

ANNUAL REPORT '2003



- ◆ DIALOGUE
- ◆ TRAINING
- ◆ INFORMATION
- ◆ ASSISTANCE
- ◆ TWINNING
- ◆ SUSTAINABILITY

FOUNDATION FOR LOCAL GOVERNMENT REFORM

Independent professional resource center, supporting local democracy

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Dear partners and readers,



The year 2003 marked an important period for the Foundation for Local Government Reform. The eighth year since we began our work in support of local democracy in Bulgaria was also the last year of the 1999-2003 local government mandate. Fully aware of its own role of a key organization in Bulgarian local governance, FLGR consistently and adequately addressed the necessity to be a major guarantee at national level for ensuring continuity in local self-government between the two municipal terms.

The past year was also a time of assessment. It showed that during the four years of the previous local mandate

FLGR has delivered the following assistance to municipalities in facts and figures:

- 22 national policy and discussion fora with 170 recommendations to legislators;
- 4000 representatives of local authorities trained in 160 workshops;
- 200 print editions and close to 500 innovative practices;
- \$2,84 million in grants to local projects;
- 26 projects based on direct international cooperation between municipalities.

In 2003 the team of FLGR seriously committed to ensure successful transfer of valuable know-how and practice-based innovative management models to the new municipal leaderships. We summarized and in various ways immediately after 2003 local elections made available this knowledge and skills to as large as possible circle of Bulgarian municipalities and their partners. With many of the practices, whose implementation at the municipal level FLGR has consistently supported, Bulgarian local governments excel and lead ahead of their counterparts in other Balkan and some East European countries. Immediate example of that exist in the areas of administrative services delivery, electronic governance, participation-based local development, municipal marketing, ethical norms and transparency, European integration, decentralization of social services.

FLGR did the necessary to enable next local government leaders to build on what has been already achieved and forwarded an invitation to them to create together with new best practices in our common goal for more democratic and more effective local self-government in Bulgaria. FLGR will continue with new commitment and energy to achieve its mission by offering customized and need-based information, expertise and assistance, by provoking innovations in local self-government, by acting as a mediator and building a broad network of domestic and international partners.

Ginka Kapitanova,
Executive Director



OUR STRATEGIC OBJECTIVES

- 1. Promote the dialogue and build public consensus for policy change and joint initiatives between local, regional and central governments and their civic partners ... page 2**
- 2. Provide professional development and consulting services to local authorities and their civic partners for better governance ... page 4**
- 3. Provide needed and tailored information to local governments and other customers by using appropriate technology ... page 6**
- 4. Enhance our capacity to support the implementation of projects of NGOs and municipalities ... page 8**
- 5. Assist local governments in establishing international partnerships based on professional interests ... page 10**
- 6. Ensure our sustainability as a non-profit organization ... page 12**

Strategic Objective 1

FLGR HAS A PROVEN REPUTATION OF AN EFFECTIVE MEDIATOR BETWEEN THE DIFFERENT GOVERNMENT LEVELS FOR THE PROMOTION OF DIALOGUE AND BUILDING PUBLIC CONSENSUS ON ISSUES OF IMPORTANCE TO LOCAL AUTHORITIES

DIALOGUE AND CONSENSUS

Today's meeting is an important contribution to the discussions on e-government implementation. By the end of this forum, you'd be able to formulate how to integrate municipalities' achievements in the National e-Government Strategy. - **Debra MacFarland, USAID Bulgarian Mission Director**

The national administration is unaware of local problems. This further increases FLGR's role in bringing up e-government issues, enhancing best practices exchange, convening specialists and motivating them to work towards a common goal. - **Pravda Dimova, Department Head, Mayor's Office, Municipality of Dobrich**

The local economic development conference was high level and provided comprehensive information. Many practices were shared on what other municipalities have done and I have even "stolen" some ideas. - **Rumyana Mitradzhieva, Chief Expert, Investment Policy, Municipality of Straldzha**

I highly appreciate this economic development forum, the way the participants have been selected and the opportunity we have to discuss issues. - **Natalia Aleksandrova, Chief secretary, Vratsa Regional Administration**

Through **3 discussion forums with 340 participants** held in 2003 FLGR encouraged partnership and effective dialogue reflecting the viewpoint of the municipalities and the civic sector. Independently and jointly with other partners, FLGR managed to establish public consensus on the legislative changes needed and on the exchange of best practices in the following areas: electronic government; local economic development; absorption of EU pre-accession funds; and public-private partnerships.

FLGR's cooperation with the Parliamentary Committee on Local Self-Government, Regional Policy and Public Works continued on the basis of the 2001 Memorandum of Cooperation. The Committee and FLGR adopted a **joint action plan** for the period May, 2003 - May, 2004 in the following areas: implementation of successful local government reform in Bulgaria; European integration and municipalities' role in the accession process; regional policy and development based on the partnership principle at all stages of their implementation.

On February 13 - 14, 2003, FLGR held a discussion forum titled **e-Local Authorities**. The 130 attendees included national government experts, mayors and municipal IT experts, representatives of associations of municipalities and other NGOs. Leading innovative practices developed by Bulgarian municipalities and their partners in the area of information and communication technologies were shared at the forum. FLGR awarded a prize to the winner in the call for innovative practices on this topic, in which 26 practices of 15 municipalities and organizations were submitted. **The e-Municipality Award** winner was the Municipality of Dobrich. The forum elected a Steering Committee for the establishment of an association of IT experts in public administration in Bulgaria. In conclusion, the participants discussed and adopted a **Decl@ration** to the national government recommending specific actions and declaring municipalities' good will for partnership with national institutions, aimed at achieving the goals incorporated in the National e-Government Strategy.

