

**FOUNDATION
FOR LOCAL
GOVERNMENT
REFORM**



REPORT

Dialogue

Training

Information

Assistance

Twinning

Sustainability

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Dear partners and readers,

The Foundation for Local Government Reform was established in 1995 by a group of mayors, with the purpose of assisting reforms at local level in Bulgarian society. The road towards democratic self-government proved to be more difficult and full of surprises – not all of them pleasant – than we could imagine back in 1995.

FLGR's management and staff adopted the pragmatic approach of a learning organization, which flexibly, step by step, began conquering new areas of knowledge and experience, while at the same time meeting the needs of local governments in the country.

Adoption of the market economy principles, local government empowerment and municipal property restitution, change of public administration's understanding of service delivery, decentralization and application of the subsidiarity principle, implementation of the European Charter on Local Government, adoption of transparency, efficiency and accountability of public administration standards and access to public information, realization and implementation of local authorities' role in strategic planning and in the development of participatory local policies, public-private partnerships and e-government – I could hardly mention all development stages Bulgarian local governments went through with FLGR's assistance.

Responsibility for the implementation of European and world standards at local level in our country is vested in the authorities themselves; however, FLGR feels proud of its proactive and supportive presence, as well as of having been able to help find shortcuts, to assist in developing the potential the Bulgarian citizens rely on on the eve of our country's accession to the European Union.

Unsupported by facts, words have no weight, so I'd like to share some numbers. In ten years, FLGR:

- held 300 training seminars attended by more than 8,000 participants;
- supported the discussion and the enactment of the new legislative framework in 34 fora (attended by more than 3,000 participants), discussions and publications, developed a Methodology for the Formulation of Municipal Development Plans which is being used by all 264 Bulgarian municipalities, as well as Methodological Guidelines on the Formulation of Regional Development Plan;
- provided financial and expert assistance for the establishment of 50 municipal citizen information centers;
- recorded 100,000 annual visits of its website www.flgr.bg;
- has 2,300 subscribers to its monthly newsletter and 3,200 subscribers to its e-weekly, with their number growing;
- attracted through the municipalities';
- marketing website www.invest.bg the interest of 50 potential investors, 3 of them have already invested in Bulgaria; provided \$4 million to finance projects and initiatives of 88 municipalities and 195 NGOs in Bulgaria;
- is a member of the European Local Government Information Network (LOGIN);
- applied its expertise in Albania, Armenia, Bosnia and Herzegovina, Serbia and Montenegro and Romania.

All this was made possible by the efforts of a team of 22 skilled professionals who dedicated themselves to achieving FLGR's mission: to provide need-based information, advice and support, to provoke local government innovations and to act as an intermediary and build a wide network of domestic and international partnerships.

In the future we'll continue to rely on you, our partners and friends, to jointly implement initiatives in support of the growing professionalism of municipal teams and the development of the local communities and regions.

Ginka Kapitanova,
Executive Director



OUR STRATEGIC GOALS

1. *We encourage dialogue and public consensus-building for effective policy and joint initiatives between local, regional and national authorities and their civic partners ... p. 2*
2. *We provide professional development opportunities and consultations to local authorities and their civic partners, aimed at better government ... p. 4*
3. *We provide needed and current information to different users by means of appropriate technology ... p. 6*
4. *We build our capacity to support the implementation of projects of non-governmental organizations and municipalities ... p. 8*
5. *We support local governments in the establishment of international partnerships based on their professional interests ... p. 10*
6. *We provide for our sustainability as a non-profit organization ... p. 12*

Dialogue

In 2004 FLGR continued to work towards achieving effective dialogue and cooperation between local governments, national government, businesses and non-governmental organizations. To achieve this goal, the Foundation organized 5 discussion forums and conferences on issues of public interest, which were attended by 810 participants.

Through the fora it organized in 2004, FLGR encouraged dialogue and partnership between national and local government, civic sector and business. The Foundation re-affirmed its role as a mediator between various stakeholders in the process of building public consensus and implementing legislative changes. Encouraged was also the exchange and dissemination of best practices in the following areas: citizen participation, quality management, spatial planning, absorption of EU funds, preservation of green areas and parks and development of regional plans and municipal development plans.

On March 17, 2004 FLGR and The *Stroitelstvo Gradat* newspaper held a conference on **The Latest Changes to the Spatial Planning Act. Changes in Development Rules and Norms (ordinance 7). Illegal Construction. Tolerable Development.** The conference was attended by representatives of commercial companies, developers, investors, designers, economists, company managers, importers, distributors, etc.

In late March FLGR held a **Citizens in Government** conference. Members of parliament, representatives of ministries and national agencies, regional governors, mayors, chairs of municipal councils, non-governmental organizations, media, embassies and donor institutions attended the conference. Presented were successful approaches to involving the citizens in decision making at local, regional and national level, best practices and specific results from implemented projects and programs encouraging citizen participation. The shared experiences helped the participants identify ideas for legislative changes and government process improvements. The conference was organized with the financial support of the Swiss Development and Cooperation Agency and the United States Agency for International Development.



