

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0130
Status:	Continuing
Planned FY 2006 Obligation:	\$4,820,000 AEEB
Prior Year Unobligated:	\$467,000 AEEB
Proposed FY 2007 Obligation:	\$0
Year of Initial Obligation:	1992
Estimated Year of Final Obligation:	2006

Summary: USAID economic assistance covers a broad range of activities aimed at fostering a competitive, transparent, and business-friendly environment that is conducive to investments, private sector growth and job creation. USAID will help make the business climate more supportive of private sector development through support of commercial law reform and improved regulation of privatized energy distribution and generation facilities. Private sector competitiveness is addressed through assistance in business and trade capacity building, streamlining economic policies, and strengthening public-private dialogue. USAID initiatives target creating employment opportunities by bridging the gap between the supply and demand of labor. USAID activities focus on improving access to financial resources, while ensuring the soundness and stability of the financial sector.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment: (\$1,450,000 AEEB). USAID will provide assistance in streamlining commercial legislation primarily pertaining to company registration. Efforts to improve the system of judgment enforcement will include: technical assistance (TA) and training to the Ministry of Justice to effectively exercise its supervisory role over private enforcement agents; TA to the chamber of private enforcement agents to develop budget and management skills; and TA and training to build skills in the private enforcement agents' profession. USAID will fund an advocacy campaign for the passage of a critical law transferring the system of business registration from the courts to a user-friendly administrative agency. USAID will assist three commercial mediation centers by helping to prepare business plans and training trainers in commercial mediation. Four USAID-developed commercial law courses (collateral law, company law, alternative dispute resolution, and corporate governance) will become sustainable through their integration into the curriculum of the National Institute of Justice, the Attorneys Training Center and other local institutions. Over one hundred judges and lawyers will benefit from these training events in FY 2006.

Using bilateral funds to supplement a USAID regional energy program, the Mission will enhance the capacity of the State Energy and Water Regulatory Commission (SEWRC) to regulate the energy sector. Activities include, but are not limited to, funding SEWRC membership in the energy regulators regional association, and SEWRC participation in association meetings in such areas as licensing/competition and tariff/pricing. Through exchange of visits and internships under a partnership between SEWRC and the New Jersey Board of Public Utilities, the SEWRC will acquire additional technical expertise in setting rates and tariffs and valuing plant and equipment in the water sector to support it with its newly-assigned responsibilities for the water sector. Principal contractors and grantees: Bearing Point (prime), National Association of Regulatory Utility Commissioners (prime).

Improve Private Sector Competitiveness: (\$1,736,000 AEEB, \$366,561 AEEB carryover). USAID will support small and medium enterprise (SME) development through TA and trade and finance facilitation to private companies and local SME consulting firms in key sectors: information technology (IT), tourism, food and agriculture, and apparel. Four resident American volunteers will work with local consulting firms and associations to help them improve the quality of services. At least five publicity and/or investment events will be organized throughout the year in priority sectors to help attract investment. USAID will

conduct a public awareness campaign targeting SMEs to create awareness of the implications of new regulations and tax regimes. USAID will provide technical advisory support to the Economic Growth Council and the Invest Bulgaria Agency regarding effective licensing regimes.

USAID will work with 180 schools to implement entrepreneurship training. At least 100 student-operated mini-companies will be mentored to develop entrepreneurial expertise among youth. Institution strengthening support to the Business for Education Foundation will ensure the sustainability of a USAID-supported network of Career Development Centers in Bulgarian universities and vocational schools. USAID will fund the Stevens Institute of Technology Master of Science in Information Systems program at Sofia University to develop management skills in information technology leaders. Principal contractors and grantees: Volunteers for Economic Growth Alliance (prime), Junior Achievement Bulgaria (prime), Stevens University, (prime).

Strengthen the Financial Services Sector and Increase Access to Capital: (\$1,634,310 AEEB, \$100,000 AEEB carryover). USAID will assist the Bulgarian National Bank and the Financial Supervision Commission to finalize anti-money laundering manuals as well as provide on-the-job training for more than one hundred regulators. To develop supervisory approaches for the conglomerate institutions in the financial market, USAID will use TA for: drafting conglomerates legislation, preparing agreements between bank and non-bank regulatory bodies and joint training initiatives. Significant attention will be devoted to raising general public awareness of new financial products as well as consumer protection safeguards. At least four financial sector educational events will be organized for judges aimed at enhancing judges' knowledge of the financial sector, including regulatory aspects.

Pending regional approval, USAID will co-fund a Global Development Alliance (GDA) for a wind farm project to provide clean energy for Bulgarians and support investment by an American company. Another potential GDA will create a country-wide microfinance network for Roma entrepreneurs. Principal contractors and grantees: Emerging Markets Group (prime), EnCon Services International (prime), TBD.

FY 2007 Program:

FY 2006 is the final year of appropriation for activities under this objective.

Performance and Results: In FY 2005 USAID assistance helped remove impediments to the improvement of the business environment through passage of a law fundamentally reforming the grossly ineffective judgments enforcement system. An effective alternative to the cumbersome judicial process was launched through USAID-supported commercial mediation centers. USAID support in developing energy sector secondary legislation and regulatory framework was critical for the restructuring of the Bulgarian energy sector. This work continued the privatization of the electricity generation facilities and leads the way to a competitive energy market. USAID graduated its successful pension reform program leaving a legacy of a three-pillar (mandatory public, mandatory private, and voluntary private) pension system to provide better retirement income for future generations. Through USAID technical assistance to regulatory institutions, the financial sector operates under solid rules and regulations consistent with international practices.

Upon close-out of this strategic objective, USAID anticipates that Bulgaria will have a sound legal and regulatory framework that will stimulate investment and increase the competitiveness of the country's economy. USAID support will leave the country with a safe and stable financial sector capable of efficiently mobilizing capital for economic growth and job creation.

US Financing in Thousands of Dollars

Bulgaria

183-0130 Private Sector Development	AEEB	DA	DCA	ESF
Through September 30, 2004				
Obligations	88,976	4,620	1,875	2,120
Expenditures	83,143	4,597	998	2,120
Unliquidated	5,833	23	877	0
Fiscal Year 2005				
Obligations	6,667	0	0	0
Expenditures	6,007	0	0	0
Through September 30, 2005				
Obligations	95,643	4,620	1,875	2,120
Expenditures	89,150	4,597	998	2,120
Unliquidated	6,493	23	877	0
Prior Year Unobligated Funds				
Obligations	467	0	0	0
Planned Fiscal Year 2006 NOA				
Obligations	4,820	0	0	0
Total Planned Fiscal Year 2006				
Obligations	5,287	0	0	0
Proposed Fiscal Year 2007 NOA				
Obligations	0	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	100,930	4,620	1,875	2,120