

Bulgaria

The Development Challenge: Bulgaria's transition to a market-based democracy has been slow and troubled. Despite the exceptional progress of the past six years, the country remains poor with the lowest compensation levels in Central and Eastern Europe. Macroeconomic stability and democratic politics have not yet been transformed into tangible social improvements for the majority. Bulgarians are frustrated and angered by the influence of organized crime and endemic corruption. 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 the public institutions, hamper business investment, and prevent Bulgaria from meeting international and European Union (EU) standards in the rule of law area. Fiscal decentralization is far from complete and requires political will to speed it up. Despite the favorable legal environment and the increased number of active NGOs, the sustainability of Bulgaria's civil society sector remains fragile.

In spite of the sustained solid macroeconomic performance and sound financial discipline, Bulgaria's real GDP remains below its pre-transition level and foreign direct investment remains low. The business environment, though improving, continues to hinder investors with frequent changes in the legislative framework, poor law and contract enforcement, and burdensome administrative barriers. While unemployment started to decline in 2003, living standards have not yet improved for all Bulgarians. Ethnic minorities, the long-term unemployed, and people with low education continue to face poverty. Therefore, one of the key challenges 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 also need to stay on course in tackling the remaining challenges in its transition agenda, including: creating an efficient and competitive business environment; finalizing second generation economic reforms with an emphasis on key privatization deals in the telecommunications, tobacco, and utilities sectors; putting in place better and transparent government systems; and improving the quality and access of social services for all citizens. While the Bulgarian Government (GOB) remains committed to addressing these challenges, the pace of reform has been mostly uneven. Increasing disagreements within the ruling majority and constantly declining support for the current government point to a growing uncertainty as to the future of the cabinet, whose current mandate runs through the spring of 2005.

U.S. national interests in Bulgaria are two-fold: Bulgaria remains a dependable ally and a reliable partner in the war on terrorism; and has the potential to continue to be a stable political and economic anchor in Southeastern Europe, contributing to the stabilization of the Balkan region.

The USAID Program: The Program Data Sheets provided below cover the four strategic objectives for which USAID is requesting FY 2004 and FY 2005 funds. These objectives are in compliance with the priorities identified in the recently approved Graduation Strategy for Bulgaria, with FY 2006 the last year of SEED assistance: enhanced rule of law, economic growth and increased prosperity, local governance, and program support. To assist in the process of institutionalizing the rule of law, USAID devotes resources to modernizing the court administration, increasing the capacity of legal professionals to apply the law equally and swiftly, and combating corruption and 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. The Mission 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 (SMEs), enhancing the competitiveness of priority industry clusters, facilitating trade, and providing access to credit. 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. To mitigate the adverse social impact of transition, the Mission will continue to support crucial reforms in the areas of labor market efficiency, healthcare financing, pension reform, and inclusion of vulnerable groups. FY 2004 funds will be used to implement ongoing programs in rule of law, economic and democratic development, local government, and the social sector as described in the FY 2004 Congressional Budget

Justification. USAID also intends to use FY 2004 funds to carry out certain new activities or modify existing ones in response to changing circumstances.

Other Program Elements: In addition to the resources requested in the Program Data Sheets, Bulgaria will benefit from several regional programs. Bulgarian non-governmental organizations (NGOs) will benefit from the Balkan Trust for Democracy, and the Regional Youth program. Bulgarian municipalities will participate in the regional Fiscal Decentralization Initiative. The country will also benefit from USAID/EGAT managed programs dealing with corporate governance, commercial law reform, and information technology for development. Bulgaria will participate in several E&E managed initiatives, including the Regional Infrastructure Program for Water and Transportation, the Energy Regulators Regional Association, and Balkan Regional Electricity Markets. In addition, Bulgarian experts will participate in 14 long-term academic and two short-term programs in U.S. universities, and over 150 trainees will attend short-term in-country training under the Eastern and Central Europe Scholarship Program. The American University in Bulgaria also continues to receive USG support.