On May 19, 2004 FLGR and Moody's International Ltd. organized a workshop on **Implementation of Quality Management Systems in the Municipalities.** The discussion outlined the main principles and approaches in the certification process and the benefits to the local governments.

A Round Table on **Preserving Sofia's Parks and Green Areas** was held in Sofia on October 5. The forum was organized under the patronage of James Pardew, US Ambassador to Bulgaria, with the support of the United States Agency for International Development and the assistance of the Foundation for Local Government Reform. The Round Table was attended by 140 representatives of 35 citizen associations and groups, Sofia municipal councilors and administration, representatives of the Ministry of Environment and Waters, the Ministry of Regional Development and Public Works, the National Assembly, the United Nations Development Program, the Swiss Development and Cooperation Agency, non-governmental organizations, the



Prosecutor's Office and the Court. Prior to the Round Table FLGR spent three months helping citizen associations and all involved resource institutions to develop consensus views and specific proposals aimed at preserving Sofia's green system.

The public discussion focused on the current status and the future development of Sofia's parks and green areas. Its purpose was to identify the necessary



legislative, administrative and managerial measures that would provide for the preservation, expansion and responsible development of the capital city's green system. The event was unique for the country and generated a wide media response.

On October 15, 2004 the Foundation for Local Government Reform and The



Stroitelstvo Gradat newspaper held a conference on **The New Regional Strategies and Municipal Development Plans under the Stipulations of the Regional Development Act. The Absorption of EU Funds: a Challenge to Local Governments and Private Developers.** The participants discussed Bulgaria's regional development priorities in the context of EU accession, as well as the role of local and regional authorities in that process. Best practices and issues in the elaboration of regional strategies and municipal development plans were also shared.

The Ministry of Regional Development and Public Works assigned FLGR Consult the development of Methodological Guidelines on the Elaboration of the Municipal Development Plans. The Guidelines aim to assist the municipalities in the formulation of municipal development plans by providing a common methodological basis for the planning and programming process. FLGR Consult also elaborated **Methodological Instructions on the Preparation of the Regional Development Plans.**

In December 2004 FLGR Consult developed a **concept for an Inter-Municipal Cooperation draft law.** The concept includes a thorough analysis of the current Bulgarian legislation and a wide study of the corresponding legislation and practices within various European countries. The concept paper presents a variety of organizational and legislative forms of cooperation that will be subject to a wide public discussion in Bulgarian local governments.



The citizen associations consolidated in the Citizens for Green Sofia initiative would like to thank FLGR's young and enthusiastic team for the preparation, the organization and the assistance in the implementation of the initiative of US Ambassador James Pardew, Roundtable on the Preservation of Sofia's Green System. The event is the first of its kind in our country and we hope that the results achieved and their subsequent implementation would provide a positive example for other cities facing similar problems, not only with regard to green systems but also with regard to urban planning and civil society development.

Citizens for Green Sofia Initiative, October 25, 2004



Professional Training

In 2004 FLGR organized and held 81 interactive practical trainings for 1,844 participants. To meet municipalities' needs, the Foundation used a wide network of trainers, lecturers and experts.



In January – February FLGR together with the National Association of Municipalities in the Republic of Bulgaria, the Local Government Initiative and the regional associations of municipalities held **post-election orientation seminars** for mayors and municipal councilors. The purpose of the trainings was to provide quick, time-saving orientation to the newly elected municipal officials; help the participants acquire management and decision making skills and understand and apply in their work the principles of teamwork, transparency and partnership. In addition, FLGR organized 12 trainings for municipal councils upon request by the respective municipalities.

A training under the **Bulgarian Municipalities: Competent Participants in the Absorption of EU Funds** project was provided for a second consecutive year. The project was implemented with the financial support of the Open Society Institute. The participants went through three modules: EU Financial Instruments, European Pre-Accession Funds and Project Development. The training cycle ended with a Practicum. The participants who took part in three modules were awarded a **certificate**.

Between December 2003 - July 2004 FLGR implemented the **Empowering Local Communities** project. The project was funded by the PHARE Civil Society Development 2001 and aimed at building and strengthening the capacity of local governments, NGOs and citizen groups in the municipalities of **Dimovo, Vulchedrum, Krivodol, Hairedin and Ugarchin**. The objective of the project was to consolidate local communities' efforts for the identification of common problems and the formulation of adequate solutions. With FLGR's expert assistance, the project beneficiaries learned and applied basic community needs assessment techniques and models, identified major problems and developed project ideas that aimed at solving pressing community problems. 100 individuals from the five municipalities participated actively in the training modules: Local Commu-



nity Development, Funding Opportunities for Agricultural Activities, Strategic Planning, Local Economic Development, Municipal Social Activities and Services, EU Financial Instruments, Project Cycle Management.

From October to December 2004, upon request by municipalities, FLGR held a series of seminars on **team work**. The seminar was designed for municipal administrations and municipal councilors. The topics included: Difference between Administrative Group and a Team; Features of an Effectively Functioning Group; Team-Building Steps; Organizational and Management Skills; Inter-Personal Relations; and Team Growing Stages.

