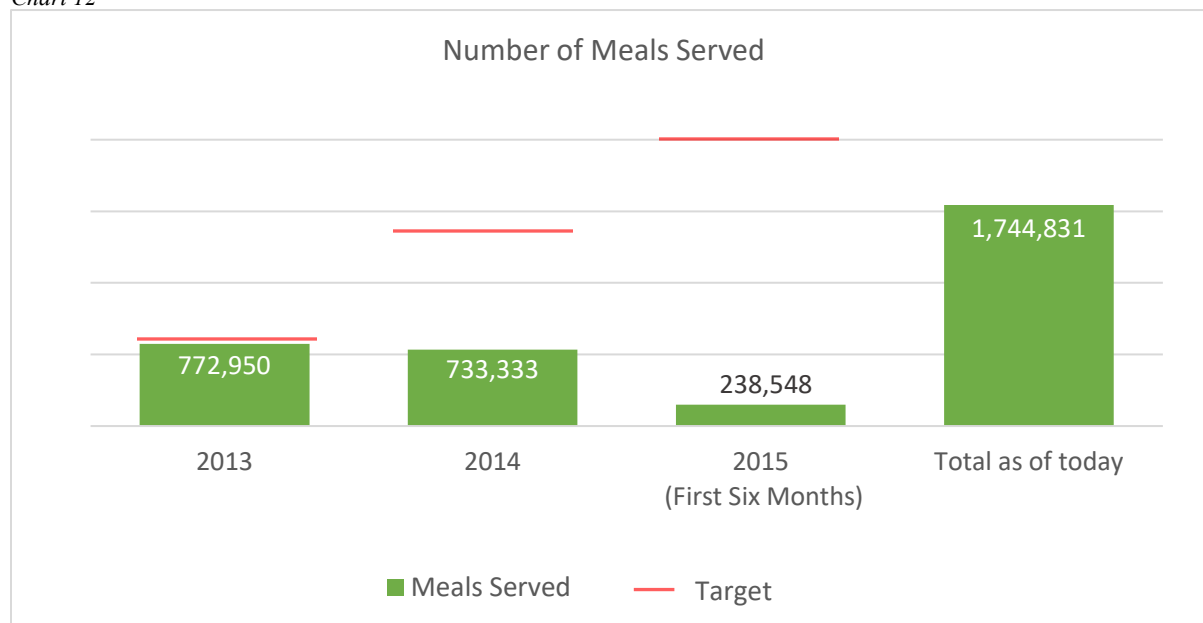
BFB manages to distribute around 90% of the collected food to its network of feeding organizations. The remaining 10% are disposed due to the bad condition of the food products or expired date. In the beginning of the initiative, it was originally foreseen that the amount of food distributed by the feeding organizations was going to grow each subsequent year (see Chart 11). However, such progress is not observed. The explanation given by the current BFB's management is that the targets set by the previous leadership are overly ambitious. The projected growth is seen as unrealistic for two main reasons: the already mentioned legal framework that does not encourage food donations and the lack of logistical capacity of the partners to offer storage and maintenance of the food according to the safety standards.

Chart 11



Considering the food distributed as individual portions distributed, over the past two and a half years, BFB has provided a total of 1,744,831 meals (in ration of 0.300 kg per meal). Although a rough estimate, this data shows that BFB’s partnering organizations distribute around 2,000 meals per day to different groups of deprived people around the country.