Other Donors: EU support to Bulgaria has progressively increased, with the EU currently being the largest multilateral donor providing nearly \$300 million per year. Assistance is channeled through three pre-accession instruments: PHARE (institution building, regulatory infrastructure development, and economic/social cohesion), SAPARD (agricultural and rural development), and ISPA (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 (UNDP) centers its Country Cooperation Framework on good governance, job creation, information technology, and environmental protection.

USAID is among the leading bilateral donors in Bulgaria and the only bilateral represented at the donors' task force, closely working with the Deputy Prime Minister to streamline the 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 (infrastructure development), and the British Know-How Fund (public sector, civil society, financial markets, social welfare). While USAID was the first donor to announce its graduation strategy, others are already thinking in the same direction, linking their graduation dates to Bulgaria's EU accession in 2007.

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0130
Proposed FY 2004 Obligation:	\$8,121,000 AEEB
Prior Year Unobligated:	\$359,000 AEEB
Proposed FY 2005 Obligation:	\$7,050,000 AEEB
Year of Initial Obligation:	1992
Year of Final Obligation:	FY 2007

Summary: USAID's program to foster development of a competitive, transparent, and business-friendly environment conducive to job creation and private sector growth includes training and technical assistance to: strengthen policy development and advocacy skills; increase business and trade capacity for enterprise development; and improve access to financial resources and microfinance.

Inputs, Outputs, Activities:

FY 2004 Program:

Improved Business Climate (\$4,350,000 AEEB, \$50,000 AEEB carryover). In FY 2004, USAID will continue to implement activities addressing administrative and regulatory barriers to business. In the energy sector, USAID will support activities to establish a sound energy legal framework and regulatory system capable of enforcing and implementing market-based tariffs, accounting practices, and all related regulatory functions. In the commercial law area, USAID will provide support to simplify registration and licensing requirements in order to decrease costs and reduce opportunities for corruption. USAID will support consolidating pension reform through development of comprehensive regulations. USAID will work to develop sound procedures and IT applications that guarantee the rights of fund members and ensure fair valuation of the assets of private pension companies. Training will be provided to the Financial Supervision Commission and the private pension companies to meet the new regulatory rules. Principal contractors: Nathan-MSI, Pierce Atwood, Bearing point, and Carana, (all Primes).

Jobs Created through Strengthened Private Sector (\$2,050,000 AEEB, \$309,000 AEEB carryover). In FY 2004, USAID will launch a new activity that will be the final or legacy phase of its private sector development portfolio. USAID will remain committed and engaged in enterprise development and will continue to fund technical assistance, training, and trade facilitation activities through support to local consultants and indigenous businesses. The new program is expected to create business systems and consultancy tools that will continue to fuel increased economic prosperity after USAID/Bulgaria graduates in 2007. Through extensive use of local consultants and work through local business services providers, the program will deliver expert technical assistance leading to increased sales, new jobs, and increased small- and medium-enterprise (SME) productivity. FY 2003 carryover funds will be used to launch the initiative. Implementer: to be determined.

Through its existing labor market program, USAID will continue to build the capacity of the Ministry of Labor and Social Policy and the Labor Inspectorate to undertake policy and program evaluations and to develop and implement programs promoting sustainable employment and investments. In addition, USAID will assist local governments, employers, and NGOs in the design of investment and employment strategies, as well as strategies for active labor market measures for youth and minorities employment. FY 2004 funds will provide the last tranche of assistance to the trade unions in Bulgaria to continue the tripartite dialogue, thus contributing to the efficiency of the labor market. Carana, ACILS (primes).