On June 5 - 6, FLGR held a conference on **Local Economic Development: Partnerships and Interaction Mechanisms**. The



forum was opened personally by US Ambassador to Bulgaria, James Pardew. The 100 participants included mayors and municipal experts, experts from the Ministry of the Economy and the Ministry of Regional Development and Public Works, regional governors, investors and non-governmental organizations. The forum outlined the trends and the priorities in local economic development in Bulgaria. Lessons learned, practices and examples of interaction between local governments and businesses were shared. At the end of the forum, the participants consolidated on five major recommendations for enabling local economic development legislation, extended competencies of the municipalities to provide business incentives and better conditions for cooperation between different institutions.

On November 27 and 28, FLGR held a conference on **The Bulgarian Municipalities: Competent Participants in the Utilization of EU Funds**. The more than 110 participants included representatives of municipal and regional administrations, nongovernmental organizations and experts from all over the country. The forum discussed the role of the municipalities in Bulgaria's EU accession and analyzed Bulgarian municipalities' readiness and administrative capacity to utilize funds from EU accession instruments. In conclusion, the participants elaborated twelve proposals and recommendations on the need of improving municipalities' training, their access to information on funds, dialogue and partnership initiatives with the national government in this process.



In 2003, FLGR, in partnership with the Municipality of Sofia and the Sofia ombudsman, implemented for the first time in Bulgaria a project on **Common Areas in Residential Buildings: Living Together**. The project established a citizen-participation model based on new communication channels between the municipality, the district administrations, residential buildings' managers and residents. The project covered all 24 districts of Sofia. A Building Manager's Manual was published, including practical advice and information. A registry of the managers of common areas in residential buildings in Sofia was developed.



FLGR and the Bulgarian International Business Association (BIBA) co-organized a roundtable discussion on **Public-Private Partnerships in Water and Sewer Systems' Management in Bulgaria** (April 30, 2003). The roundtable was attended by key stakeholders and the main topic discussed was the effective regulation of the water sector.



An international conference on **Local Economic Development Along Transport Corridor VIII** was held on May 27 - 29, 2003, in Sofia. In the organization of this forum, FLGR partnered with the American-Albanian Development and Trade Association and the Municipality of Sofia. The participants from various Balkan countries were informed on the ways in which the municipalities located along Corridor VIII can plan their economic development by means of strategic planning and public-private partnerships.



Strategic Objective 2

FLGR HAS THE CAPACITY TO DEVELOP INTERACTIVE TRAINING PROGRAMS, ADDRESSING THE NEEDS OF SPECIFIC TARGET GROUPS AND HAS A BROAD NETWORK OF TRAINERS WITH TESTED PROFESSIONAL SKILLS AND PRACTICAL KNOWLEDGE

PROFESSIONAL TRAINING

I'd like to express my sincere gratitude for the opportunity to have regional administration experts trained under FLGR's modules "The Bulgarian Municipalities: Competent Participants in the Absorption of EU Accession Funds". The knowledge and the materials accumulated, as well as the contacts with counterparts in local and regional administrations in the Northeastern Region, would help the experts in their work. - **Krasimir Genchev, Regional Governor, Veliko Turnovo Region**

The theoretical and practical knowledge acquired would especially help me in selecting a funding program, project development approach and project implementation. - **Krasimir Stankov, Municipality of Dimitrovgrad**

Sincere thanks to your team for organizing the seminar "The Image of the Mayor: from Elections to Elections". The work was very beneficial for all participants. The information was presented in a brilliant and intriguing manner. - **Ginka Chavdarova, Executive Director, National Association of Municipalities in Bulgaria**

I expected a conversation, a discussion, a clash of viewpoints, an exchange of experience and opinions, and not dry lectures. My expectations were met! - **Shared by a participant in the trainings for municipal PR specialists**



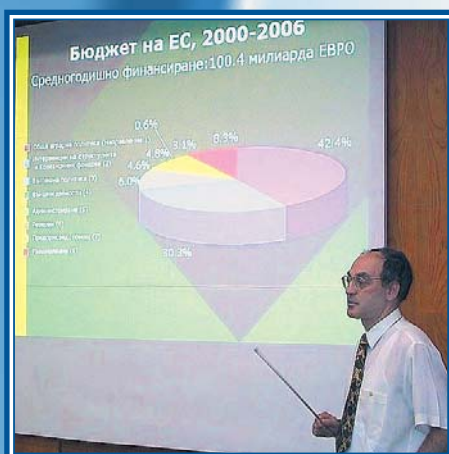
By organizing **22 seminars attended by 621 participants**, for another year in a row we managed to meet the current professional development needs of municipal specialists and elected officials. The training courses organized by FLGR in 2003 focused on the following main topics: service delivery; formulation of municipal development policies; EU financial instruments; monitoring and control of projects funded by EU and other sources; annual financial reconciliation of budget-funded organizations; local economic development; professional skills of municipal PR specialists; the image of a mayor between elections and elections; and the new aspects of regulations on social services.