16 municipal specialists were selected and trained for trainers, since FLGR sought to expand the team of experts it invites to lecture its trainings.

In 2004 FLGR's Training Team joined the European Council's Lisbon Initiative (2000) on knowledge-oriented economy and life-long learning. The first step was the participation in the **Management of Life-Long Learning in Education** project, funded under EU Grundtvig 2 Program. The project identified practical management issues with regard to the implementation of life-long learning principles by educational institutions, and formulated guidelines for possible solutions.

In 2004 FLGR worked under the second phase of the **Strengthening the Role of Local Governments and Third Sector in Bulgarian Housing Policy** project. The project was funded by the Dutch Ministry of Foreign Affairs and was implemented

jointly with the Rotterdam Institute of Housing Policy and Public Works and PRC Bouwcentrum International. The project provided practical training of municipal specialists and experts from two of Sofia's regional municipal administrations, building managers and representatives of the Ministry of Regional Development and Public Works. The training was comprised of five individual modules: international building stock management



practices, technical, financial, legal and social aspects of building stock management.

FLGR's **Training and Qualification Center** commenced its active operation in 2004. Together with the Sofia University St. Kliment Ohridski, the Center developed and held courses on key topics, such as: public relations; municipal social activities; human resources management; municipal property management; environmental tourism; spatial planning;

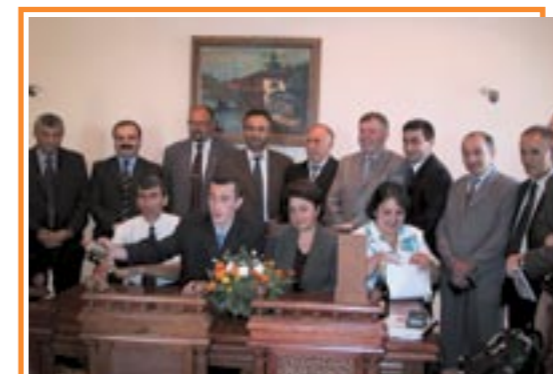


strategic planning; administrative management; project management; and local finance.

The Center organized **training for more than 400 mayors and appointed mayors of mayoralties**. The participants in the two one-day modules acquired knowledge about specific aspects of the local self-government legislative framework, their rights and responsibilities, discussed specific cases and shared practical experience in problem-solving approaches. Those who completed the two modules were awarded **certificates**.

In 2004 FLGR used the Bulgarian local governments' best achievements as a basis for a training organized for Armenian local government and business community representatives. The one-week study trip on **local economic development** introduced the foreign participants to the Bulgarian approaches and practices of pro-active economic policy at local level. The study trip involved exchange of practical experience, know-how and best policy-making instruments to foster local economic development through strategic planning, public-private partnerships and transparent governance. Within the work program of the study tour the trainees visited the municipalities of **Sevlievo, Gabrovo, Tryavna, Dobrich and Stara Zagora**.

A one-week study tour for 12 representatives of Albanian municipalities titled **Engaged Citizens** was organized and conducted by FLGR in 2004. The main focus of the event was know-how and practice exchange, as well as sharing success stories of Bulgarian NGOs in mobilising local resources, applying effective mechanisms of citizen involvement in the decision making process at local level, working with the media.



We would like to thank the FLGR lecturers for their professional and creative approach to the delivery of the topics, the trust and the friendly atmosphere they succeeded to create during the training.

Mariela Petrova,
Executive Director,
Central Balkan Regional
Association of Municipalities

We thank FLGR's lecturers for presenting the information in an interesting and accessible way. Open communication and trust-building are now a priority for the employees at the Municipality of Pavel Banya.

Stanimir Radevski, Mayor,
Municipality of Pavel Banya

*...Keep sowing wisdom and teaching us!
...As always, FLGR were perfect, both the organization and the wonderful lecturers!
...Your organization was impeccable!
...You managed to make each of us think and, hopefully, ask for a change – starting by ourselves!*

Responses of trainees

Upon their return to Armenia, the participants were very happy with the training organized by FLGR. They felt it had completely met their needs and gave them knowledge and skills they could apply directly in their work. The trainees expressed willingness to share the practices learned in Bulgaria with their colleagues and to adapt and apply the ones they consider the best. They were also interested in extending the professional contacts with their Bulgarian counterparts.

Ana Melkonyan, Educational
Development Academy, Yerevan,
Armenia

Information Exchange

In 2004, despite the richer information flow in Bulgaria, FLGR preserved its leading position providing accessible and focused information channels, exchange of best practices and networking, preemptive response to the benefit of local governments and the civic sector.

In 2004 FLGR issued **24 printed publications and 49 electronic weekly newsletters, 11 broadcasts** of the Municipal Radio Forum within the Horizont Program of the Bulgarian National Radio, expanded and promoted its new **website**, initiated and encouraged a **transparency campaign** in the Bulgarian municipalities and established a local government **Transparency Award**. In the first year of the newly elected municipal officials the Foundation motivated the municipal specialists to share **160 innovative practices** and for a third consecutive year selected a winner in FLGR's National Innovative Municipality Award.