Improved Access to Financial Resources (\$1,721,000 AEEB). USAID will continue the delivery of micro-lending services to micro- and small businesses in an effort to reduce poverty, create new jobs, and

increase income generation for self-employed. Principal contractors: Opportunity International and CRS (Primes)

In FY2004, the Mission will launch a new financial sector activity to provide technical assistance to banking sector institutions in order to achieve a transparent, modern, and well-regulated banking/financial sector that meets the needs of savers and borrowers, and offers stimuli for growth and employment. The activity will build on USAID banking programs to be completed in early 2004. It will also provide a comprehensive and integrated approach to financial sector assistance. Implementer: to be determined.

FY 2005 Program:

Improved Business Climate (\$3,400,000 AEEB). USAID will continue the commercial law and energy sector reform programs in order to: streamline business registration; implement the business dispute resolution program; simplify and streamline judgment enforcement; and enable transparent energy rate-making practices to be in place along with International Accounting Standards. Implementer: to be determined.

Jobs Created through Strengthened Private Sector (\$2,250,000 AEEB). USAID will further extend assistance to SMEs and private sector development through local consultancy organizations. USAID's program will focus on strengthening the capacity of indigenous support centers to facilitate employment, trade and investment. The SME program will enhance the ability of Bulgarian business to cope with competitive pressures before EU accession and beyond by promoting entrepreneurship, sound business practices, innovation, trade, and investment. Implementer: to be determined.

Through its Labor Market activity, USAID will continue to assist selected municipalities to develop more efficient local labor markets and develop the analytical capacity and skills of local authorities geared towards creation of long-term employment. USAID will ensure increased public awareness of active labor market programs that will create sustainable employment and promote local business opportunities. Principal contractor: same as above.

Improved Access to Credit (\$1,400,000 AEEB). USAID will graduate its micro-lending activities and will develop and negotiate a tailored Development Credit Authority (Loan Guarantee) to facilitate credit for the localized micro-finance institutions. This effort will secure debt financing for the indigenous micro-credit providers, thus protecting long-term sustainability and access to credit for small entrepreneurs, and institutionally rooting the micro-lenders in the banking system. USAID will continue its efforts to improve the transparency and efficiency of the financial sector to stimulate economic growth. Implementer: to be determined.

Performance and Results: With USAID support, the SME sector continued to grow and create jobs. In FY 2003, more than 2,600 private businesses were assisted, leading to job creation, increased exports, establishment of new business linkages in the region and internationally, and introduction of critical quality management and industry standards business practices. The two micro-finance programs continue to provide opportunities to small and disadvantaged micro-entrepreneurs. Active clients increased to more than 5,400 (71% of them women), 2,900 new jobs were created, and another 16,000 were sustained. Three loan-guarantee facilities implemented by two Bulgarian banks placed 163 loans exceeding \$15 million in 2003. The bank privatization was successfully completed. Bulgaria's pension reform now serves as a model for its neighbors, and labor market efficiency is improving.

Continued USAID support will leave behind a more prosperous Bulgarian economy, buoyed by: a credit system that meets the needs of Bulgarian entrepreneurs, especially SMEs and small farmers; a strong banking sector that efficiently transfers savings into investment; mechanisms for the delivery of highly-valued business development services; a regulated energy market that meets international standards for setting rates and tariffs; a fiscally sound and sustainable pension system that permits workers to retire with greater security; and a more efficient labor market with greater long-term employment opportunities.

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Rule of Law
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0220
Proposed FY 2004 Obligation:	\$5,844,000 AEEB
Prior Year Unobligated:	\$1,000,000 AEEB
Proposed FY 2005 Obligation:	\$7,050,000 AEEB
Year of Initial Obligation:	1999
Year of Final Obligation:	FY 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. USAID's program includes training, technical assistance, grants, and information technology (IT) equipment to: improve court administration and case management; improve legal professionalism of magistrates, court staff, and private attorneys; implement legal and policy reform; strengthen the GOB's institutional capacity to prevent corruption and enhance transparency and accountability, especially in government auditing, internal controls, and public procurement; and reduce human trafficking.

