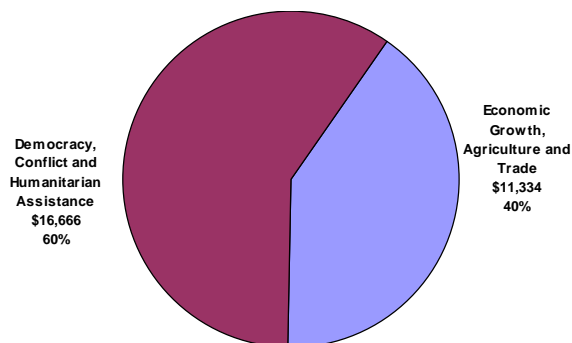
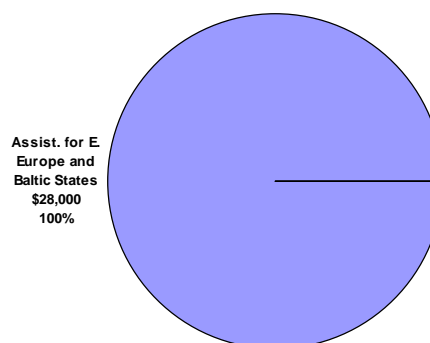


Bulgaria

FY 2006 Assistance by Sector



FY 2006 Assistance by Account

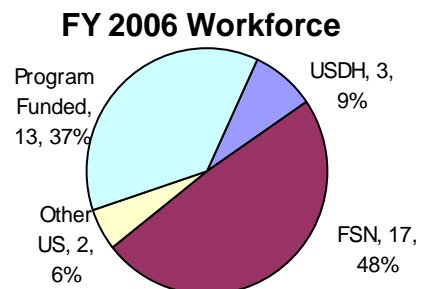


Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Private Sector Development	183-0130	8,221	7,120	6,790
Rule of Law	183-0220	5,744	7,050	7,900
Local Governance	183-0230	4,850	4,860	5,062
Cross-Cutting Programs	183-0420	3,610	2,989	3,082
Transfers		5,410	4,981	5,166
Total (in thousands of dollars)		27,835	27,000	28,000

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,390	1,350	1,350
USDH Salaries & Benefits	381	422	431
Program Funds	490	610	609
Total (in thousands of dollars)	2,261	2,382	2,390



Mission Director: Debra McFarland

The Development Challenge: Bulgaria's transition to a fully-functioning, free-market democracy is marked by strong public support for full Euro-Atlantic integration. In 2004, the country achieved its primary foreign policy goal of entering NATO, finalized negotiations with the European Union (EU), and is expected to sign its EU accession treaty in early 2005, thus making EU membership in 2007 almost certain. The country has asserted itself as a stabilizing force in Southeast Europe. Bulgarians have a clear sense that their future lies with the political, economic, and social values of the West and are eager for that future to arrive.

U.S. national interests in Bulgaria are two-fold: Bulgaria remains a dependable and reliable ally in the war on terrorism and has the potential to continue as a stable political and economic anchor in Southeastern Europe. In this context, after U.S. presence in Bulgaria for 15 years, Bulgaria has demonstrated repeatedly that it is a staunch friend of the U.S. and a reliable partner in a conflict-ridden region. USAID believes that by the time USG programs end in 2007, Bulgaria will be securely grounded at all levels and its successful market economy will be better integrated in the international markets. USAID legacy programs are expected to continue the tradition of a strong and strategic alliance between the U.S. and Bulgaria.

Despite Bulgaria's impressive developments and the irreversibility of Bulgaria's transition, the majority of the population has yet to feel the change for the better. Bulgaria remains a lower middle income country with reforms that are far from complete. Like many countries in the region, Bulgaria suffers from high levels of organized crime and corruption. Reform of the judicial system is a pressing need. Lack of transparency and accountability; serious delays in the judicial system; legal professionals with inadequate legal expertise and experience; the politicization of the judiciary; human trafficking; and waste, fraud, and abuse in government procurement feed general distrust in public institutions, hamper business investment, and prevent Bulgaria from meeting international and EU standards in regards to the rule of law. Fiscal decentralization is far from complete and requires political will to speed it up. Notwithstanding the favorable legal environment and increased number of active non-governmental organizations (NGOs), the sustainability of the civil society sector remains fragile, with more than 80 % of its funding still coming from foreign sources. Media, while generally free, face pressure from the government and special interest groups. People from ethnic and cultural minorities, notably the Roma, continue to be marginalized.