As a result of the training, they improved their knowledge and abilities to develop, manage and implement projects funded under EU instruments. Immediately after the end of the course, the trainees developed and submitted **20 municipal project proposals** for funding by EU sources.

Almost 90 municipal and regional administration employees successfully completed a long-term training under FLGR's

The Bulgarian Municipalities: Competent Participants in the Utilization of EU Accession Funds project. The project was implemented with the support of the Open Society Foundation, Sofia. The participants, mostly from the Northeastern and the Southern Central Areas for Planning, were trained in four consecutive modules on: work under the PHARE, ISPA and SAPARD accession programs; development, implementation and evaluation of local projects. As

Together with the Association of Municipal Communications Officers (AMCO), FLGR held two PR seminars for municipal specialists attended by a total of 55 participants. In April, 2003, 26 participants from all over the country were trained in Velingrad on **Professional Skills of the Municipal PR Expert in Providing Information on Local Elections**. The seminar presented the legislative framework regulating municipal administrations' involvement in the organizational and technical preparations of elections and clarified the specific functions of the PR expert in this process. In June, 2003, in Sofia, FLGR and AMCO held a seminar on **Professional Responsibilities of the Municipal PR Expert**, which was attended by 30 municipal PR specialists. They were informed on the civil servants' performance evaluation requirements and, based on the regulatory job description format, developed a **basic job description for a municipal PR specialist**. The participants developed and adopted a Code of Ethics for AMCS, as well as a message to the municipal PR specialists in the next term.



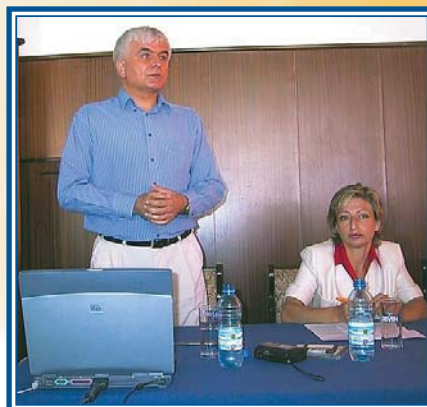


On July 12, 2003, within the last-for-the-mandate NAMRB General Assembly, FLGR held a discussion seminar on **The Image of the Mayor: from Elections to Elections**. The number of participants is self-explanatory of the interest in this topic: more than 80 mayors attended the seminar. Key issues were discussed, such as: using the successes of a mandate as a basis for a positive election campaign; current public attitudes and differences compared to 1999; formulating the appropriate messages.

Between July and October, 2003, FLGR was actively involved in the development of the agenda and the materials for the **orientation seminars** for the training of mayors and municipal councilors in the beginning of the new local term, as well as in preparing the trainers on the topic of Partnership with Media, Citizens and Businesses. In December, the Foundation held the first pilot seminar in this series.

In 2003, the Foundation explored the opportunities to institutionalize its training. In February, a **Professional Training Center** was established with FLGR. A contract with the University of Sofia was signed for the delivery in 2004 of post-graduate certificate courses on: local finance and budget; development and management of projects under the EU accession funds; human resources management; introduction to infrastructure management; public relations; strategic planning; urban development; municipal social services; and basics of local economic development.

In November, 2003, FLGR organized a study tour to Hungary and the USA on **Improving Municipal Service Delivery**. The 12 Bulgarian participants were municipal secretaries and specialists in the administrations of different cities. The training was supported by USAID under the World Learning program and was held in Budapest and Tallahassee, Florida. The group visited national and municipal institutions responsible for the delivery of social services, as well as many non-governmental organizations. As a result of the knowledge acquired, the participants committed to initiate the implementation of an effective social assistance system in Bulgaria by means of decentralized social service delivery. They will work together to provide coordination between the institutions interested in the process.



FLGR HAS A PROVEN CAPACITY TO PROVIDE UP-TO-DATE AND PROFESSIONAL INFORMATION TO A WIDE NETWORK OF PARTNERS AND USERS BY VARIOUS CHANNELS OF COMMUNICATION

Strategic Objective 3

INFORMATION EXCHANGE

Over the last six years, FLGR has been collecting pearl by pearl the wisdom of local government and this year the yield is especially rich - a complete necklace that we would transfer to the mayors in the next term. I sincerely thank the Foundation's team who is the treasury of these ideas and knowledge. - **Lachezar Rossenov, Mayor of the Municipality of Dobrich (1995 - 2003), Chair of the FLGR Board**

We believe that the European Code of Ethics for local and regional elected officials, published by your foundation, will be very useful to us with regard to the upcoming local elections. - **Nadezhda Mikhailova, Chair of the Union of Democratic Forces**

FLGR's publications on funding programs and EU accession instruments have a great significance to us as a mediator between our problems, opportunities and the donor organizations. The structure and the comprehensiveness of information are extremely valuable. - **Radka Zheleva, Mayor of Alfatar**

I use regularly the information you publish. Your commitment to facilitating the job of the municipalities is impressive. - **Svetla Dieva, Bridges Foundation, Madan**

In 2003, FLGR published 40 printed editions, collected and disseminated 200 innovative practices, encouraged municipalities to cooperate and exchange information within the Local Government Information Network (LOGIN), encouraged positive competition between the municipalities and once again gave the Annual Innovative Municipality Award, made available over 180 new materials and documents on its website, aired 11 broadcasts of the Municipal Radio-Forum monthly program on Bulgarian National Radio, provoked by its activities more than 30 press publications in national media.