Inputs, Outputs, Activities:

FY 2004 Program:

Judicial Reform (\$2,714,000 AEEB, \$800,000 AEEB carryover). A new award will be competed that builds on previous activities with proven impact and on recently identified needs. The new Judicial Strengthening Initiative (JSI) will improve court administration and the capacity of magistrates and court staff, and will promote drafting and implementation of laws and regulations that support effective rule of law. The 11 Model Courts (MCs) identified as major partners will serve as the primary implementing mechanisms to achieve results in court administration. The Courts in Partnership (CIP) initiative launched in 2003 will continue. The CIP pairs each MC with a "sister court" to share best practices, and expand the development of the judicial system. IT will constitute an important component of court administration, especially as the European Union's (EU) IT court administration project is significantly behind schedule. To improve the magistrate capacity, USAID will continue to support the newly established National Justice Institute (NJI), which builds upon the Magistrates Training Center, a private NGO created with USAID assistance. The NJI will offer an increased number of comprehensive courses to target not only court administrative staff, but also prosecutors and judges for continuing education.

Thus far, assistance to the Supreme Judicial Council (SJC) has been limited. In light of the fact that in December 2003 the Parliament and the judiciary appointed an entirely new SJC board, it is now critical that USAID respond with a broad array of technical assistance and training to enable the SJC to undertake court administration functions, including: court budgeting, judicial discipline, merit selection and promotion of judges and court staff, and developing judicial policy. An effective SJC will ensure sustainability and replicability of the judicial reforms developed in the MCs and CIP. The passage of the constitutional amendments necessitates greater emphasis on legal and policy reform issues pertaining to the judiciary. This includes amendments to the Judicial System Act and subsequent implementing regulations, amendments to the Procedure Codes to streamline case processing, and a Judicial Ethics Code. Technical assistance for legal/policy reform will increase significantly by opening a grant window to support legal professional associations, legal advocacy NGOs, and think tanks. Principal contractor: East West Management Institute (prime).

Attorneys Professional Development (\$780,000 AEEB). USAID redesigned the activity in the summer of 2003 to focus on fewer tasks in areas of comparative advantage. USAID identified successful pilot projects and charged the partner with replicating them - primarily in MC and CIP locations. Six Local Bar

Councils and three to four legal clinics will receive assistance. Alternative Dispute Resolution (ADR) will be introduced in targeted MCs and CIP. The Judicial Reform Index (JRI) will be conducted for the second time and the Legal Profession Reform Index (LPRI) will be conducted for the first time. Principal contractor: ABA/CEELI (prime).

Anti-corruption Program (\$2,150,000 AEEB). Within the Open Government Initiative, USAID will continue to provide technical assistance and support to the GOB's Anti-corruption Commission, the National Audit Office, the Public Internal Financial Control Agency, the Public Procurement Directorate, and four Inspectorates. Efforts to elaborate and implement secondary legislation, standard tender documents, and guidelines for public procurement will continue. After the establishment of the new entity that will handle public procurement, USAID will increase assistance for procurement. The work with targeted municipalities on internal controls and procurement will conclude in FY 2004. USAID will reassess its anti-corruption scope of work to define future priorities. Principal contractor: DPK Consulting (prime), Coalition 2000 (sub).

Human Trafficking (\$200,000 AEEB, \$200,000 AEEB carryover). In FY 2004, USAID will continue its program for combating human trafficking. In accordance with new legislation, GOB agencies and NGOs responsible for anti-trafficking will receive technical assistance and training. Principal contractor: IOM (prime).

FY 2005 Program:

Judicial Strengthening Initiative (\$4,000,000 AEEB). USAID will continue and significantly expand this program to at least 10 more courts. Grant support will increase, especially to legal professional organizations. The legal and policy reform component will further increase in light of the parliamentary elections, since judicial reform is a popular issue for Members of Parliament to champion. The NJI curriculum and trainers will continue to be developed. Principal contractor: same as above.