Bulgaria has achieved sustained economic growth of over 4% annually during the past six years. In spite of the solid macroeconomic performance and sound fiscal discipline, the country has failed to regain its actual pre-transition gross domestic product levels and remains among the poorest of the EU applicants. Per capita income is still about 30% of the EU average and unemployment and low living standards persist. With a monthly minimum wage of \$76, average monthly salary of \$190, and an average pension of \$80 monthly, the compensation received by Bulgarians, on average, is among the lowest levels in Southeast Europe. Living standards have not yet improved for all Bulgarians. Ethnic minorities, the long-term unemployed, and people with low education continue to face poverty. One of the key challenges, therefore, is to ensure that growth generates wealth for all groups in society. To realize Bulgaria's potential and meet the aspirations of all, the country will need to continue to tackle the remaining challenges in its transition agenda such as: creating an efficient and competitive business environment, finalizing second generation economic reforms, creating better and more transparent government systems, and improving the quality and access of social services for all citizens.

The outcome of the upcoming Parliamentary elections in the spring of 2005 poses a major challenge to the pace of the reforms in Bulgaria. The lack of strong support for any of the political parties that will run for the new Parliament imposes the need for establishing coalitions. This in turn raises concerns about the political stability of the new cabinet and its efficiency to drive the reforms. These issues will possibly be exacerbated by the lack of appropriate administrative capacity to absorb the upcoming EU structural funds, particularly at local and regional levels.

The USAID Program: USAID's objectives are in compliance with the priorities identified in Bulgaria's approved Graduation Strategy from AEEB assistance after FY 2007 (with no new funding after FY 2006). These are: enhanced rule of law, economic growth and increased prosperity, local governance, and program support. These objectives will continue to help USAID in FY 2006 achieve the highest impact possible and to ensure sustainability of USAID's legacies in Bulgaria. To assist in the process of institutionalizing the rule of law, USAID devotes resources to modernizing court administration, increasing the capacity of legal

professionals to apply the law equally and swiftly, combating corruption, and anti-trafficking in persons. On the economic front, USAID fosters the development of a competitive and thriving market economy as an approach to spread the benefits of increased prosperity for the majority of Bulgarians. USAID will seek to improve the Bulgarian business climate, boost economic growth, and contribute to job creation by improving the legal/regulatory environment to attract investments and encourage the growth of small and medium enterprises, enhancing the competitiveness of priority industry clusters, facilitating trade, and providing access to credit. USAID will continue to support the reform of the labor market by targeting efficiency as a prerequisite for economic growth. In the area of local governance, USAID focuses on fiscal decentralization, building the capacity of municipalities to cope with increased responsibilities, and supporting NGOs that advocate on behalf of local governments. This effort is complemented by community level activities which provide increased opportunities for ethnic minorities and encourage greater ethnic tolerance.

FY 2005 funds will be used to implement ongoing programs primarily in the areas of the rule of law, economic growth and prosperity, and local governance, community development, and ethnic integration. USAID also intends to use FY 2005 funds to carry out a limited number of new activities such as political parties' election assistance and loan guarantee programs or modify existing ones in response to changing circumstances. Given the country's graduation from AEEB assistance after 2007, USAID will actively work with other donors and partners in FY 2006 to leave viable legacy mechanisms after U. S. funding ends. A significant part of FY 2006 funding (the last year of new funding) will be used to enhance the sustainability of indigenous institutions.

Other Program Elements: In addition to assistance managed by USAID/Bulgaria, the country receives assistance through USAID regional programs dealing with competitiveness, infrastructure, financial stability, the Southeast Europe energy market, energy regulators, academic training (the Eastern and Central Europe Scholarship Program), and media. Bulgarian non-governmental organizations benefit from the Balkan Trust for Democracy and the American University in Bulgaria continues to receive USG support.