FLGR's **For Local Government Weekly Electronic Bulletin** asserted itself as a leading electronic publication, in demand by municipalities, NGOs and various other users countrywide. A growing number of organizations sought to disseminate their own news and initiatives through the e-weekly, which confirms its established reputation of a comprehensive and valuable source of up-to-date information. The 44 e-weekly issues disseminated by FLGR in 2003 provided 1,000 pages of useful and timely information. The number of subscribers to the e-weekly reached 2600. The publication generated significant positive feedback by subscribers, as over the course of the year FLGR received hundreds of e-mail letters.

For the eight year in a row, the **Reform in Local Self-Government** monthly newsletter preserved its position of a provider of current analyses and in-depth professional information, as well as a forum for the exchange of experience and viewpoints. Half of the materials published in the newsletter were contributed representatives of municipalities and their partners. In its periodical **Innovative Practices** bulletins, FLGR presented 200 new practices, many of which were replicated in other municipalities. Three topical calls for innovative practices were held by FLGR in the areas of e-government, social environment improvement and transparency in local government. The winners were awarded at three topical LOGIN seminars, each of them a forum of innovators for sharing leading best practices.

On September 10, 2003, at an official ceremony in Sofia attended by more than 100 guests, FLGR awarded its **2003 Annual Innovative Municipality Award**. The Foundation's award for innovation in local government was awarded for the second consecutive year. This time, the national prize was won by the Municipality of Sliven, followed by the Municipality of Dobrich and the Municipality of Mezdra as second- and third-place winners. FLGR invested a lot of efforts and managed to generate significant interest among municipalities to participate in the competition. More than 50 Bulgarian municipalities that shared over 200 innovative practices through FLGR competed for the annual award. The number of innovative practices collected in 2003 equals the total number of practices collected in the three preceding years.

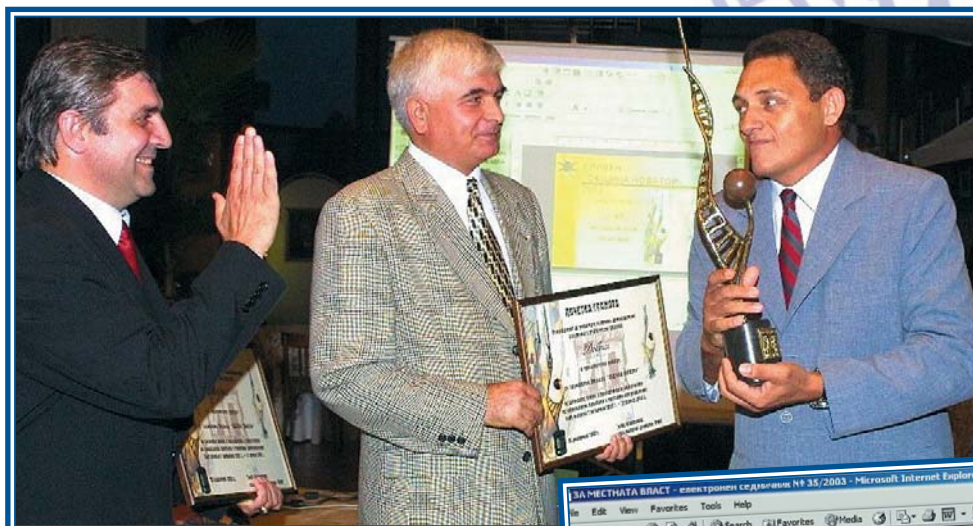
Over the course of the year, FLGR addressed local governments' specific information needs by publishing the following topical edition:

- Commentary on the Spatial Planning Act Book**
- Collection of European Charters**
- Building Manager's Manual: Common Areas in Residential Buildings**
- Municipal Yearbook 2002**
- A Manual on Funding Programs in Support of Local Authorities**
- A Collection of Training Materials on EU Accession Instruments**
- 50 Ideas on How to Better Serve the Citizens Brochure**