Attorneys Professional Development Initiative (\$700,000 AEEB). All of USAID's program tasks identified in 2004 will continue, except the JRI and LPRI. ADR will be introduced in additional MCs and CIP and an additional two to three legal clinics will receive assistance. The number of hours of continuing legal education will increase. Principal contractor: same as above.

Anti-corruption program (\$2,150,000 AEEB). USAID will continue to provide technical assistance and training to the Anti-corruption Commission with increased assistance to the inspectorates. Principal contractor: same as above.

Human Trafficking (\$200,000 AEEB). USAID will continue its program for combating human trafficking. In accordance with new legislation, GOB agencies and NGOs responsible for anti-trafficking will receive technical assistance and training. Principal contractor: same as above.

Performance and Results: USAID was the first donor to target corruption issues and the deficiencies of the Bulgarian justice system. U.S. technical assistance and training has leveraged assistance by multinational donors, particularly the EU, fostering justice-sector reform and creating replicable model institutions. Significant achievements include constitutional amendments pertaining to the judiciary, the establishment of the National Justice Institute to train magistrates, and the adoption of the electronic case management system. USAID's anti-corruption program resulted in decreased tolerance by the Bulgarian public for corrupt practices. USAID significantly expanded its program to strengthen GOB's institutional capacity to prevent corruption and enhance transparency and accountability. Watch-dog NGOs received grant support to uncover problems with public procurement, government contracts, and municipal property management. By the end of its assistance, USAID expects that Bulgarians will increasingly trust their judicial system and government. Courts will apply laws in a fair and timely manner due to the improved professionalism of magistrates trained by the NJI, and the use of the automated court case management system. Public perception of corruption will decrease as a result of the enactment and enforcement of transparent public procurement law and procedures and the establishment of effective internal control mechanisms in government institutions.

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	183-0230
Proposed FY 2004 Obligation:	\$4,850,000 AEEB
Prior Year Unobligated:	\$150,000 AEEB
Proposed FY 2005 Obligation:	\$4,525,000 AEEB
Year of Initial Obligation:	1995
Year of Final Obligation:	FY 2007

Summary: USAID's program to promote effective and accountable local governance includes technical assistance and training to: facilitate fiscal and administrative decentralization; increase local government capacity; strengthen indigenous local government support organizations; foster partnerships between U.S. and Bulgarian cities; provide grants to community funds and social enterprises; and provide grants for community projects to improve economic, educational, and social opportunities for ethnic minority groups.

Inputs, Outputs, Activities:

FY 2004 Program:

Fiscal and Administrative Decentralization (\$1,600,000 AEEB, \$150,000 AEEB carryover). The Local Government Initiative, to provide technical assistance for the decentralization reform in Bulgaria, will be extended. Activities under this final phase of the program will directly support on-going government reform efforts and will consolidate achievements to date. USAID will continue working with national and local government stakeholders to improve inter-governmental fiscal relations and introduce legislative amendments and implementing regulations that grant increased revenue authority to local governments. FY 2003 carryover funds will be used to support initial capacity building efforts of newly elected local government officials. Principal contractor: Research Triangle Institute (prime)

Local Government Capacity Building (\$1,000,000 AEEB). USAID support will focus on: strengthening local government associations' advocacy skills to facilitate the implementation of GOB's fiscal decentralization program; promoting best local government management practices; and building local government practitioner capacity to apply newly devolved management and fiscal authorities. Principal grantees: National Association of Municipalities and Foundation for Local Government Reform.

U.S.-Bulgaria Municipal Twinning (\$500,000 AEEB). This initiative will continue to bring U.S. city expertise to Bulgarian counterparts. Specific activities will increase local economic development capacities and support collaborative marketing efforts by 14 Bulgarian municipalities through: training of municipal economic development professionals; developing a municipal economic development professionals' network; and certifying Bulgarian municipalities as being "Ready for Business." Principal contractors: International City/County Management Association (prime), Foundation for Local Government Reform (sub).