Other Donors: With the EU currently being the largest multilateral donor, EU support to Bulgaria has progressively increased, providing nearly \$350 million per year. Assistance from the EU encompasses institution building, regulatory infrastructure development, and economic/social cohesion; agricultural and rural development; and environment and transport infrastructure. The EU Accession Roadmap envisions a progressive increase in assistance towards 2006. Given that increased funding is subject to the country's absorptive capacity, Bulgaria might not be able to take full advantage of this opportunity. World Bank assistance to Bulgaria has been set at \$750 million for 2002 - 2005. The United Nations Development Program centers its Country Cooperation Framework on good governance, job creation, information technology, and environmental protection.

USAID is the leading bilateral donor in Bulgaria actively working with other major donors to streamline coordination efforts. Other major bilateral donors include the Swiss Government (natural resources management, social services, small and medium enterprises (SMEs)); Dutch Government (agriculture, industry and technology, energy and environment, transport and infrastructure, civil society); German Government (agriculture, SMEs); Japanese Government (management training), and the British Know-How Fund (public sector, civil society, social welfare). While most bilateral donors have not officially tied their support to Bulgaria's EU accession date, their timing and priorities are in line with the major accession requirements.

Bulgaria PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Asst. for E. Europe and the Baltic States	27,944	27,835	27,000	28,000
Total Program Funds	27,944	27,835	27,000	28,000

STRATEGIC OBJECTIVE SUMMARY				
183-0130 Private Sector Development				
AEEB	8,704	8,221	7,120	6,790
183-0140 Financial Sector Development				
AEEB	2,960	0	0	0
183-0210 Vibrant Civil Society				
AEEB	3,750	0	0	0
183-0220 Rule of Law				
AEEB	1,686	5,744	7,050	7,900
183-0230 Local Governance				
AEEB	3,196	4,850	4,860	5,062
183-0410 Special Initiatives				
AEEB	486	0	0	0
183-0420 Cross-Cutting Programs				
AEEB	1,837	3,610	2,989	3,082
TRANSFER				
AEEB	5,325	5,410	4,981	5,166

Mission Director,
Debra McFarland

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0130
Status:	Continuing
Planned FY 2005 Obligation:	\$7,120,000 AEEB
Prior Year Unobligated:	\$196,000 AEEB
Proposed FY 2006 Obligation:	\$6,790,000 AEEB
Year of Initial Obligation:	1992
Estimated Year of Final Obligation:	2007

Summary: USAID assistance fosters the development of a competitive, transparent, and business-friendly environment that is conducive to job creation, private sector growth, and long-term prosperity. Activities include policy and advocacy strengthening, technical assistance for business and trade capacity building, financial intermediation, microfinance, and credit guarantee.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Economic Policy and Governance (\$3,560,000 AEEB). USAID will launch the closing phase of its economic policy related assistance to support the reform efforts of the new Government of Bulgaria (GOB) that will come into power following the Parliamentary elections in the spring of 2005. This short-term program will focus on: 1) development of a business-friendly environment promoting consistent, market-oriented policies; 2) promotion of small and medium enterprises (SME); and 3) attracting investments and job creation. The Ministry of Economy, the Economic Growth Council, the Agency for Entrepreneurship, and Invest Bulgaria Agency will get direct assistance to develop sound and sustainable policy implementation mechanisms. In addition, USAID will continue to facilitate the GOB in streamlining commercial law by: 1) drafting and promoting legislation introducing a private bailiffs system, thus improving judgment enforcement; 2) legislative drafting and action planning for taking business registration out of the courts into a user-friendly administrative agency; and 3) piloting commercial dispute resolution through mediation by bringing together courts and business associations. In the energy sector, U.S. advisors will work with the State Energy Regulatory Commission (SERC) on energy sector secondary legislation and the adoption of a Uniform System of Accounts. USAID will help SERC with the district heating sector privatization and in tendering the natural gas distribution service territories. The SERC will benefit from specialized training on power market design, regulatory accounting practices, and regional electricity market issues. Overall, USAID assistant efforts will support the development of a competitive energy market in Bulgaria and its integration within the regional South East Europe market. Principal contractors: Bearing Point, Pierce Atwood, and TBD (all primes).