Information Pool inserts provided an opportunity for a professional look into topics, such as: Bulgaria's readiness to use the EU Structural and Cohesion Funds, funding opportunities for environmental projects and infrastructure management.

The **49 e-weekly issues** confirmed the belief that FLGR is an organization that collects and disseminates up-to-date information about local government, the civic sector and everyone willing to work and encourage change. Within a one-year-period, e-weekly's subscribers increased by 40%. The feedback comments and thank-you letters from our readers are numerous.

In 2004 FLGR published **topical manuals** that filled in blank spots in local governments' professional improvement and daily engagements:

- **Methodological Guidelines on the Elaboration of the Municipal Development Plans** – this initiative was based on the need of improving local strategic planning capacity with regard to the update of the 2006 municipal plans and the development of the new planning documents for the 2007 – 2013 period;



Thank you very much for the e-weekly. This is my most useful weekly reading. As a result from the timely information presented, we managed to develop three successful projects in the second half of 2004 alone.

Ognyan Lazarov, Gotse Delchev Municipal Administration, December 5, 2004

You're the best in the Republic!!
Regional Crafts Chamber, Shoumen, July 21, 2004.

The Project Cycle Management Guidelines is without doubt one of the best materials published so far. It will become a desktop book for everyone who develops and manages project.

And this is an opinion shared by municipal secretaries, other municipal managers and specialists.
Vasil Pancharov, Executive Director, National Association of Municipal Secretaries in the Republic of Bulgaria, November, 2004

The new design of FLGR's website (www.flgr.bg), with its improved capabilities better met the dynamics of the organization. "News", "FLGR – Publications, Training, Documents" and LOGIN are the most often visited sections. The latter is developed and maintained by FLGR in its capacity of an anchor organization for Bulgaria within the Local Government Information Network. In 2004 the website had registered 100,000 unique visits, compared to 39,000 in 2003.

In April the Foundation published the 100th issue of its **Reform in Local Self-Government monthly newsletter**. The publication provided regular input on the most topical issues faced by local self-governments countrywide, offered training and exchange of experience and became a forum for expression of opinions and expert discussion on topics of importance to the municipalities. The articles of greatest interest to foreign readers were included in two English digests. The four

- **Methodological Instructions on the Preparation of the Regional Development Plans;**
- **Project Cycle Management**, and updated issue of the European Commission's manual;
- **The Citizens as Partners** – a manual on informing, consulting and involving the public in the development of OECD policies;
- **Growing Professionalism** in the Bulgarian Municipalities – a manual of best practices implemented under the FLGR/



ICMA Bulgarian Technical Twinning Program, 2002 – 2004.

In October, 2004 the Foundation, together with another 15 NGOs, took part in the *Let's Ask and Find Out* information exchange on EU. There, FLGR presented its information materials on the topic of European integration.

Over the year FLGR collected and disseminated **160 new innovative practices** of municipalities and their civic partners. The Innovative Practices 2003 annual compilation was published in early 2004, in order to inform the newly elected local governments about the achievements in the previous year. The practices implemented under the Social Environment Improvement Program (2002 – 2004) were disseminated in two topical publications.

The Foundation for Local Government Reform and the Local Government Initiative Program, with support from the United States Agency for International Development, organized a **Municipal transparency campaign**. The regional and professional associations of municipalities in the country, the NAMRB and the media supported the campaign. A municipal transparency self-assessment questionnaire was disseminated under the campaign. The campaign also included the development and dissemination of a **Communication Plan** on the campaign to assist municipal PR specialists; the formation of a **Demonstration Team** of 17 pilot municipalities applying new approaches to increase the transparency of their operations.

To support the Transparency Campaign, FLGR held two topical competitions

Two of the **Municipal Radio Forum** broadcasts, a joint initiative of the Bulgarian National Radio and FLGR, were also dedicated to the Transparency Campaign. The remaining nine broadcasts covered topics, such as: pro-active mu-



nicipal policy at the investment market; municipal budgets; delivery of electronic services to citizens and businesses; a dialogue on Sofia's green areas; the role of the municipalities in the European integration process.

The awarding ceremony of FLGR's Innovative Municipality 2004 National Competition became part of the Second Annual Meeting of Bulgarian Local Governments. This was the third consecutive issue of the competition, which aims to encourage local governments to implement new, untraditional methods in discussing and solving problems of public importance. Both small and large municipalities participated actively in the competition. The 2004 winner was the Municipality of Dobrich-city.



for innovative practices. In April the topic was "How did we start the Transparency Campaign in our municipality?" and the winner was the Municipality of Mezdra. The topical competition in the end of the year had two sections: the winner in the "Best transparency practice in a risk area" category was the Municipality of Razgrad, while the "Most transparently functioning municipality" award was won by the Municipality of Pleven.



I wholeheartedly greet the FLGR team on the occasion of the 100th issue of its newsletter. Over the last years, the newsletter asserted itself as a leading publication on municipal issues.

Furthermore, for the first time in Bulgaria the FLGR newsletter offered to its wide audience comprehensive analyses and legal comments on different pressing issues of local government.