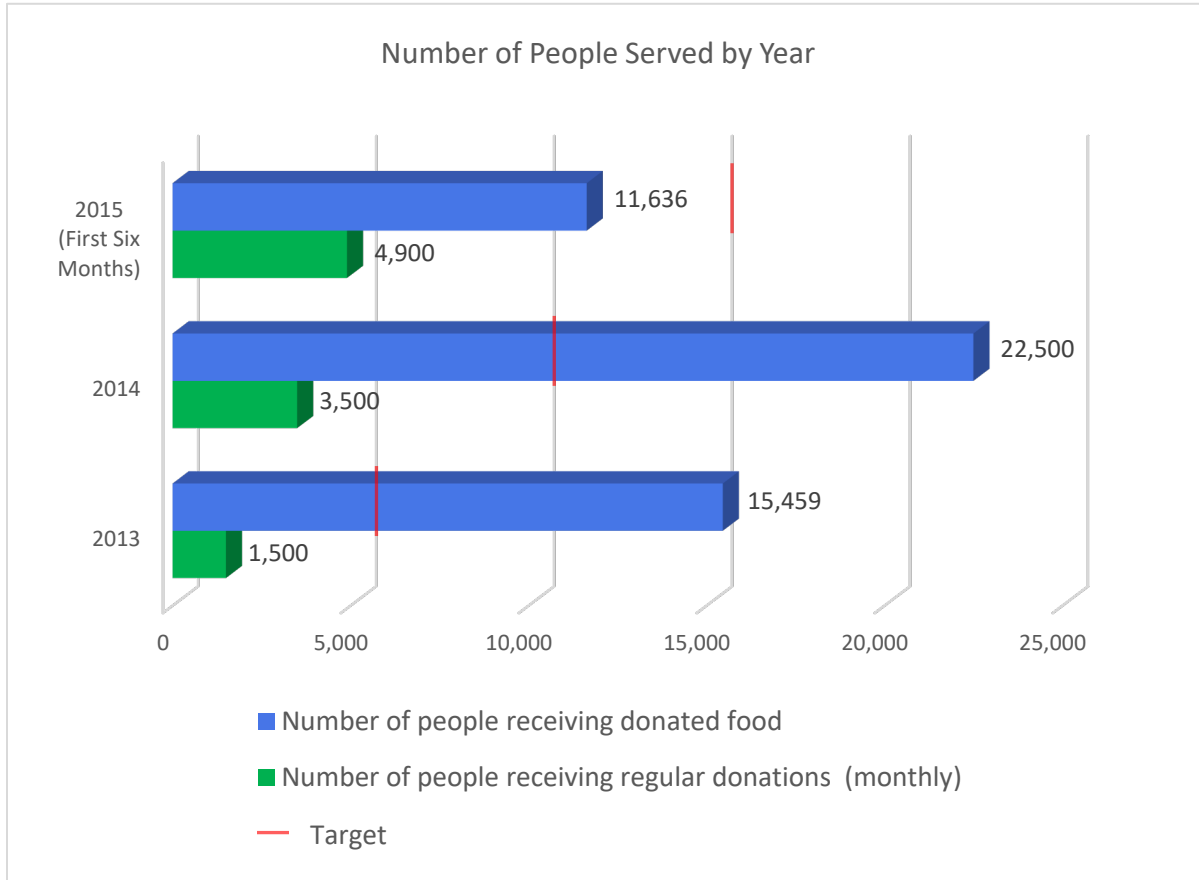
Chart 12



➤ People Served

The food distributed by BFB's network reaches an average of 19,838 people per year, and currently 4,900 receive food every month. The number of people who received food aid in 2013 was 15,459, exceeding more than three times the initial target number. The same positive trend continued in 2014 when the BFB' network has reached two times more people than expected. The data collected for the first six months of 2015 shows that the positive trend is likely to remain (see Chart 13).

Chart 13



The majority of the people served are needy adults, as there is no prevailing group with regard to the beneficiaries' gender. Charts 14 and 15 presents the demographic characteristics of people who received food aid by the feeding organization in the period 2013 – 2014. Among the people served are Syrian refugees, people affected by floods, homeless people, orphans, adolescents who had suffered violence, senior citizens on low pensions and other social groups living at risk of poverty.