Increase Private Sector Growth (\$2,260,000 AEEB, \$37,000 AEEB carryover). USAID will continue to support SME, business and trade development through delivering technical assistance, and providing trade and finance facilitation to private companies and local Business Support Organizations (BSO). U.S. and local advisors will provide business services and industry-specific technical and managerial assistance that will improve the SME sector long-term growth and sustainability. In the labor market area, USAID will address the widening gap between employers' needs and the skills of the labor force by developing a National Internship Program, including an internet-based exchange platform for employers and students. USAID will work with key industries to identify workforce training needs and will develop certification programs to address them. Support to youth entrepreneurship in Bulgaria will continue to be a priority. The goal is to create strong public-private partnerships between schools and the business community to further support entrepreneurial training and student operated mini-enterprises. Principal contractors and grantees are: Volunteers for Economic Growth Alliance (prime), CARANA (prime), Junior Achievement Bulgaria (prime).

Strengthen the Financial Sector's Contribution to Economic Growth (\$1,300,000 AEEB and \$159,000 AEEB prior year recoveries). In FY 2005, USAID will work to strengthen the financial sector regulatory institutions. Through advisory assistance and training, the anti-money laundering capacity of these institutions will be increased, as well as their ability to use an integrated supervision approach for conglomerates. Considerable efforts will be devoted to increase public awareness of the availability of diverse financial products, as well as the safeguards in place to protect consumers. USAID plans to implement a Development Credit Authority (DCA) loan guarantee program in FY 2005 to assist the two indigenous micro-lending institutions, created with AEEB funding, in attracting commercial bank credit and have allocated \$600,000 to cover the subsidy cost for this activity. Principal contractors and grantees are: Deloitte & Touche, Ustoi (a local NGO), Nachala Cooperative (all primes).

FY 2006 Program: Improve Economic Policy and Governance (\$1,150,000 AEEB). USAID will pursue innovative, market-oriented economic policy and investment promotion concepts to secure sustainable legacy mechanisms. In the area of commercial law, USAID will work for the effective implementation of the new legislative instruments passed with its support by providing legal expertise, training, institution building, and information technology assistance. Principal contractors: Bearing Point and TBD (primes).

Increase Private Sector Growth (\$2,240,000 AEEB). USAID will maintain its SME development efforts by involving local business consultants in technical assistance and enterprise delivery services. The establishment of university career centers as employment promotion legacy mechanisms will be considered. USAID will continue to support youth entrepreneurship in Bulgaria by attracting private sector interest and investment into entrepreneurial education at secondary schools. Same implementers as above.

Strengthen the Financial Sector's Contribution to Economic Growth (\$3,400,000 AEEB). USAID is considering the expansion of its DCA portfolio and anticipates transferring \$700,000 to DCA to launch a new facility for credit and investment facilitation in the SME sector. Additional support will strengthen the integrated supervision of the financial sector and its ability to combat money laundering. USAID may design Global Development Alliance initiatives to support legacy mechanisms in priority areas. Principal contractors and grantees: Deloitte & Touché (prime), Bulgarian Commercial Banks TBD (prime).

Performance and Results: In FY 2004, USAID substantially contributed to the sustained good macroeconomic performance of the country. USAID supported the GOB with the development of a National Investment Strategy and Invest Bulgaria 2004 guidebook, which is now broadly used to promote the country's potential for investment and economic development. USAID advisors assisted with the development of the new Law on Promotion of Investments, the Small and Medium Enterprises Act, and a new Energy Law, all adopted by the Parliament. Bulgaria greatly improved its competitiveness index to reach 59th place in the Global Competitiveness Report. The inflow of foreign direct investments grew rapidly demonstrating the improved economic environment and excellent country performance. USAID's micro-lending program continues to be the leading one in the country with more than 20 branch offices and over 7,000 active clients, of whom over 60% are women. The labor market continued to show positive trends with the unemployment rate falling to 11.7%. The banking sector operates in a well-regulated environment, consistent with international practices.

