

## Data Sheet

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| <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 2005 Obligation:</b>         | \$4,860,000 AEEB                                |
| <b>Prior Year Unobligated:</b>             | \$0   |
| <b>Proposed FY 2006 Obligation:</b>        | \$5,062,000 AEEB                                |
| <b>Year of Initial Obligation:</b>         | 1995  |
| <b>Estimated Year of Final Obligation:</b> | 2007  |

**Summary:** USAID promotes more effective and accountable local governance in Bulgaria by directly supporting democratic local governments and decentralization in Bulgaria through: technical assistance and training to the central and local government; 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 providing increased opportunities for ethnic minorities and encouraging greater ethnic and religious tolerance, and strengthening civil society by establishing community funds and social enterprises.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Support Democratic Local Government and Decentralization (\$2,865,000 AEEB).

USAID's local government program will focus on the areas of fiscal decentralization reform at the national level coupled with practical support to municipalities to effectively implement the results of these reforms. USAID will continue working with national and local government stakeholders to build support for a number of legislative amendments and implementing regulations that will grant increased revenue authority to local governments. A particular focus will be given to municipal debt; USAID will tackle the issue of municipal insolvency, with draft legislation expected FY 2005. USAID technical assistance and training in the area of local government capacity building will focus on: improving advocacy and representation skills of local government associations related to the implementation of Government of Bulgaria's (GOB's) fiscal decentralization program; promoting and disseminating best local government management practices; and building the capacity of local government practitioners to apply newly devolved management and fiscal authorities. Additionally, municipal borrowing policies and procedures will remain a special focus. Given the emerging conducive environment in the municipal credit market in Bulgaria, USAID plans to implement a Development Credit Authority loan guarantee program in FY 2005 to assist Bulgarian municipalities in attracting commercial bank credit to leverage funding from European Union (EU) structural funds and have allocated \$100,000 to cover the subsidy cost for this activity.

Beyond fiscal decentralization, a number of sub-grants will stimulate municipal and non-governmental organization (NGO) solutions to local self-government issues. Finally, the U.S.-Bulgaria City Links initiative will continue to bring U.S. city expertise to Bulgarian counterparts and will expand to 40 new Bulgarian municipalities. Specific activities will increase local economic development capacities of these municipalities through training of municipal economic development professionals and providing certification for being "Ready for Business". Principal contractors and grantees include: 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).

Improve Community-Based Reconciliation Efforts (\$900,000 AEEB). The ethnic integration program will continue to support the first three conciliation commissions established in pilot Roma communities. Additionally, it will expand to six new cities with predominantly Turkish/ Muslim

populations. Six cross-sector working groups will develop projects to assist their communities in the field of economic development, education and social services in each of the newly added cities. Six new conciliation commissions (CC) will be created and a CC network will be established. GOB will start implementation of its social integration program. A network of young Roma leaders, trained under the program, will be supported to become a representative organization of young Roma leaders in the country. The indigenous NGO implementing this program pledged over \$1.6 million in funds and services over two years for this program. Principal grantee: Partners Bulgaria Foundation (prime)

Strengthen Civil Society (\$1,095,000 AEEB). Community funds will continue to develop projects and mobilize local resources. USAID will match at least \$330,000, continuing USAID's effect partnership program with local communities. The newly-founded community funds will receive training to mobilize successfully local resources. The program will be replicated in at least two additional communities. Twelve additional NGOs will be enrolled in the Social Enterprise program. A Pilot model for Social Contracting will be implemented in two Community Fund municipalities. Additionally, small-scale community initiatives developed by Peace Corps volunteers will be supported. Principal grantees and agencies include: Counterpart International (prime), Peace Corps (prime).

**FY 2006 Program:** Support Democratic Local Government and Decentralization (\$3,100,000 AEEB).

USAID will continue work on fiscal decentralization in the areas of insuring sustainability of the reforms through legislation and regulation as well as ensuring their effectiveness through practical training for municipal officials. USAID will provide final technical assistance to indigenous local government support organizations that will continue to build the capacity of municipalities to successfully implement greater fiscal autonomy beyond USAID graduation. The local government program portfolio will also focus on the replication of successfully implemented management practices during earlier program phases and on the sustainability of various legacy mechanisms. In FY 2006, USAID might expand the DCA loan guarantee program assisting Bulgarian municipalities to attract commercial bank credit and leverage funding from EU structural funds and have allocated \$400,000 to cover the subsidy cost for this activity. Same implementers as above.

Improve Community-Based Reconciliation Efforts (\$312,000 AEEB). The ethnic integration program will continue funding projects in towns with significant minority populations to address economic, education, and social issues of the Roma and Bulgarian Turks, and especially address the legacy mechanisms under the program. Same implementer as above.

Strengthen Civil Society (\$1,650,000 AEEB). The Community Funds program will strengthen existing community funds. A community fund association will be established. A community development fund (\$1,000,000) will be established to support the community funds network after program completion. USAID will develop other donor support for the community funds and social enterprises. Additionally, small-scale community initiatives developed by Peace Corps volunteers will be supported. Same implementers as above.

**Performance and Results:** At the national level, overall progress has been strong in the areas of municipal property and municipal debt legislation. On the local level, most municipal councils adopted model ordinances focused on more transparent and participatory operating procedures. A comprehensive orientation program provided skills training to newly elected local officials. Currently two networks of municipalities are working towards greater transparency and strategic economic development respectively. Civil society moved closer to sustainability as USAID matching grant programs demonstrated the capacity of local communities to raise funds.

By the end of assistance, USAID hopes to have institutionalized all of these activities through enabling legislation (decentralization), actual practice (transparency of municipal decision-making), and legacy mechanisms (community development fund). It is hoped that ultimately local

governments will be sufficiently independent fiscally to enable the creation of local 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, 2003</b>     |             |
| Obligations                           | 38,976      |
| Expenditures                          | 35,713      |
| Unliquidated                          | 3,263       |
| <b>Fiscal Year 2004</b>               |             |
| Obligations                           | 5,000       |
| Expenditures                          | 3,598       |
| <b>Through September 30, 2004</b>     |             |
| Obligations                           | 43,976      |
| Expenditures                          | 39,311      |
| Unliquidated                          | 4,665       |
| <b>Prior Year Unobligated Funds</b>   |             |
| Obligations                           | 0           |
| <b>Planned Fiscal Year 2005 NOA</b>   |             |
| Obligations                           | 4,860       |
| <b>Total Planned Fiscal Year 2005</b> |             |
| Obligations                           | 4,860       |
| <b>Proposed Fiscal Year 2006 NOA</b>  |             |
| Obligations                           | 5,062       |
| Future Obligations                    | 0           |
| Est. Total Cost                       | 53,898      |