Chart 14

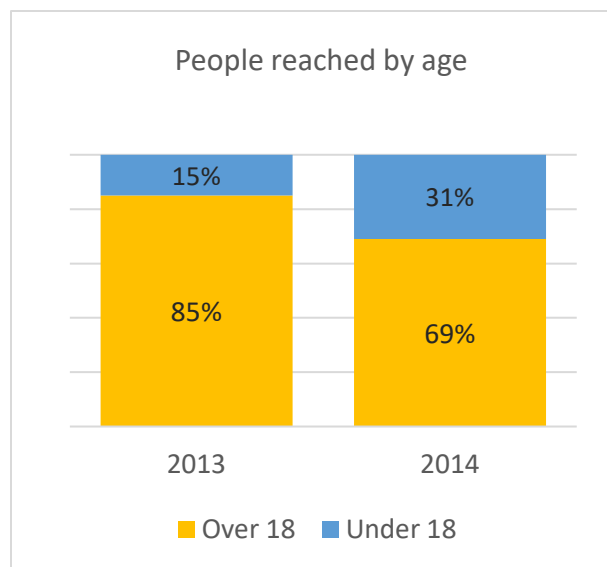
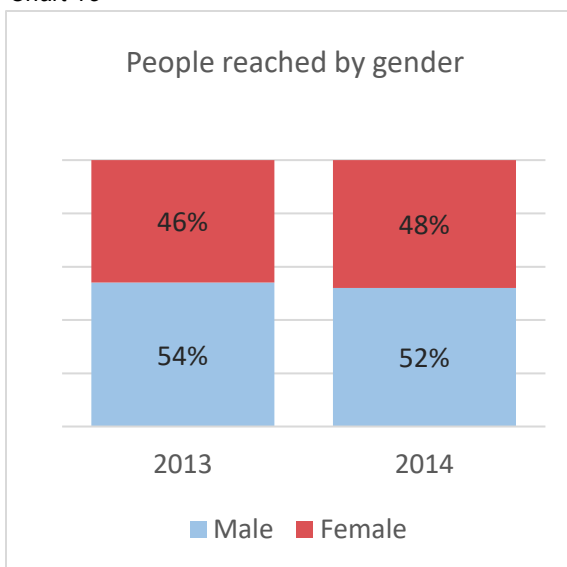
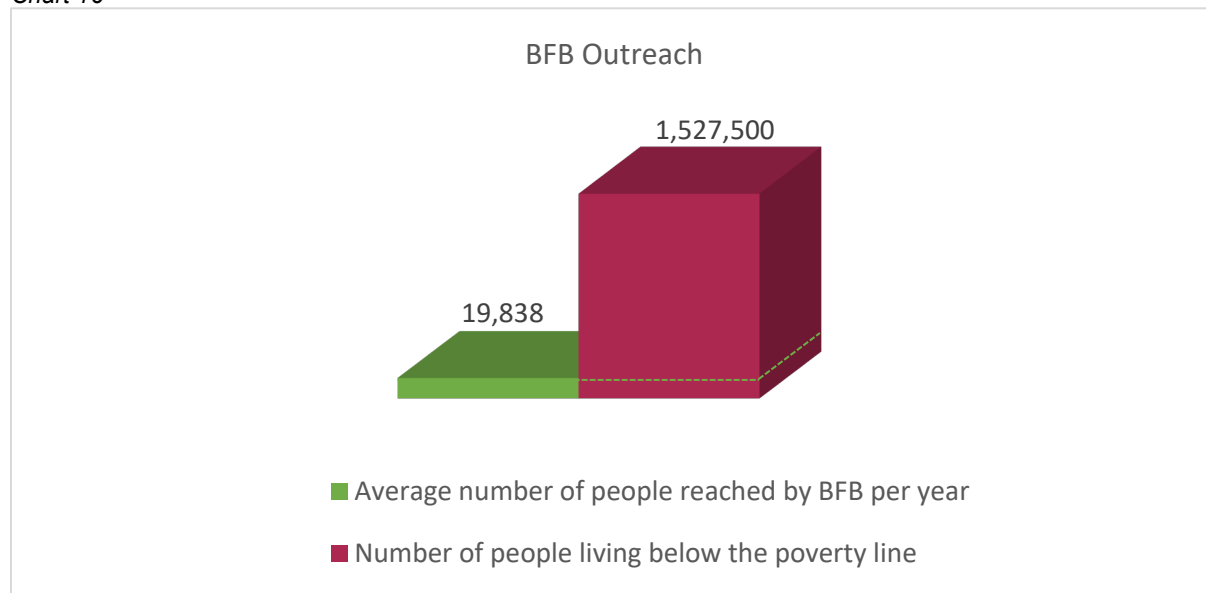