By program completion, Bulgaria will have an economy capable of coping with European Union competitive pressures and market forces. The business environment will be favorable enough to encourage the growth of the private sector. The regulatory system in the country will protect the financial markets from dangerous instability created by periodic shifts of the economic cycle as well as manipulation or abuse by corrupt enterprises and practices. These in turn will increase investors' confidence and will attract additional investment to the country. USAID will leave a maturing 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, 2003				
Obligations	81,264	4,620	1,875	2,120
Expenditures	73,534	4,598	767	2,055

Unliquidated	7,730	22	1,108	65
Fiscal Year 2004				
Obligations	8,542	0	0	0
Expenditures	9,608	0	231	64
Through September 30, 2004				
Obligations	89,806	4,620	1,875	2,120
Expenditures	83,142	4,598	998	2,119
Unliquidated	6,664	22	877	1
Prior Year Unobligated Funds				
Obligations	196	0	0	0
Planned Fiscal Year 2005 NOA				
Obligations	7,120	0	0	0
Total Planned Fiscal Year 2005				
Obligations	7,316	0	0	0
Proposed Fiscal Year 2006 NOA				
Obligations	6,790	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	103,912	4,620	1,875	2,120

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0220
Status:	Continuing
Planned FY 2005 Obligation:	\$7,050,000 AEEB
Prior Year Unobligated:	\$596,000 AEEB
Proposed FY 2006 Obligation:	\$7,900,000 AEEB
Year of Initial Obligation:	1999
Estimated Year of Final Obligation:	2007

Summary: Rule of Law is the centerpiece of USAID assistance to Bulgaria and includes: justice sector reform, anti-corruption efforts, and anti-trafficking activities. Training, technical assistance, grants, and information technology (IT) equipment are provided to: make court administration/case management more effective and faster; improve legal professionalism of magistrates; court staff and private attorneys; implement legal/policy reform concerning the judiciary and the Bar; strengthen the GOB's institutional capacity to prevent corruption and enhance transparency and accountability, especially in the area of government audit, internal controls, and public procurement; and reduce human trafficking.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Justice Sector/ Legal Framework (\$4,600,000 AEEB, \$196,000 AEEB carryover). USAID will support the development of the new Civil Procedure Code and possible revisions of the current one. Through technical assistance and training the Supreme Judicial Council (SJC) will strengthen its institutional capacity to manage increased court administration and budget responsibilities in an independent, transparent, and objective manner. USAID will continue to assist the National Institute of Justice (NIJ) improve its capacity to function as a sustainable training institution for judges and court clerks. NIJ's curriculum will expand to address the insufficient skills and knowledge of Bulgarian judges about the challenges imposed by the European Union (EU) accession requirements. USAID will maintain its technical assistance to the already established 21 Model Courts and Courts in Partnership and will add five more courts to the program. USAID will provide grants to local non-governmental organizations (NGOs) to improve the flow of information on judicial reform issues.

During the last year of funding for the attorneys' professional development, USAID will focus on consolidating its successes and leaving viable institutions and systems. USAID will help the Supreme Bar Council (SBC) develop the bar examination and related licensing procedures stipulated in the new Attorneys Act. The Continuing Legal Education (CLE) will be institutionalized in a national structure. The Attorneys Training Center will become a sustainable institution by offering preparatory courses for the Bar Exam and CLE programs. Supported by USAID, the SBC and the Model Local Bar Councils will develop a Code of Ethics for Attorneys to promote understanding of legal ethics among legal professionals and strengthen disciplinary procedures. Grants to Rousse University Law Faculty and two new legal clinics will promote clinical legal education and will provide access to legal services among disadvantaged groups. The Mediation Act will be implemented, and the National Mediation Register and sustainable mediation centers will be established. Principal Contractors and Grantees include: East West Management Institute (EWMI) (prime); American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI) (prime); National Institute of Justice (NIJ); International Center for Not for Profit Law (ICNL) and Checci International; local NGOs (subs).