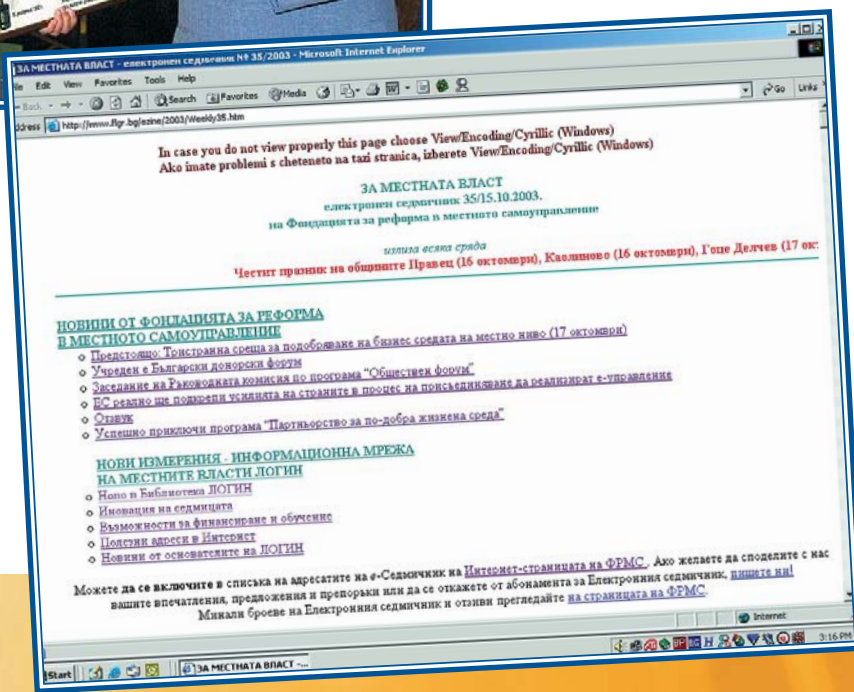


FLGR updated its online information resources regularly and initiated preparations for complete renewal of its website. During the year, the content of the website increased by more than 180 new documents. A total of 38,500 visits were registered to the site. In 2003, the information on FLGR's website has been accessed by 320 visitors per week on the average.

In 2003, FLGR continued the implementation of its joint monthly broadcast with the Bulgarian National Radio, **Municipal Radio-Forum**. The 11 broadcasts every last Thursday of the month provided the citizens an understandable discussion on current problems and gave municipalities a forum to share best practices. More than 50 participants were involved in the broadcasts, most of them municipal mayors, chairs of municipal councils and municipal experts. Among other participants there were representatives of NGOs, managers and experts from national and regional institutions, journalists and citizens.



By its information activities in 2003 FLGR managed to provoke public discussion on issues such as: ethical conduct norms for municipal councilors; transparency of local government; e-government; local economic development; municipalities' capacity to absorb EU funds; continuity between two terms, etc. In many and various ways, FLGR reached different target groups like: municipalities, NGOs, media and citizens. An official survey of the Open Society Foundation, published in Dnevnik daily in July, 2003, ranks FLGR among the top five best-known and recognized by the public non-governmental organizations in Bulgaria.



Strategic Objective 4

FLGR IS ABLE TO MANAGE EFFECTIVELY AND TRANSPARENTLY FUNDING PROGRAMS IN SUPPORT OF MUNICIPALITIES AND NGOS, BASED ON COMPETITIVE PROCEDURES, AND TO STRENGTHEN THEIR CAPACITY BY EXPERT ASSISTANCE THROUGHOUT PROJECT IMPLEMENTATION

ASSISTANCE TO PROJECTS

What you have done was relatively accessible to all municipalities and extremely beneficial, because for the first time citizens had the opportunity to see organized administrative services (in municipal centers). I would like to thank FLGR and USAID for this first step, after which it is already possible to talk about e-government. - **Dimitar Kalchev, Minister of State Administration**

The assistance you have given us for the implementation of projects had its effect on the choice of my fellow citizens (at the 2003 local elections). - **Krasimir Mirev, re-elected Mayor, Municipality of Turgovishte**

Thanks to your assistance, we managed not only to build facilities important to our fellow citizens. Together we made the most important step in the mission of a manager - a step towards rebuilding peoples' confidence in the mayor as an institution. - **Ivo Andonov, Mayor, Municipality of Silistra**

On behalf of all organizations and institutions whose representatives worked as a team to develop proposals under PHARE: Cultural Tourism, we express sincere gratitude for the timely and devoted support rendered by FLGR. - **Petya Atsinova, Executive Director, Stara Zagora Regional Economic Development Agency**

In 2003, FLGR provided targeted financial, technical and expert assistance to local authorities and non-profit organizations for administrative service delivery improvement; local living and social environment improvement, and capacity strengthening of associations of municipalities and municipal employees. The programs were implemented with the support of the United States Agency for International Development (USAID), the Swiss Agency for Development and Cooperation (SDC) and the Charles Stewart Mott Foundation.

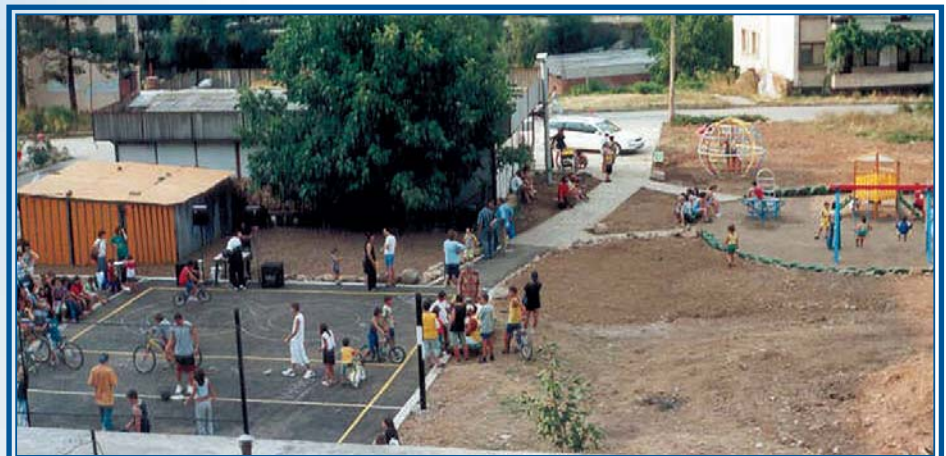


In 2003, FLGR, with financial support from USAID, implemented the **Partnership for Better Living Environment Program**. The purpose of this program was to consolidate the efforts of citizens, non-governmental organizations, local authorities and businesses to widely discuss pressing problems, identify adequate solutions and develop joint projects to improve the quality of life in local communities. A total of \$187,500 was allocat-

ed to 24 NGOs out of the 169 applicants countrywide that qualified to receive direct grants under the program. The local communities' own contribution to the projects (cash and in-kind) amounted to \$156,250. Results from the projects' implementation include newly constructed and renovated public recreation areas, children's playgrounds, and infrastructure improvements.