More specifically, I'd like to point out regional development, urban planning, public-private partnerships in municipal asset management, citizen participation.

And since local government reform is a very dynamic process, it seems to me that your newsletter was, and remains, to some extent the catalyst of this process.

I wish you will be able to extend the dynamics of the newsletter and as always will be a step ahead of the hot topics in local government.

Kiril Kiryakov,
Local Government Advisor,
United States Agency
for International Development,
Sofia



Project Support

In 2004 FLGR expanded its vast expertise in the management and monitoring, financial and technical assistance to support municipalities, regional and professional associations of municipalities and NGOs, as well as in the delivery of expert assistance in project implementation and capacity strengthening for funded organizations. The programs were implemented with financial support from the United States Agency for International Development (USAID), the Swiss Development and Cooperation Agency (SDC), PHARE and Charles Stewart Mott Foundation.



On behalf of the municipal management, on my own behalf, I'd like to express our gratitude for your generous support that helped us implement many initiatives in the spirit of regional patriotism.
Hristo Hristov, Mayor, Municipality of Bolyarovo

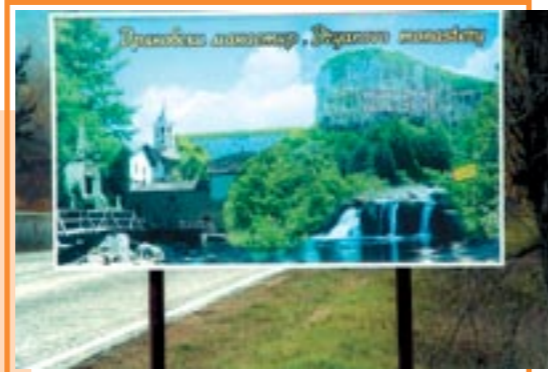
SUPPORT TO MUNICIPAL REGIONAL AND PROFESSIONAL ASSOCIATIONS

In September FLGR completed the funding phase for **projects of 7 regional associations of municipalities and 2 professional associations of municipal employees.** The total value of the projects was more than BGN 450,000. The funding was provided with USAID support. The projects were aimed at improving and expanding the services delivered by the associations to their members, as well as at supporting specific local initiatives resulting in sustainable development of the respective region.

In October FLGR, with USAID support, initiated a new phase of the funding program for projects of regional associations of municipalities in Bulgaria. Support was provided to **8 associations whose members account for 76% of the municipalities** in Bulgaria. The total value of the projects exceeded BGN 1,500,000. The main goals of this program were to:

strengthen the role of municipal councils as an effective local legislative body; build local finance and asset management capacity within the local administrations; implement joint inter-municipal advocacy initiatives targeting specific municipal management issues.

In November, with USAID support, FLGR initiated also a new phase of the support fund for initiatives of professional associations of municipalities. So far, the fund has supported initiatives of 3 associations of municipal employees. The purpose of the current phase is to improve local governments' capacity, achieve greater transparency of their operations, reduce



local level obstacles to business, improve the local legislation and increase municipal experts' capacity.

Thanks to the financial support from USAID and SDC, over the past several years the Foundation helped 45 Bulgarian municipalities establish citizen information centers. In 2004 FLGR once again focused a large part of its efforts on supporting the network of partner municipalities operating such centers:

- **Technical and advisory assistance on establishing new citizen information centers.** FLGR's consulting team responded to multiple requests and delivered technical assistance to 12 municipalities aspiring to improve the quality of municipal services.
- **Development of the network of municipal specialists in administrative services.** In May 2004, for a second consecutive year, FLGR held 4 regional workshops for exchange of experience between the professionals in administrative service delivery. 116 heads of municipal administrations, information center managers and system administrators from 61 municipalities attended the workshops.

FLGR asserted itself as a leading organization in the modernization of Bulgaria's public administration by the implementation of modern management approaches and IT technologies. The Foundation's experts were actively involved in a series of innovative developments and initiatives, which were then presented at prestigious fora organized by the minister of national administration,

the Ministry of the Economy, the National Association of the Municipalities in the Republic of Bulgaria, etc.

Over the past year the **Innovative Practices Team** continued its regular workshops and initiatives aimed at the generation and dissemination of successful local government practices.

COMMUNITY FORUM

In its capacity of a Project Office under the SDC's Community Forum Program, in 2004 FLGR supported the development, monitoring and evaluation of **more than 180 projects in 22 Bulgarian municipalities.** Under this program, FLGR's expert team managed financial support amounting of more than BGN 1,100,000. The final beneficiaries are more than 700,000 citizens within the country. The implemented projects covered the following areas: public works, training, tourism development, cultural monuments, youth and social activities, service delivery improvement, environment and sports.

In 2004 FLGR and SDC jointly financed a project implemented by the **Central Balkan RAM, Gabrovo**, which was focused on the capacity building of the municipalities in the Balkan Mountains. The total value of the project was BGN 155,000. Project implementation resulted in the completion and the opening of citizen information centers in the municipalities of Tryavna, Sevlievo, Letnitsa and Etropole.