Promote and Support Anti-Corruption Reforms (\$2,250,000 AEEB). USAID will provide technical assistance to the National Audit Office (NAO), the Public Procurement Agency (PPA), and the Public Internal Financial Control Agency (PIFCA) for the development of: a Public Procurement Register, a Standard Procurement Vocabulary, procurement notices and methodological guidelines. Training programs will improve the capacity of central level procurement and audit entities and business associations. As a result, NAO auditors will be able to detect fraud and procurement embezzlement and develop standards for audits of political parties'

finances. USAID will help four ministries and their internal audit units to institutionalize components of the new procurement legislation and will facilitate the dialogue and policy interaction among all players of Bulgaria's complex internal control and auditing system in an effort to streamline it. A small grants mechanism will support civil society projects in the areas of public procurement and internal control, as well as some civil investigations of corruption allegations. Coalition 2000 will work with the Office of National Ombudsman and assist the Ministry of Education institute anti-corruption courses in secondary schools and universities. Principal Contractor and Grantees include: DPK Consulting (prime), Center for the Study of Democracy, local NGOs (subs).

Reduce Trafficking in Persons (\$200,000 AEEB, \$400,000 AEEB carryover). USAID will provide technical assistance, training, and capacity building to the Bulgarian entities responsible for the implementation of anti-trafficking legislation on national and local levels, including a pilot witness protection program. Principal Grantee: International Organization on Migration (prime).

FY 2006 Program: Improve Justice Sector / Legal Framework (\$5,500,000 AEEB). USAID will continue to support the institutional strengthening of two key entities in the justice sector: the SJC to improve its administrative capacity to manage the increased court administration and budget responsibilities; and the NIJ to serve as a training institution and resource center for the judiciary by focusing on CLE for judges and court clerks. The program for the implementation of court improvement plans will reach 30 Model Courts and Courts in Partnership, five of which will participate for the first time. Legislative and policy initiatives aimed at reducing case delays will continue. USAID will support 30 civil society organizations dealing with advocacy and public awareness in the rule of law area and will define the legacy mechanisms that will function after graduation from USG assistance. Principal Contractors and Grantees include: East West Management Institute (EWMI) (prime); National Institute of Justice (NIJ); International Center for Not for Profit Law (ICNL) and Checci International; local NGOs (subs).

Promote and Support Anti-Corruption Reforms (\$2,200,000 AEEB). USAID will continue to support: governmental and public entities and business associations sustain reform efforts in Bulgaria's internal control and public procurement systems; and the public policy reform efforts and anti-corruption activities of local NGOs. Same implementers as above.

Reduce Trafficking in Persons (\$200,000 AEEB). USAID will continue to support the Bulgarian entities dealing with anti-trafficking on national and local levels. Same implementer as above.

Performance and Results: USAID's major achievement in the justice sector is the establishment of the National Institute of Justice - officially inaugurated and functioning. In addition, the past year saw important legislative changes: 1) the amendments to the Judicial System Act define clear rules for the appointment and promotion of magistrates and the establishment of the court administrator's position; 2) the Attorneys Act mandates a rigorous professional qualification exam, continuing legal education, a modern Code of Ethics, and permits the creation of law firms; 3) the Mediation Act establishes the legal basis for court-referred mediation, a national register of mediators, a Code of Ethics, and qualification standards for mediators. Transparency International's Corruption Perception Index slightly improved in 2004, reflecting some of the measures to reduce administrative corruption and to prevent fraud. A new Public Procurement Law was passed, implementing regulations were developed, and a Public Procurement Agency was established. This completes the legislative and institutional infrastructure to effectively regulate Bulgaria's public procurement process. The Parliament passed sweeping changes to the Law on Political Parties banning anonymous donations, regulating the use of non-financial donations, and stipulating a stronger role for the National Audit Office to audit political parties' finances.

USAID seeks to institutionalize the concepts of integrity, accountability, independence, and proficiency within all aspects of the judicial system with the long-term goal of eradicating corruption, incompetence and delay in legal practice. Moreover, the public will recognize the efforts of the assisted institutions to operate in a more honest, transparent, accountable, and predictable way.