Chart 15



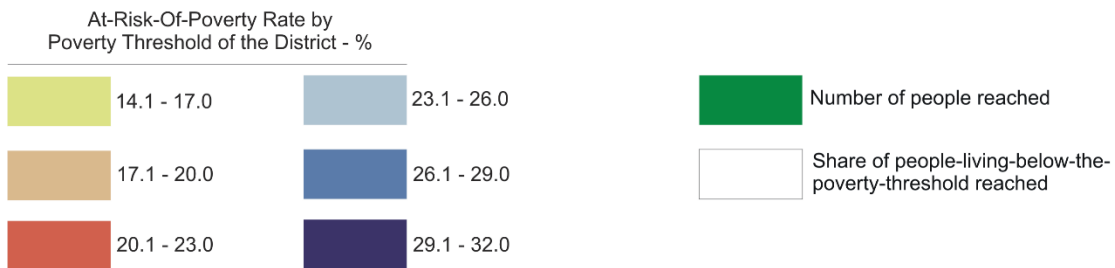
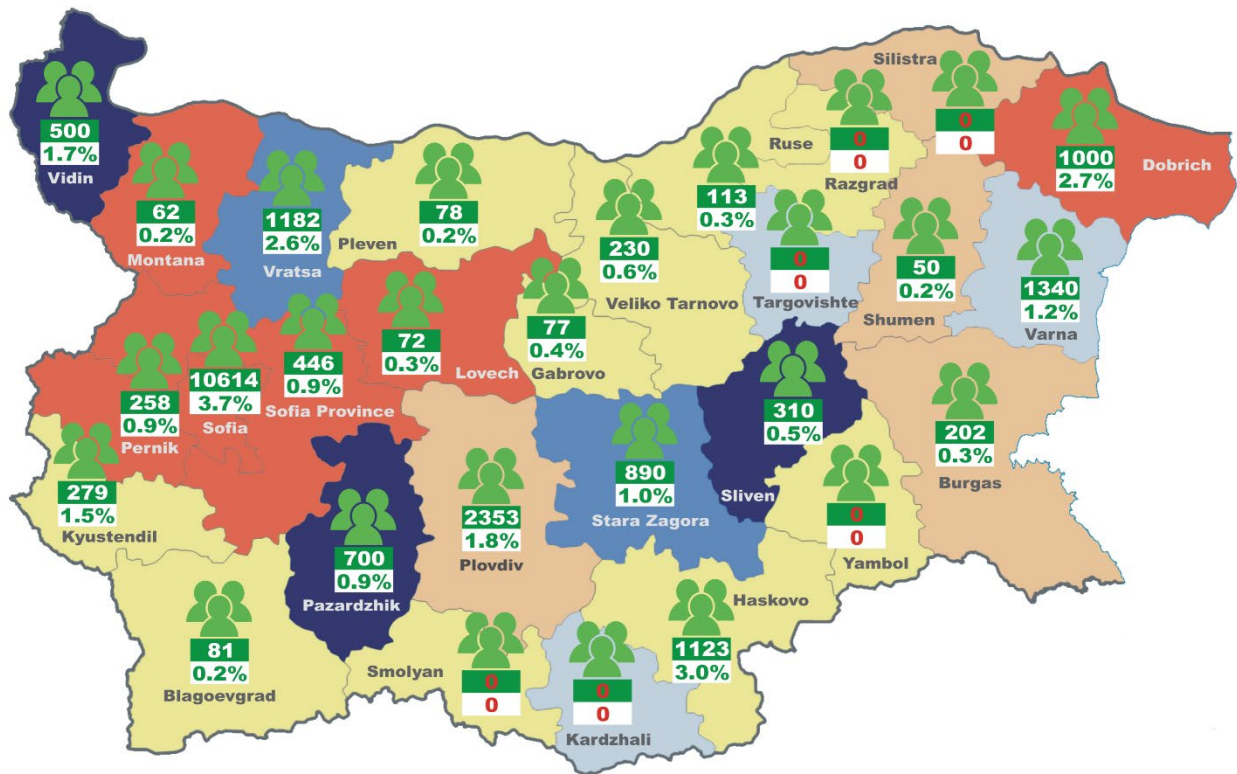
However, despite of increasing number of people reached over the years and the significant amount of food collected, the food aid provided by BFB has reached only **1.3%** of the *people living below at-risk-of-poverty threshold* (see Chart 16).