The Karl Schoenefeld Bruner Foundation, Switzerland funded through FLGR a social project in Turgovishte. The total value of the project was Euro 27,000. FLGR provided technical support through project implementation monitoring and evaluation.

In June 2004 FLGR successfully completed its two-year **Social Environment Improvement Program.** The program was funded by the Charles Stewart Mott Foundation and implemented in the municipalities of Kresna, Strumyani, Godech, Svoge, Batak, Bratsigovo, Peshtera, Dzhebel, Kirkovo and Momchilgrad. The program encouraged social environment improvement through partnerships between citizens and local governments; built citizen group and NGO capacity for active involvement in local problem solving processes. The major focus of the program was to involve social groups



and individuals to participate in improvement of the social environment at the local level. 24 projects were implemented that formulated municipal social policies, improved service delivery and social integration of disabled people, provision of social care alternatives for children and youth, employment generation, education and training, bridging the gap between generations, institutionalized and informal models of cooperation. The degree of local resources mobilization in project implementation was extraordinary; the local contribution actually exceeded the financial support provided. This program actually implemented for the first time in Bulgaria the principles of decentralization in social services delivery, as incorporated in the Social Assistance Act.



International cooperation

FLGR has a proven capacity to assist international partnerships between local and regional authorities and to facilitate international contacts for professional exchange of ideas, practical experience and management practices between elected officials and experts.



In 2004, the Foundation continued its support to local authorities aimed at enhancing the impact of the international partnerships and multiplying the effect of the technical cooperation. FLGR effectively used international expertise and know-how to further build Bulgarian municipalities' capacity, disseminated information and successfully replicated best practices and models already adopted, consulted and worked with local governments on developing and implementing cross-border initiatives, increased its involvement in international networks and shared accumulated positive experience with partners from South East Europe and Eurasia regions.

In 2004, the Fourth Phase of the **Bulgarian Technical Twinning Program** has been successfully completed. This Program being a model of successful partnerships between Bulgarian and US resource cities for eight years now is funded by USAID and administered jointly by FLGR and the International

City/County Management Association (ICMA), Washington, DC.

The completion of the Fourth Phase of the Program further fostered the enrichment, upgrading and wide dissemination of successful results, built and strengthened the capacity of Bulgarian local governments, developed new methodologies to address specific needs in Bulgarian communities and enhanced the capabilities of Bulgarian local governments to facilitate local economic development. Based on the significant results achieved under this phase, a new Fifth Phase of the Program in Bulgaria was approved by USAID and initiated in September 2004 for a three-year period through September 2007.

Last year, the participating **21 municipalities** continued their work under their bi-lateral and multi-lateral Bulgarian-American partnerships and finalized technical projects in the area of Local Economic Development, Infrastructure Management and Environment. The replication of best practices in Infrastructure Management and Maintenance, and in Solid Waste Management, was completed in three other municipalities, Plovdiv, Radomir and Kyustendil.

The implementation of **16 technical projects** resulted in creating innovative practices and working models, which could be widely disseminated and applied in many other Bulgarian municipalities. Among them are: municipal business retention/expansion programs, development and marketing of industrial parks, grey field redevelopment, establishment of economic development advisory boards, introducing source separation, pilot composting programs in rural areas and waste water treatment plant bio-solids management. In support of project implementation and replication FLGR and ICMA provided partnership support funds in the amount of \$31 000. The funds were used by 17 Bulgarian municipalities for: preparing and publishing of marketing materials, purchase of equipment; waste containers and equipment; landfill improvements, publication of information brochures and methodology handbooks;



conducting a survey for utilization of waste-water treatment sediments and others.

FLGR continued its training efforts which helped the dissemination of positive experience accumulated under the program among other Bulgarian municipalities and served as a basis for their future enrollment in the program as new participants. In the second half of the year, FLGR held 5 regional seminars for leaderships and expert staff of **50 municipalities** including the following topics: Basic Concepts in Local Economic Development, Public Infrastructure Maintenance and Management and Introduction of Pilot Composting Programs. As a result of these efforts by the end of 2004 FLGR pre-selected **15 new municipalities** to join the Local Economic Development Project and **10 new cities** to replicate the Infrastructure Management and Composting Projects/

In 2004 the initiated previously **Local Economic Development and Marketing of Bulgarian Municipalities Project** resulted in the establishment of the **Bulgarian Local Economic Development Partnership – a consortium of 14 Bulgarian and 9 US cities**. It strengthened the capacities of the Bulgarian municipalities to apply professional approach in leading pro-active economic development programs, enhanced business support opportunities and enabled them to market municipal resources nationally and internationally. The Bulgarian municipalities undertook efforts for improving the interaction with local business community. Business Advisory Boards were established in 5 municipalities and all 14 municipalities adopted a Code of



Ethics for the work with businesses. In July 2004 **12** out of the 14 Bulgarian Municipalities were certified and received a FLGR/ICMA Certificate **"Ready for Business"**.

Over the past year, FLGR continued to build the capacity of the **18 local economic development experts** at the Bulgarian municipalities, providing topical training and professional development with the help of US practitioners. **13 of them** were certified as Local Economic Development Specialists by ICMA/ FLGR. In addition the program increased the LED capacities of FLGR staff and **4 team members** received certificates of Local Economic Development Specialists.