US Financing in Thousands of Dollars

Bulgaria

183-0220 Rule of Law	AEEB
Through September 30, 2003	
Obligations	14,355
Expenditures	9,485
Unliquidated	4,870
Fiscal Year 2004	
Obligations	6,148
Expenditures	4,231
Through September 30, 2004	
Obligations	20,503
Expenditures	13,716
Unliquidated	6,787
Prior Year Unobligated Funds	
Obligations	596
Planned Fiscal Year 2005 NOA	
Obligations	7,050
Total Planned Fiscal Year 2005	
Obligations	7,646
Proposed Fiscal Year 2006 NOA	
Obligations	7,900
Future Obligations	0
Est. Total Cost	36,049

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0230
Status:	Continuing
Planned FY 2005 Obligation:	\$4,860,000 AEEB
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$5,062,000 AEEB
Year of Initial Obligation:	1995
Estimated Year of Final Obligation:	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	AEEB
Through September 30, 2003	
Obligations	38,976
Expenditures	35,713
Unliquidated	3,263
Fiscal Year 2004	
Obligations	5,000
Expenditures	3,598
Through September 30, 2004	
Obligations	43,976
Expenditures	39,311
Unliquidated	4,665
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	4,860
Total Planned Fiscal Year 2005	
Obligations	4,860
Proposed Fiscal Year 2006 NOA	
Obligations	5,062
Future Obligations	0
Est. Total Cost	53,898

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Cross-Cutting Programs
Pillar:	No pillar info
Strategic Objective:	183-0420
Status:	Continuing
Planned FY 2005 Obligation:	\$2,989,000 AEEB
Prior Year Unobligated:	\$263,000 AEEB
Proposed FY 2006 Obligation:	\$3,082,000 AEEB
Year of Initial Obligation:	1991
Estimated Year of Final Obligation:	2007

Summary: This program support objective includes two categories of initiatives: 1) activities that support the Mission's whole portfolio - the Media and Participant Training programs and the Program Development and Support activity; and 2) special initiatives.

Inputs, Outputs, Activities:

FY 2005 Program: Establish and Ensure Media Freedom and Freedom of Information (\$300,000 AEEB). In 2005, USAID will continue to support advocacy and public awareness efforts in key areas of reform, working closely with the newly established Broadcast Training Center (BTC). The USAID-supported anticorruption TV program "Na Chisto" (Clean Slate), produced by BTC, will be broadcast on a TV channel with national coverage, thus significantly expanding its audience. The Legal Center for Journalist Support within the BTC will coordinate enhanced protection for investigative reporters against prosecution and harassment. Advocacy efforts for reform in the judiciary will continue through professional coverage of courts' activities in the media. BTC will include TV reports investigating trafficking cases in the "Na Chisto" program. The center will partner with Roma TV stations and independent producers to broadcast programs on ethnic issues. BTC will focus on achieving sustainability through increased training fees and production sales. Broadcast Training Center (prime).

Improve Quality of Workforce (\$1,300,000 AEEB). During FY 2005, USAID will continue to fund U.S. based, in-country, and third-country training opportunities for Bulgarian officials, NGOs, and entrepreneurs, with increased focus on in-country and third-country trainings. A challenge for the upcoming years will be to sustain and expand training achievements, and capitalize the impact of U.S. trainings through an appropriate legacy tool. An external evaluation will help USAID define options. USAID will review and select from recommendations made for potential legacies to capitalize on the impact of the participant training program. USAID will work with the selected institution(s) to enable it to sustain programmatic results after graduation. Principal contractor: World Learning (prime).

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$75,000 AEEB). USAID will support the newly established Protective Areas Fund (PAF) to become operational and begin accepting major grants. The support will include assistance to develop an operations manual and procedures, financial administration and sub-account system. The activity will also help the PAF build its communication and fundraising capacity by developing a full complement of communications materials aimed at increasing its public awareness. As a result of this assistance, PAF is expected to become operational and capable to fundraise, administer grants, and become a legacy after USAID graduation. Principal grantee: National Trust Eco Fund (prime).

Strengthen Democratic Political Parties (\$200,000 AEEB). In early 2005, in close cooperation with the major political parties that will likely pass the minimum vote threshold for Parliamentary participation (4%), USAID will launch a short term program to help these parties run informed election campaigns. The assistance will focus on conducting a series of polls and focus groups discussions. The polls will explore public attitudes, particularly those of youth, women, and ethnic minorities, toward individual political parties and key local campaign issues, such as granting greater autonomy to local government and fiscal decentralization. The

second critical component of the program will be technical assistance to the parties by individually working with them. USAID will organize post-polling debrief seminars to present polling results and prepare candidates and campaign managers to conduct effective campaigns focused on issues of local concern. Principal grantee: TBD (prime).