Over the last year, in its capacity of a Project Office under the SDC's **Community Forum Program**, FLGR assisted the development of projects and conducted intensive monitoring and evaluation of their implementation in the municipalities involved in the different stages of the program. Thus, in 2003, the Foundation's team worked on 132 projects, developed by the local community forums, worth \$856,250.

In 2003, FLGR, with the financial support of USAID, continued the implementation of the **Support to Projects of Regional Associations of Municipalities and Professional Associations of Municipal Employees and Councilors** program. Direct grants totaling \$437,250 were provided for the activities of 10 regional associations of municipalities and 5 professional associations of municipal specialists. The support was focused mainly on strengthening the capacity of the associations' member-municipalities and the implementation of specific local initiatives.





In 2003, FLGR consistently provided ongoing **expert support for the improvement of administrative service delivery** in 37 municipalities with customer service and information centers established under FLGR/USAID's support programs over the last three years. In addition, the Foundation provided consulting assistance to a number of other municipalities that initiated the establishment of such centers with their own resources. The conclusions of the e-Loc@l Government discussion forum in February 2003 outlined useful aspects to which the FLGR team targeted their support. FLGR conducted monitoring and consulting visits to 17 municipalities, addressing pressing issues of the customer-service centers' operations, and in-depth discussions on their present condition and effectiveness. The smaller municipalities received through FLGR expert technical assistance in solving their problems with computer networks, software and hardware purchasing. The Foundation provided an opportunity for exchange of experience and best practices at several regional workshops in June 2003 between managers and system administrators from all municipal customer-service and information centers countrywide.

Parallel to that, FLGR provided **consulting and methodological assistance** to the municipalities of Kaloyanovo, Ugarchin, Elin Pelin, Sevlievo, Pravets and Pirdop, which had demonstrated their readiness to establish customer-service centers with their own resources. FLGR was actively involved in the

preparations and the start of the first e-region in Bulgaria - the Region of Gabrovo - where the regional government administration and the four municipalities within the region now officially exchange information and data in electronic format.

FLGR supported 21 projects under the **Improving the Social Environment Program**. The program, supported by Charles Stewart Mott Foundation, is being implemented in 10 pilot municipalities from September 2002 to July 2004. The total value of small grants allocated to local organizations under the program is \$54,000. FLGR supports, on a competitive basis, partnership initiatives between civic organizations, local authorities and other key stakeholders, aimed at improving the social environment in the pilot municipalities of Kresna and Strumyani, Godech and Svoje, Batak, Bratsigovo and Peshtera, Dzhebel, Kirkovo and Momchilgrad. Project activities' beneficiaries include children from poor families, children from minorities, children and adults with disabilities, lonely and immobilized elder citizens and unemployed youth.

In 2003, members of the FLGR team participated as experts in the development of instructions and methodology for the preparation of municipal and regional development plans, as well as the National Strategy for the Development of Eco-Tourism.



Strategic Objective 5

INTERNATIONAL COOPERATION

This USAID funded program, implemented by the International City/County Management Association (ICMA) and the Bulgarian Foundation for Local Government Reform, has an outstanding track record of technological, management and administrative innovations at the local level. These innovations became possible due to the commitment of a dozen U.S. cities working in cooperation with their Bulgarian counterparts. - James Pardew, US Ambassador to Bulgaria

I would like to thank ICMA and FLGR for making us a part of this interesting and useful for the Bulgarian municipalities program. We have been working with our US partner to recruit investment to Pleven and to develop a new tourism development strategy. These two projects are of exceptional importance to us. Charlottesville's experience has been very successful and we will jointly seek solutions to our most pressing issues: economic development, infrastructure, the reduction of unemployment. We will try to adapt their experience to our reality. - Nayden Zelenogorski, Mayor of the Municipality of Pleven

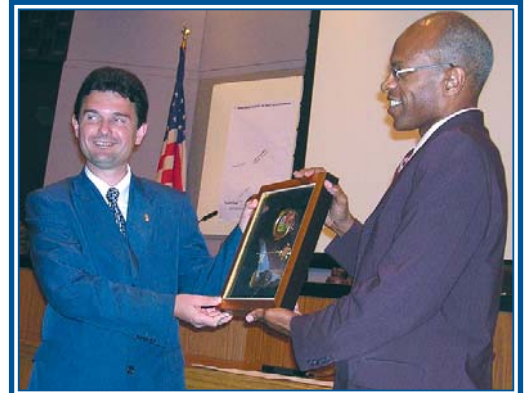
"We are very pleased with the work we are doing together with our partners in Silistra and now in Razgrad. The people we have met in Bulgaria are friendly and extremely professional, which we highly appreciate. These are good relations of mutual exchange." - Jeff Hogland, Assistant City Manager, City of Kettering, Ohio, USA

In 2003, the Foundation continued its support to local authorities with regard to establishing new international partnerships and contacts. FLGR effectively used international experience to upgrade Bulgarian municipalities' capacity, increased awareness and consulted local governments and their partner organizations on twinning and cross-border initiatives, disseminated and replicated best practices and models developed in previous periods, and extended its involvement in international programs in the region of Southeast Europe.