Significant marketing efforts were undertaken by the members of the Bulgarian Local Economic Development Partnership in cooperation with FLGR. The first **collaborative marketing website of the Bulgarian municipalities** (www.invest.bg) was launched by FLGR in April 2004, promoting municipal resources and offering business opportunities to international prospects and Bulgarian business community. For the first time Bulgarian Municipalities together with FLGR participated in the Hanover Trade Show Germany and the Plovdiv International Fair, Bulgaria. This generated over 50 direct contacts with foreign companies and 3 German companies were attracted to do business in the Cities of Gabrovo and Pazardjik and one Bulgarian

company from Silistra expanded its exports through new commercial contracts with a US company. The promotional strategy for the high-tech Industrial Park in Panagiurshte brought an external investor to relocate over a \$1,5 million high tech business and create 52 jobs.

Ministry of Economy on creating a national marketing electronic gateway for Bulgaria. For the promotional and investment attraction efforts of BG Municipalities, FLGR initiated contacts with the commercial departments of foreign embassies, thus receiving more business enquiries from prospects abroad.

Over the course of the year FLGR continued to disseminate information on international partnerships' efforts through the Website, Electronic Newsletter and publications in the FLGR monthly Bulletin. In November 2004 a Handbook "Expanding Professionalism in Bulgarian Municipalities", incorporating 20 best practices of practical experience and project achievements resulting from the successful Bulgarian/US cities technical cooperation was published and reached all Bulgarian Municipal Administrations, City Councils and Municipal professionals.

International Networking was one of the important areas of FLGR involvement. In the past year the Foundation continued to be one of the key participants in the Corridor 8 Local Economic Development Network, created by Municipalities, NGOs, National Institutions, private sector and key organizations from Albania, Bulgaria, Macedonia, Serbia and Kosovo - countries with priority interest in developing the corridor linking Black and Adriatic Seas and stimulate economic growth in the region.



The invitation to participate in the Bulgarian Technical Twinning Program was gratefully accepted by the Municipality of Plovdiv. The project we worked on, Development of an Asset and Financial Management Plan for Public Infrastructure in the Municipality of Plovdiv was implemented thanks to the exceptional partnership with the Municipality of Veliko Turnovo and the City of Golden, Colorado, with the valuable assistance of the Foundation for Local Government Reform.

Ivan Chomakov, Mayor, Municipality of Plovdiv

Abington has had a working relationship with the City of Haskovo beginning Phase I of the Resource Cities Program in 1997. More recently we have been part of the IV Phase Consortium approach to institutionalize the Local Economic Development function within the Municipal structure and for Mayor Ivanov and his staff we have assisted in the development of an Economic Development Action Plan to include an incentive program for investors. It has been most gratifying to have the opportunity to work in a developing democracy as they work towards a market-based economy and government decentralization.

Burton T. Conway, City Manager, Abington, PA

Sustainability

FLGR is ensuring sustainability by constantly enhancing the skills of its team, diversifying its financial support, seeking international partnerships and expanding the share of paid services.

In 2004, FLGR implemented its programs and activities mainly with the support of the **United States Agency for International Development (USAID), Swiss Agency for Development and Cooperation (SDC), Charles Stewart Mott Foundation, Open Society Institute (Budapest) and Open Society Institute (Sofia).**

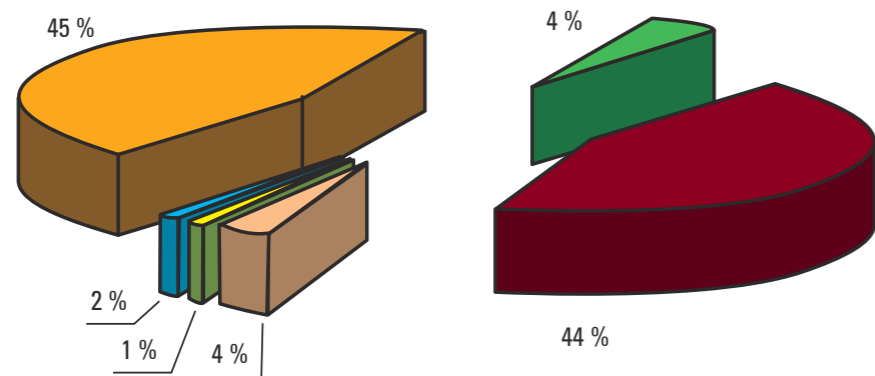
Over the past year, FLGR spent 78% of its funds for program purposes. The funds allocated as direct grants for projects of Bulgarian municipalities and non-governmental organizations had the largest share of program expenditures (71%). 29% of these were spent on activities and initiatives of existing and newly formed associations of municipalities and professional associations of municipal experts; 55% were allocated for projects of NGOs; and 16% were spent on projects and activities of municipalities.

In 2004, the Foundation implemented projects funded by PHARE Civil Society Development, EU's Grundtvig 2 Program and the Dutch Ministry of Foreign Affairs.

