

## Data Sheet

<b>USAID Mission:</b>	Bulgaria
<b>Program Title:</b>	Local Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	183-0230
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$3,260,000 AEEB
<b>Prior Year Unobligated:</b>	\$102,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	1995
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID promotes more effective and accountable local governance in Bulgaria by directly supporting democratic local governments and decentralization through: technical assistance and training to the central and local governments; grants to indigenous local government support organizations; and, twinning partnerships between U.S. and Bulgarian cities. These efforts are complemented by community-level activities aimed at: 1) providing increased opportunities for ethnic minorities and encouraging greater ethnic and religious tolerance; and 2) strengthening civil society by establishing community foundations, social enterprises, and promoting social contracting.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Mitigate Conflict and Support Peace (\$229,070 AEEB). The ethnic integration program will continue funding local mediation centers and projects in 10 towns with significant minority populations to address economic, education, and social issues of Roma and Bulgarian Muslims. USAID will increase its efforts to train Roma and Muslim leaders and to promote inter-ethnic tolerance by conducting a number of national and regional events focused on disseminating best practices of ethnic integration already implemented at the community level. Principal grantee: Partners Bulgaria Foundation (prime).

Strengthen Civil Society (\$600,000 AEEB). The Community Funds program will consolidate its assistance to the existing community foundations and social enterprises by providing matching funds for their community initiatives. An expanded social contracting procedure allowing municipalities to contract out to indigenous non-governmental organizations for provision of social services will be implemented in seven new municipalities. Additionally, small-scale community initiatives developed by Peace Corps volunteers will receive support. Principal grantees and agencies: Counterpart International (prime) and Peace Corps (prime).

Support Democratic Local Government and Decentralization (\$2,431,000 AEEB, \$102,440 AEEB carryover). USAID will consolidate its work on fiscal decentralization to ensure sustainability of the reforms through drafting legislation and regulations as well as ensuring their effective implementation through practical training for municipal officials. USAID's legislative efforts will target a Constitutional amendment to allow municipalities to set their own local tax rates. The issue of municipal insolvency is also another legislative priority. USAID will complete technical assistance to indigenous local government support organizations. These organizations will serve as USAID "legacies" to build the capacity of municipalities to successfully advocate for and implement greater fiscal autonomy after USAID graduation. The local government portfolio will also focus on the replication of successfully implemented management practices during earlier program phases with support from "legacy" organizations such as the National Association of Municipalities of Bulgaria and the Foundation for Local Government Reform (a think tank and training institution). Principal contractors and grantees: Research Triangle Institute (prime), International City/County Management Association (prime), National Association of Municipalities (prime), Foundation for Local Government Reform (prime), and several regional associations of municipalities (subs).

## **FY 2007 Program:**

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

**Performance and Results:** In FY 2005, the local government system continued to become stronger at both the policy and local capacity levels. Progress at the national level was most significant in relation to infrastructure finance with the adoption of the Municipal Debt Act, which provides a consolidated and clear framework for municipal borrowing, including a reasonable debt ceiling for long-term debt and transparent borrowing procedures. USAID provided considerable assistance at all stages of the legislative drafting process, and the Act received strong support from the investor community. Another important development was a \$15 million loan portfolio guarantee agreement for municipal infrastructure projects signed between USAID and HVB Bank Biochim, the fourth largest bank in Bulgaria. This is the first USAID Development Credit Authority agreement totally dedicated to Bulgarian municipalities. USAID's program has increased the level of domestic and foreign investment in the assisted Bulgarian municipalities resulting in new jobs and improved infrastructure. The position of a local economic development (LED) specialist, previously unknown in Bulgaria, has been created in 16 municipalities and a dedicated LED department has been established in 13 additional municipalities, leading to a pro-active approach to LED in the communities. On the civil society side, USAID-assisted community foundations moved closer to sustainability by demonstrating capacity to raise local funds. The growing financial and in-kind contributions from individual and corporate donors (\$250,573 in FY 2005 vs. \$177,873 in FY 2004) demonstrate an increased interest in local philanthropy.

USAID has established a new community-level model of inter-ethnic tolerance involving a wide-range of local stakeholders. This new model resolves conflicts through the local community, which has altered traditional attitudes and prompted a search for alternative avenues for ethnic reconciliation. As a result, new mediation centers were established in four towns. These new centers, along with three existing ones, provided 181 mediation services during 2005, with 47% of the cases resulting in full agreement and 23% partial agreement. One example of the reconciliation work the centers provide was in the town of Dupnitsa, where the center successfully applied a collaborative approach to resolving critical long-term problems with unpaid electricity bills in the Roma neighborhood. Also during FY 2005, 162 ethnic minority representatives (Roma and Muslim) completed comprehensive leadership training and 42 participants passed the exam for trainers and were certified. This training improved the capacity of Roma and Muslim leaders to address community issues and participate in the political process. In 2005, the program also registered 89 sustained jobs in three towns and 143 new jobs created by the supported micro-businesses in four other towns.

By the end of its assistance, USAID hopes to have institutionalized all of these activities through enabling legislation (decentralization), actual practice (local economic development and transparency of municipal decision-making), and legacy mechanisms (community funds, social enterprises, new social contracting procedures). USAID expects that local governments will be fiscally independent enough to develop and implement solutions to local challenges in a responsive, effective, and transparent manner.

## US Financing in Thousands of Dollars

Bulgaria

183-0230 Local Governance	<b>AEEB</b>
<b>Through September 30, 2004</b>	
Obligations	43,956
Expenditures	39,312
Unliquidated	4,644
<b>Fiscal Year 2005</b>	
Obligations	4,783
Expenditures	5,438
<b>Through September 30, 2005</b>	
Obligations	48,739
Expenditures	44,750
Unliquidated	3,989
<b>Prior Year Unobligated Funds</b>	
Obligations	102
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	3,260
<b>Total Planned Fiscal Year 2006</b>	
Obligations	3,362
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	0
Future Obligations	0
Est. Total Cost	52,101