Chart 16



Going further, the food collected by the BFB is distributed to more than 60 locations, situated in 22 of the 28 administrative regions in the country. This is quite an achievement, having in mind that BFB does not have structures outside Sofia. Half of the people receiving donated food (10,614) live in Sofia, where is also the highest share of people-living-below-the-poverty-threshold reached, 3.7%. Other administrative regions where a comparatively high number of people receive food donations are Plovdiv (2,353), Varna (1,340), Vratsa (1,182) Haskovo (1,123) and Dobrich (1,000). BFB has established partnerships with feeding organization in

Vidin, Sliven and Pazardzhik where *at-risk-of-poverty rate* is the highest for the country. However, the share of people who live below the poverty line reached in these regions is still relatively low (Vidin - 1.7%, Sliven - 0.5%, Pazardzhik - 0.9 %). The following map shows BFB's geographical outreach, presenting the *average number of people who have received donated food per administrative region per year* and the *share of people-living-below-the-poverty-threshold reached out per administrative region per year*.



In conclusion, despite of the positive development of the BFB's partnering network, still there is a major need for food assistance around the country. Although BFB has become one of the key players on the field of food aid, the food donations distributed by BFB to different groups of vulnerable people are insufficient compared to the high share of needy people in Bulgaria.

Further, there are several challenges to BFB's partnering organizations that decrease the efficiency of the food delivery process:

- A large number of BFB's partners cannot provide the required conditions for safe transportation and storage of food. Moreover, the feeding organizations do not intend to invest in improving their logistic capacity while BFB cannot commit on fixed timetable for providing donations and approximate quantities and types of food;
- Only few of BFB's partnering organizations participate with volunteers in the processes of sorting and preparing donated food. This makes the logistic processes more difficult, slows down the food processing, and results in an increase of BFB's operating costs.

➤ **Development of Organizational Capacity**

BFB's organizational capacity is a major challenge for its sustainable future. Currently, the BFB's staff (5 in total) is overloaded with work duties. The average size of collected food that has to be processed in BFB's warehouses equals 1 ton per day. Despite the large number of volunteers supporting the activities of BFB (295 in 2013 and 676 in 2014), their contribution is sporadic and thus insufficient. Therefore, BFB's employees often work overtime and carry out activities that are not part of their job descriptions. For instance, the coordinator of the feeding network programs spends 80% of her working time at BFB's warehouse doing hands-on work with food. Negative consequences of the understaffing are inevitable.

Hiring new employees at the BFB is also an issue. Lack of long-term financial security of the organization and relatively low salaries offered are among the main reasons that discourage potential employees.

➤ Public Policies and Legislation

One of the main goals of the Bulgarian Food Bank is *fostering the adoption of a set of public measures that foster the expansion of the food bank model as a public tool for social support*. As already discussed, currently, there is a major obstacle to food donations coming from private companies and producers in Bulgaria. According to the Bulgarian Law on VAT of 2007, donors are ‘penalized’ with a 20% VAT on donated goods while not providing any incentives.

Obviously this regulation demotivates producers to donate goods. It is much easier to trash the food without incurring additional cost. Further, the regulations of the Food Safety Agency are not in favor of BFB’s growth either: products past expiry date and food that has been out of the controlled environment cannot be donated. Anthony Kitchen, a representative of *Global Food Banking Network*, who had visited Bulgaria in May this year, described the national regulatory environment as “*overly restrictive*” and “*greatly hampering the BFB’s ability to grow*”. During the past three years, the BFB has made attempts to work on some legislative changes. BFB’s representatives have participated in working groups and policy discussions, and have appeared in various media debates. Here are several examples of the actions taken in pursuit of legislative and policy changes:

- Joint statement with National Revenue Agency and a proposal for amendments to the VAT law, where BFB to be defined as a direct recipient of abandoned food in favor of the state;
- Drafted proposals to amend and supplement the Bulgarian Food Law, introducing a legal definition of the concept of food banking;
- Individual and group meetings with various stakeholders and professional organizations to discuss cooperation.

However, despite of the active public advocacy on behalf of BFB, no changes in legislation have occurred to date. The official position of the Ministry of Finance is not encouraging either. Currently, According to the Ministry, such legislative change might lead to: (1) fines and penalties for Bulgaria for illegal state aid; and (2) VAT fraud.