Conflict Prevention/Ethnic Integration (\$900,000 AEEB). The Ethnic Integration program will expand to four new cities with Roma and Turkish populations. Three cross-sectoral working groups will develop projects to assist their communities in the fields of economic development, education, and social services. Four new conciliation commissions (CC) will be created. The GOB will receive assistance to finalize its ethnic integration program and start implementation. A network of young Roma leaders, trained under the program, will be supported to form a representative organization. Principal grantee: Bulgaria Foundation.

Community Funds and Social Enterprises (\$600,000 AEEB). The newly-founded community funds will receive training to successfully mobilize local resources. The program will be replicated in additional communities. Fifty social service NGOs will acquire training and technical assistance to develop their social enterprises. Principal grantee: Counterpart International.

Small Project Activities (\$250,000 AEEB). The program will support small-scale community initiatives developed with Peace Corps volunteers. Principal contractor: Peace Corps.

FY 2005 Program:

Fiscal and Administrative Decentralization (\$1,600,000 AEEB). Primary areas of intervention will be sectoral decentralization, infrastructure finance, and municipal council capacity building. Same implementers as above.

Local Government Capacity Building (\$760,000 AEEB). USAID will continue to assist indigenous local government support organizations to serve as the primary capacity-building mechanism to assist local governments in implementing greater fiscal autonomy. Same implementers as above.

Municipal Twinning (\$500,000 AEEB). This program will be expanded to cover an increased number of Bulgarian municipalities through targeted capacity-building activities in local economic development. This program will replicate successfully-implemented management practices from the earlier program phases. Same implementers as above.

Conflict Prevention/Ethnic Integration (\$715,000 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. Same implementer as above.

Community Funds and Social Enterprises (\$700,000 AEEB). The Community Funds program will continue and may be expanded to more municipalities. USAID will work to attract other donors to support the community funds and social enterprises. Same implementer as above.

Small Project Activities (\$250,000 AEEB). This program will continue to support small-scale community initiatives. Same implementer as above.

Performance and Results: USAID local government assistance efforts have been successful at both the national and municipal level. The National Assembly passed several key laws for more effective and accountable governance at the local level. The Municipal Budgets Act adds significant transparency and predictability to intergovernmental fiscal relations; differentiates between centrally mandated and local services; requires consultations with citizens in the budget process; and makes provisions for municipal borrowing. Amendments allow the establishment of a municipal ombudsman; prohibit councilors from serving on municipal company management boards; and provides for greater citizen access to council meetings. At the local level, new management practices were successfully demonstrated in local economic development, citizen participation, financial planning and analysis, and public asset management. At the community level, USAID's program addressed NGO donor dependency by establishing three community funds that engage the private sector, local government, and citizens. Twenty-three social services NGOs received assistance to develop successful businesses to advance their missions. Under the Ethnic Integration Program, 42 projects were implemented to address social, educational, and economic problems of the Roma communities in three pilot locations with large Roma populations. Work with the GOB continued on the development of a governmental social program for ethnic integration.

By the end of assistance, USAID expects to establish clear and predictable intergovernmental fiscal relations; improve local government capacity to provide quality services; increase community generated resources to address local problems; and foster greater societal integration of ethnic groups.

Data Sheet

USAID Mission:	Bulgaria
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	183-0420
Proposed FY 2004 Obligation:	\$3,645,000 AEEB
Prior Year Unobligated:	\$243,000 AEEB
Proposed FY 2005 Obligation:	\$2,875,000 AEEB
Year of Initial Obligation:	1991
Year of Final Obligation:	FY 2007

Summary: The Program Support objective includes three categories of initiatives: activities to support the Mission's entire portfolio (the Media and Participant Training programs); special initiatives, namely the Healthcare Reform and Water and Waste Water Training programs; and the Program Development and Support activity.