In 2003, the implementation of the **Bulgarian Technical Twinning Program** continued. This program, which has been operating successfully in Bulgaria for the last seven years, is funded by USAID and administered jointly by FLGR and the International City/County Management Association (ICMA), Washington D.C. In the last year, the number of Bulgarian participants increased to a **total of 21 municipalities**. Two new Bulgarian-American partnerships were established, between the Municipality of Karlovo and the City of Winchester, Virginia, and between the Municipality of Pleven and the City of Charlottesville, Virginia. A multilateral partnership was established as well, between the municipalities of Elhovo, Bolyarovo and Toundzha, and a team of US experts. The best practices in infrastructure management and maintenance, and in solid waste management, developed during previous phases of the program, were replicated in three new municipalities, Plovdiv, Radomir and Kjustendil.

The implementation of **12 new technical projects** was initiated under the existing Bulgarian-American partnerships; of these, 3 new projects were developed in the areas of environment and infrastructure management. FLGR and ICMA provided partnership support funds in the amount of \$14,000 for the technical projects and replication of best practices. The funds were used by 7 Bulgarian municipalities, for purposes, such as: purchase of equipment; waste containers and equipment; landfill fencing; publication of information brochures; development of utilization plan and marketing survey for waste-water treatment plant sediments.

FLGR HAS THE CAPACITY TO ASSIST INTERNATIONAL PARTNERSHIPS BETWEEN LOCAL AND REGIONAL AUTHORITIES, BASED ON PROFESSIONAL EXCHANGE OF EXPERIENCE AND MANAGEMENT PRACTICES BETWEEN LOCAL GOVERNMENT ELECTED OFFICIALS AND EXPERTS



FLGR continued to use training methods to disseminate the positive experiences from the program among more Bulgarian municipalities. Over the course of the year, FLGR held two seminars for representatives of 20 municipalities (non-participants in the program), on the following topics: cost-benefit analysis in landfill, transfer station and other infrastructure construction; landfill reconstruction and reorganization and solid waste management.

In 2003, FLGR initiated the **Local Economic Development and Marketing of Bulgarian Municipalities Project**. The project is enhancing and further building on the current achievements in local economic development under the Bulgarian Technical Twinning Program. It strengthens the capacities of Bulgarian municipalities to apply professional approach in business retention and recruitment, to provide business support

opportunities, to market business resources nationally and internationally and to lead pro-active economic development programs. 14 Bulgarian and 9 American municipalities are involved in the project. Over the past year, FLGR consistently expanded the capacity of **18 local economic development experts** at the Bulgarian municipalities, by means of professional training. The Foundation, with the support of US practitioners, held two week-long workshops and three topical seminars on: Basics in Economic Development, Strategic Planning, Economic Development Planning, Development of Professional Presentations, Development and Marketing of Industrial Parks, Marketing of Buildings and Lots, Establishment of Business Advisory Councils. At the same time, the implementation of 14 economic development projects was initiated by the municipalities. Each municipality conducted an analysis and evaluation of its resources and developed a comprehensive economic profile.

In 2003, FLGR developed the basic structure of a new collaborative **marketing website of the Bulgarian municipalities (www.invest.bg)**, a professional forum targeting potential investors. A team of local economic development experts and FLGR presented an information booth of Bulgarian municipalities and local companies at two Bulgarian-American **trade and investment missions** in Sofia, which was highly appreciated by the United States Commercial Service and the US Department of Agriculture in Bulgaria. FLGR supported the development of a network of municipal local economic development experts and the development of by-laws for their professional association. The Foundation established good working relations with the Ministry of the Economy and the Foreign Investment Agency to provide national-level support to local economic development and recruit investments to municipalities. FLGR and the Foreign Investment Agency developed a Memorandum of Cooperation.

FLGR participated as a partner in a program for local government support in Bosnia and Herzegovina. The program is funded by USAID and expires in 2005. Under this initiative, in September 2003 FLGR organized and hosted a study tour for representatives of six municipalities from Bosnia and Herzegovina, who studied leading Bulgarian practices with regard to the development of municipal customer and information centers.



Strategic Objective 6

FLRG ENSURES ITS SUSTAINABILITY BY CONSTANTLY IMPROVING ITS TEAM'S PROFESSIONAL SKILLS, STRIVING TO DIVERSIFY FINANCIAL SUPPORT, LOOKING FOR NEW INTERNATIONAL PARTNERSHIPS AND INCREASING THE SHARE OF PAID SERVICES

SUSTAINABILITY

Over the past year, FLGR continued its pro-active efforts aimed at securing its sustainability as a non-profit organization. Specific actions were initiated to upgrade staff skills on a regular basis, diversify funding sources and create strategic partnerships.