Summary of Results

Results vs. Stated Goals and Objectives

- **Strengthen and expand the logistics capacity of the Bulgarian Food Bank to provide food to a growing number of needy people**

- The BFB has managed to develop logistics capacity that ensures sustainable cooperation with well-established networks of food donors and partnering organizations that distribute food aid to needy people. Although there is a permanent circle of donors, which have been donating each year since 2012, BFB is not totally dependent on their contribution as approximately 65% of the food donated in 2014 came from companies with less than 10% individual share of the total amount of food donated for the year.

On the other hand, BFB has not reached its initial targets for regular donors. While one might argue that these quantitative measures were set unrealistically high, the existing requirements to pay 20% VAT on the donated food and the overly restrictive Bulgarian regulatory environment for food safety indeed do not provide incentives for the donors;

- The quality of the collected food has been improving in the years judged by the monetary value of collected food and the significantly increased quantity of donated products with relatively high nutritional value such as cereals and cereal products, legumes, fruit, and baby food;

- **Expand its network of partnering (feeding) organizations in Sofia and other regions to implement regular feeding programs, build food safety standards and reach out to more people**

- The BFB has expanded its network of feeding organizations distributing more than 557,932 kg of food to a total of 94 partnering organizations providing community service around Bulgaria. Sixteen of these entities have started offering food support services as a result of the cooperation with BFB. The BFB has substantially exceeded its initial targets for partners - by 160% and 30% respectively in 2013 and 2014;

- While the amount of distributed food is still below the initial target number, BFB's network reaches an average of 19,838 people per year, and currently 4,900 needy people receive food every month. The number of people who receive food aid on annual basis is growing each subsequent year: in 2013 15,459 people were served, exceeding more than three times the initial target number. The same positive trend continued in 2014 when the BFB' network has reached two times more people than expected, providing food aid to 22,500 people in need;

- The BFB network has a wide national coverage. The food collected by the BFB is distributed to more than 60 locations, situated in 22 of the 28 administrative regions in the country. This is quite an achievement, having in mind that BFB does not have structures outside Sofia;

- Despite the increasing number of people reached over the years and the significant amount of food distributed, the food aid provided by BFB has reached only 1.3% of the

people living below at-risk-of-poverty threshold. Although BFB has become one of the key players on the field of food aid, the food distributed by BFB to different groups of vulnerable people is still insufficient compared to the high share of needy people in Bulgaria.

- **Build communication and fundraising capacity of the Bulgarian Food Bank through implementing a fundraising strategy and activities while promoting continuous active three sector partnerships (government, private sector and civic sector)**
 - For the duration of the project, BFB has raised funds in the amount of \$153,522 which constitutes 61% of ABF support for the organization or one ABF dollar has brought \$0.61 from other sources. The relatively high portion of in-kind support (10-20% of the total money spent) that BFB relies on for accounting, website maintenance, etc. is a great arrangement that they have managed to achieve and hopefully will sustain in the future. However, the BFB has not achieved a sufficient level of financial sustainability yet. Without ABF's support BFB cannot continue its growth at the desired pace. The BFB fundraising strategy has to be reconsidered in order to attract more funds from legal entities and individuals.

- **Foster the adoption of a set of public measures that foster the expansion of the food bank model as a public tool for social support**
 - The BFB has made attempts to work on some legislative changes concerning the VAT issue and the overly restrictive regulations of the Food Safety Agency. BFB's representatives have participated in working groups and policy discussions, and have appeared in various media debates. However, despite of the active public advocating on behalf of BFB, no changes in legislation have occurred to date.

Conclusions

Despite the organizational turbulence in 2013, the BFB has achieved a great progress in all key aspects of its operations: building and maintaining a sustainable network of food donors, involving volunteers, developing partnering network with wide national coverage, providing food to needy people. The highly motivated staff of BFB has made possible nearly 20,000 people in 60 locations to receive more than 220,000 kg of food on annual basis. Although BFB faces several serious challenges related to the organizational capacity, the financial sustainability, and unfavorable legislative framework in the country, BFB has demonstrated the great potential of the food bank model in Bulgaria and thus has become a key player on the field of social aid in the country.