FLGR's Board of Directors is comprised of professionals and individuals with a significant contribution to the development of public administration and civil society. Throughout the year, the Board played an active role in the formulation of FLGR's management policy, while its members' expert knowledge and experience contributed to the effective implementation of FLGR's programs.

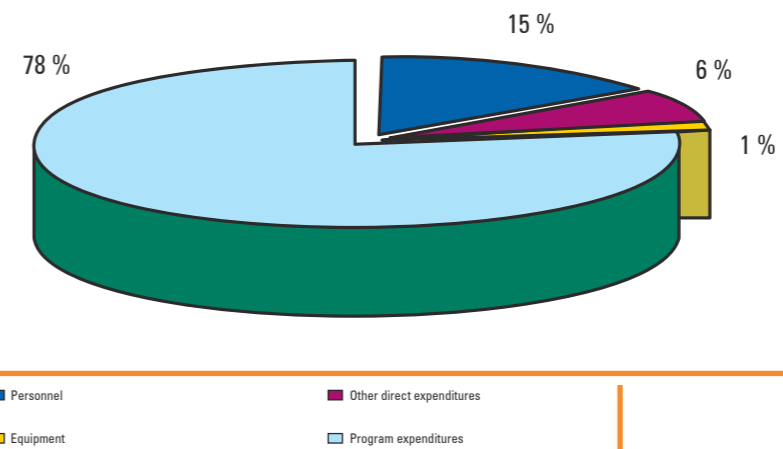
The Foundation has a well-informed, competent and responsive team comprised of 22 professionals who assist municipal specialists on specific programs and municipal projects, organize site visits and meetings and FLGR's offices. Organizational development and teamworking trainings were held periodically. FLGR's board members and staff were actively involved in seminars and fora, where they acquired valuable experience in their respective areas of competence and presented successful practices.

STRUCTURE OF INCOME



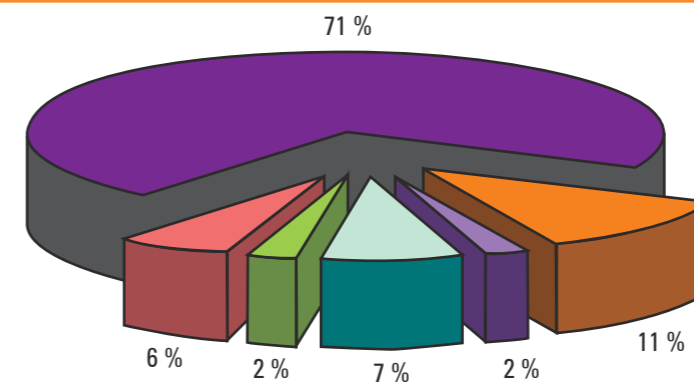
44,1 % USAID
0,8 % Open Society Institute (Budapest)
45,8 % SDC
3,7 % Charles Stewart Mott Foundation
1,5 % Open Society Institute (Sofia)
4,1 % Other Donors

STRUCTURE OF EXPENDITURES



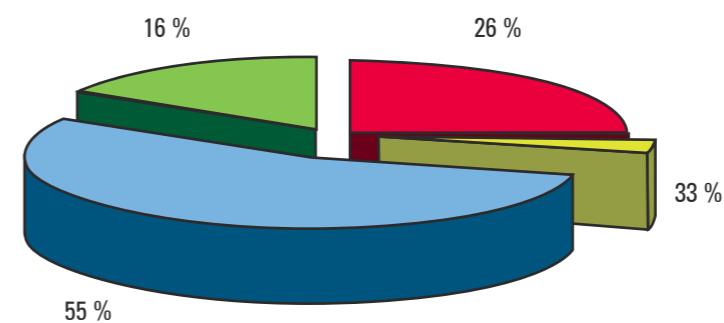
Personnel
Equipment
Other direct expenditures
Program expenditures

STRUCTURE OF PROGRAM EXPENDITURES



70,8 % Subgrants to other organization
2,2 % Print publications
2,5 % Information resources and networks
11,3 % Discussion fora and training
7 % International cooperation and exchange
6,2 % Consultations and other technical assistance

SUBGRANTS TO OTHER ORGANIZATIONS



Regional associations of municipalities
Professional and new regional associations of municipalities
NGOs
Local governments projects and initiatives

FLGR BOARD OF DIRECTORS



Lachezar Rossenov
Chairman of FLGR's Board of Directors
Mayor of Dobrich Municipality (1995 - 2003)
Member of the Municipal Council of the City of Dobrich



Ginka Kapitanova
Board Member and Executive Director
Mayor of Zlatograd Municipality (1991 - 1995)



Deni Kamenov
Vice-Chairman of the Board
Mayor of Vidin Municipality (1991 - 1995)



Emilia Panayotova
Board Member
Ph. D., Department of Law, Sofia University



Roumen Draganov
Board Member
Manager in Tourism



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*We are open to become
a partner in the implementation
of programs, consistent
with our strategic objectives!*



*FRLG can successfully share its accumulated expertise
and capacity with organizations and agencies working
in the field of local self-government!*



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