Inputs, Outputs, Activities:

FY 2004 Program:

Advocacy and Public Awareness through Media (\$200,000 AEEB). In FY 2004, USAID will provide a grant to the local ProMedia NGO that implemented the IREX ProMedia in-country program and is seen as the potential legacy mechanism. This local entity will continue working on advocacy and public awareness activities in the areas of rule of law, decentralization, anti-corruption, increased effectiveness of the legislature, and resolution of ethnic tensions. Over 150 journalists will be trained at the USAID-supported Broadcast Training Center and on-site throughout the country. Implementation of the anti-corruption investigative journalism fellowship program will continue as well as a new television program. Produced by the center, this program exposes corruption at different levels of government. In addition, USAID will support the institutional strengthening of the local ProMedia NGO. Principal grantee: ProMedia.

Participant Training (START) (\$1,300,000 AEEB). During FY 2004, USAID will continue to support 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. Small grants to individual participants will support initiatives designed as outcomes of the specific training events. The Mission will review alternatives for establishing legacy mechanisms ranging from an alumni association to selected local training providers. USAID will work with the selected institution to enable it to take over and sustain programmatic results after graduation. Principal contractor: World Learning (prime)

Health Finance and Reform (\$1,000,000 AEEB). FY 2004 will be last year of funding for the Bulgaria Health Project. USAID's program will focus on the implementation of new financing mechanisms for the hospitals and on improving the efficiency and effectiveness of inpatient care. Principal contractor: BearingPoint (prime), Barents (prime).

Water and Waste Water Training Center (\$300,000 AEEB). Upon successful completion of the pilot program financed in FY 2003, a comprehensive program for training and certification of operators with all required training materials and equipment will be developed in FY 2004. The program will improve operator capacity and increase service delivery in the water sector. Principal contractor: Delaware Technical and Community College (prime).

Political Parties Assistance (\$145,000 AEEB). USAID will support a political party strengthening program based on the issues identified during local elections campaign in 2003. Implementer: to be determined.

Program Development and Support (\$700,000 AEEB, \$225,000 AEEB carryover). Support for all ongoing Mission activities will continue through funding program staff and related administrative costs. Support will also be provided for program-related audits, studies, assessments, and evaluations of current programs to facilitate progress across all strategic objectives. Principal contractors: to be determined.

Protected Areas Fund (\$75,000 AEEB carryover). Support for the Protected Areas Fund before USAID graduates its Biodiversity Conservation and Economic Growth program will continue in FY 2004.

FY 2005 Program:

Advocacy and Public Awareness through Media (\$200,000 AEEB). USAID will continue to support 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.

Participant Training (\$1,300,000 AEEB). USAID will extend the provision of U.S.-based, in-country, and third-country training opportunities for Bulgarian officials, NGOs, and entrepreneurs. USAID expects to focus more on building capacity of selected trainers to facilitate a local handover of training activities. Same implementer as above.

Political Parties Assistance (\$275,000 AEEB). This program might continue in FY 2005 to help the political parties with the Parliamentary elections scheduled in the spring of 2005. Implementer: to be determined.

Water and Waste Water Training Center (\$300,000 AEEB). This should be the last year of funding for the center. USAID is considering a final phase that may focus on training and specific activities aiming at ensuring the sustainability of the training center after USAID's graduation. Same implementer as above.

Program Development and Support (\$800,000 AEEB). This activity will 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. Same implementer as above.

Performance and Results: Program support activities complement all Strategic Objectives within USAID's graduation strategy.

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. At the end of the program, USAID expects to transfer post-presence training activities to a local legacy institution.

At the time of graduation from U.S. assistance, USAID expects to leave behind a viable local NGO working in support of independent media and for increased professionalism of Bulgarian journalists. A pool of highly qualified media experts will actively advocate for reform and the TV Broadcast Training Center will offer sustainable services to private media.

A sustainable training center for training and certification of water and wastewater operators will be established. In the long term, this will lead to increased professional capacity of the water sector employees and thereby improved quality of service delivery in this sector.

Additionally, the Program Development and Support Activity contributes to the full spectrum of USAID programs by ensuring resources and information for their smooth progress.