FLGR's programs and activities in 2003 were implemented mostly with the support of the **United States Agency for International Development (USAID), Charles Stewart Mott Foundation, Open Society Institute - Budapest, Open Society Foundation - Sofia and the Swiss Agency for Development and Cooperation (SDC)**. 76% of FLGR's funds were spent for program purposes (Fig. 1). The funds allocated as subgrants (Fig. 2) to projects of Bulgarian municipalities and local non-governmental organizations have the largest share of total program expenditures (77%). More than half of these funds were allocated to activities and initiatives of existing and newly established associations of municipalities and professional associations of municipal experts (Fig. 3). In December, 2003, Deloitte & Touche initiated an annual audit of FLGR's general grant from USAID.

Trying to diversify its donor base, over the last year FLGR drafted **eight new project proposals** and submitted them in funding competitions under various programs. An FLGR project got approval in March, 2003: the MALLE project on life-long learning management. In November, the Foundation was granted approval for its Mobilizing Local Communities Projects under PHARE: Civil Society Development. Project proposals were submitted under EU PHARE: Cross-Border Cooperation, World Learning/USAID, Grundwig I and Open Society Foundation.

In 2003, FLGR became one of the founders of the Bulgarian Donor Forum Association. FLGR is an active member of the association as an organization that contributes to the sustainable local and regional development by means of institutional environment improvement and coordination of donor policies in Bulgaria.

Fig. 1 - 2003 Expenditures

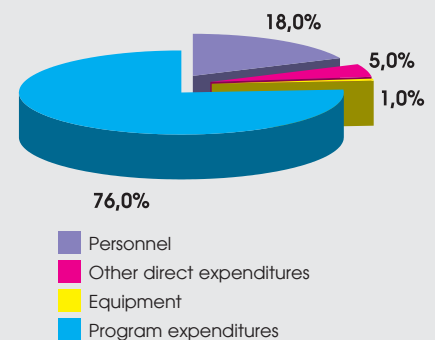


Fig. 2 - 2003 Program Expenditures

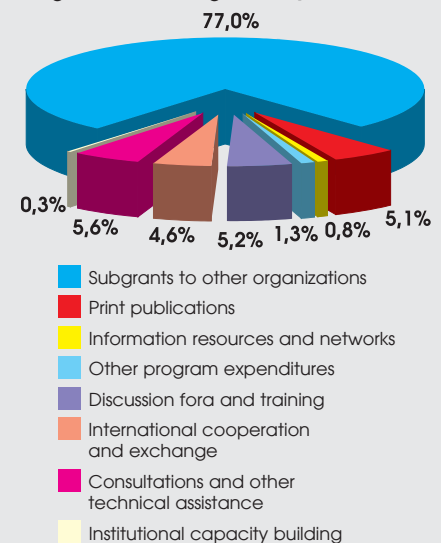
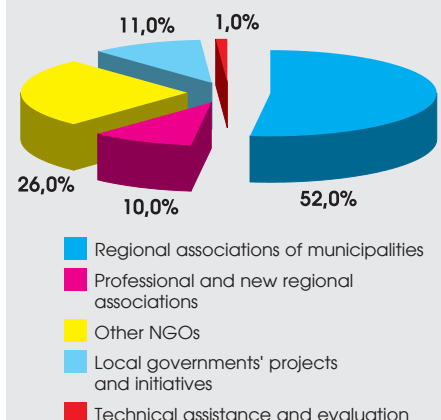


Fig. 3 - Subgrants to other organizations



In 2003, FLGR's Board was comprised of seven members. Board members are professionals and individuals that have a significant contribution to public administration and civil society development. The Board was very active in the formulation of FLGR's management policy and its members' expert knowledge and experience contributed to the effective implementation of FLGR's programs.

The Foundation's team members are well informed, competent and responsive. The team is comprised of 24 employees who work together with municipal specialists on specific programs and municipal projects, spend short-term internships in municipalities, conduct site visits and meetings at FLGR's office. FLGR staff members completed various training courses to upgrade their knowledge and skills. FLGR held periodically team-building and training workshops. FLGR Board and team members were actively involved in seminars and fora in the country and abroad, acquiring valuable experience and presenting successful Bulgarian practices.

FLGR implemented all planned activities for the reporting period, demonstrating at the same time flexibility in meeting arising training and assistance needs of various institutions and organizations.

FLGR Board of Directors



**Lachezar Rossenov, Chairman of the FLGR Board,
Mayor of Dobrich Municipality (1995 - 2003)**



**Deni Kamenov, Vice-Chairman of the FLGR Board,
Local Self-Government Consultant,
Mayor of Vidin Municipality (1991 - 1995)**



**Belin Mollov, Advisor on European Integration to the
Minister of Regional Development and Public Works**



**Roumen Draganov,
Manager in Tourism**



**Savin Kovachev, Deputy Minister of Regional
Development and Public Works**



**Julia Watkins, President of the American University
in Bulgaria (1993 - 2003)**



**Ginka Kapitanova, Executive Director of FLGR,
Mayor of Zlatograd Municipality (1991 - 1995)**



**Emilia Panayotova, Ph.D.,
Senior Assistant at the Department of Law
of Kliment Ohridski University in Sofia**

FLGR CAN SUCCESSFULLY SHARE ITS ACCUMULATED EXPERTISE AND CAPACITY WITH ORGANIZATIONS AND AGENCIES WORKING IN THE FIELD OF LOCAL SELF-GOVERNMENT!

WE ARE OPEN TO BECOME A PARTNER IN THE IMPLEMENTATION OF PROGRAMS, CONSISTENT WITH OUR STRATEGIC OBJECTIVES!



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