Program Development and Support (\$814,000 AEEB). Support for all USAID activities will continue through funding program staff and related administrative expenses. These resources will also be used for program-related audits, studies, assessment and evaluations of current programs to facilitate progress across all strategic objectives. Various contractors and grantees.

Water and Wastewater Training Program (\$300,000 AEEB, \$263,000 AEEB carryover). USAID will continue with the second phase of the program, pending passage of legislative amendments requiring mandatory training and certification of water and wastewater operators. The pilot training facility created during the first phase will be registered as a legal entity and will apply for registration and accreditation as a vocational training center for training and certification of water and wastewater staff and operators in the country. USG funds will support the institutional strengthening of the entity. Principal grantee: Delaware Technical and Community College (prime).

FY 2006 Program: Establish and Ensure Media Freedom and Freedom of Information (\$228,000 AEEB). USAID plans to continue the advocacy and public awareness efforts in key areas of reform, while at the same time supporting the Broadcast Training Center to ensure its sustainability. Same implementer as above.

Improve Quality of Workforce (\$1,300,000 AEEB). During FY 2006, USAID will provide US-based, in-country, and third-country training opportunities for Bulgarian officials, NGOs, and entrepreneurs. USAID also intends to work with a selected legacy, and indigenous training centers to build their capacity to sustain similar training activities after USAID graduation. Same implementer as above.

Program Development and Support (PDS) (\$1,454,000 AEEB). This activity will invariably continue to be the major support vehicle for program activities, staff, and logistics. These resources may also be used for program-related audits, studies, final assessment, and close-out evaluations, as well as for activities in support of selected legacy mechanisms and partner organizations. Various contractors and grantees

Water and Wastewater Training Program (\$100,000 AEEB). Stand alone Program. Upon successful registration and accreditation of the Bulgarian Water and Wastewater Training Center, USAID intends to work with the Bulgarian National Association on Water Quality (BNAWQ) or alternatively with another independent NGO to be established for the purpose managing the training center. USAID may support a one-year program to implement a full training and certification program for staff and operators of at least three water and wastewater utilities in the country and to prepare the training center for its self-sustained functioning after USAID graduation. Principal grantee: Bulgarian National Association on Water Quality (prime).

Performance and Results: Program support activities complement all Strategic Objectives in USAID's graduation strategy for Bulgaria. Development of human capacity within Bulgaria is a major theme. As a direct result of the participant training initiative, Bulgarian leaders and professionals are better equipped with skills and practical knowledge necessary to support the transition processes in the country. Additionally, the Program Development and Support (PDS) activity contributes to the full spectrum of USAID programs by ensuring resources and information for their smooth progress. The PDS program enables USAID to accurately and objectively assess the impact of USAID programs in Bulgaria.

At the time of graduation from USAID assistance, USAID expects to have developed legacy institutions such as the American University in Bulgaria and the Broadcast Training Center. These institutions will be capable of continuing USAID's tradition of developing human capacity in all sectors of society.

US Financing in Thousands of Dollars

Bulgaria

183-0420 Cross-Cutting Programs	AEEB	ESF
Through September 30, 2003		
Obligations	27,689	25,000
Expenditures	25,922	25,000
Unliquidated	1,767	0
Fiscal Year 2004		
Obligations	3,323	0
Expenditures	2,060	0
Through September 30, 2004		
Obligations	31,012	25,000
Expenditures	27,982	25,000
Unliquidated	3,030	0
Prior Year Unobligated Funds		
Obligations	263	0
Planned Fiscal Year 2005 NOA		
Obligations	2,989	0
Total Planned Fiscal Year 2005		
Obligations	3,252	0
Proposed Fiscal Year 2006 NOA		
Obligations	3,082	0
Future Obligations	0	0
Est. Total Cost	37,346	25,000