



**USAID**  
FROM THE AMERICAN PEOPLE

# EVALUATION OF THE BULGARIA DEVELOPMENT COUNSELOR PILOT

APRIL 2010

# EVALUATION OF THE BULGARIA DEVELOPMENT COUNSELOR PILOT

**April 2010**

**L. Jerome Gallagher**, Monitoring and Evaluation Analyst, USAID/Washington  
**Taryn Anderson**, Program Analyst, USAID/Washington

This publication was produced for the United States Agency for International Development, Bureau for Europe & Eurasia's Program Office, Division of Strategic Planning and Analysis.

## **DISCLAIMER**

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CONTENTS

- ACRONYMS AND ABBREVIATIONS .....ii**
- EXECUTIVE SUMMARY.....iii**
- I. INTRODUCTION AND METHODOLOGY ..... 1**
- II. BACKGROUND..... 2**
- III. PROPOSED DUTIES AND RESPONSIBILITIES ..... 5**
- IV. ACTIONS AND ACCOMPLISHMENTS..... 10**
- V. CHALLENGES ..... 17**
- VI. CONCLUSION..... 21**
- REFERENCES..... 23**
- Annex I: SCOPE OF WORK OF THE BULGARIA DEVELOPMENT  
COUNSELOR..... 24**
- Annex II: LIST OF INTERVIEWEES..... 27**

## ACRONYMS AND ABBREVIATIONS

ABF	America for Bulgaria Foundation
AOTR	Agreement Officer's Technical Representative
AMS	Administrative Management Staff
AUBG	American University of Bulgaria
BDC	Bulgaria Development Counselor
COTR	Contracting Officer's Technical Representative
DC	Development Counselor
DCM	Deputy Chief of Mission
DOJ	Department of Justice
EU	European Union
FSN	Foreign Service National
FSO	Foreign Service Officer
GDA	Global Development Alliance
GNI	Gross National Income
GOB	Government of Bulgaria
INL	International Narcotics and Law Enforcement
MSP	Mission Strategic Plan
ODC	Office of Defense Cooperation
ODA	Official Development Assistance
PPP	Public-Private Partnership
RSC	Regional Services Center, Budapest
SMG	Senior Management Group
SOW	Scope of Work
USG	United States Government

## EXECUTIVE SUMMARY

In September 2008, the USAID mission in Bulgaria closed after 18 years and over \$600 million in economic and technical assistance to the people of Bulgaria. In December of that year, USAID implemented the Bulgaria Development Counselor (BDC) pilot, a planned three-year test of a new model for working with “sustaining partner countries” that no longer receive traditional development assistance. The model, as described in the *Concept Paper on Foreign Assistance to Sustaining Partnership Countries*, envisions a Senior Foreign Service Officer supervising a small staff of Foreign Service Nationals and addressing development issues of compelling mutual interest between the U.S. and the host country.

This evaluation examines the Bulgaria Development Counselor pilot from the planning stages through the first 14 months of implementation, from December 2008 to February 2010. The purpose of the evaluation is to determine the current outcomes of the pilot and present issues and challenges for future decision making. Information sources include interviews with 38 stakeholders and other informants and documentary sources regarding the development, implementation, and outcomes of the pilot.

Planning for the Development Counselor pilot began in late 2007 prior to the closing of USAID missions in Bulgaria, Romania, and Croatia. Among these three possibilities for a test site, Bulgaria was chosen based on support received from both the U.S. Embassy and the Government of Bulgaria. Rather than staffing the position with a Senior FSO officer, a retired mission director, Denny Robertson, was selected as the first Bulgaria Development Counselor under a one-year Personal Services Contract. E&E Bureau planners expected that he would be replaced with a FSO, but no candidate was assigned and Mr. Robertson’s contract was extended until June 2010 while the future of the BDC pilot is considered. In FY 2009, \$1 million in program funds was made available to the Bulgaria Development Counselor for partnerships and other programming to address residual development needs in Bulgaria. Program funding was reduced to \$800,000 in FY 2010 and no funds are currently budgeted for FY 2011.

The Bulgaria Development Counselor’s Scope of Work includes nine distinct areas of responsibility for the BDC pilot, including:

- |   |   |
|---|---|
| 1) Develop Public Private Partnerships    | 6) Foster Regional Stability and Cooperation                                      |
| 2) Coordinate with Government of Bulgaria | 7) Encourage Rule of Law Reforms  |
| 3) Liaise with Legacy Institutions        | 8) Promote Economic Opportunities at U.S.-<br>Bulgarian Joint Training Facilities |
| 4) Advise the Ambassador                  | 9) Manage Public Outreach   |
| 5) Assist Bulgaria as an Emerging Donor   |   |

A review of the scope of work reveals that it is largely consistent with the model of the Development Counselor as presented in the concept paper on sustaining partnership countries. However, the duties and responsibilities were neither focused nor prioritized in these planning documents and the pilot lacked benchmarks or other criteria for determining success of the pilot. Expectations of key stakeholders in State and USAID differed regarding duties, responsibilities, and priorities of the BDC, but substantially overlapped.

In lieu of clear criteria for success, we review the actions and achievements of the BDC during the first 14 months of the pilot in the nine areas of responsibility. Overall, the incumbent Bulgaria Development Counselor has taken action in six of the nine areas of responsibility and has made significant progress in four of these areas. Areas of significant progress include: (1) development of public private partnerships, (2) liaising with USAID legacy institutions, (3) advising the ambassador, and (4) public outreach. Achievements include the selection of three public-private partnerships focusing on the IT sector for USAID funding and the strengthening of the relationship between the U.S. embassy and the America for Bulgaria Foundation (ABF), one of the most significant of the USAID legacies in Bulgaria.

In the two areas of responsibility most directly related to working with the government of Bulgaria – coordinating on development issues with Bulgaria and supporting Bulgaria as an emerging donor – the BDC pilot has taken action to address the issues, but outcomes have been limited thus far. The BDC secured a

commitment from the Bulgarian government to provide co-funding for IT partnerships, but the government later rescinded its offer, citing the financial crisis and budget restrictions. While the BDC provided development advice to support the Government of Bulgaria's development assistance policies, the government has not moved forward to fully fund and develop its foreign assistance department. Finally, the BDC has not yet focused extensively on three other areas of responsibility – rule of law, regional stability and cooperation, or economic opportunities at U.S.-Bulgarian training facilities – and thus outcomes in these areas have been insignificant.

The positive progress of the pilot across a number of key responsibilities during the first year of the pilot suggests that it is a promising model for addressing development needs in sustaining partner countries. The pilot appears to be performing well on its own terms. Moreover, there is a general consensus that the incumbent BDC has performed well or exceptionally well in his role, particularly considering a first year which included a change of government in Bulgaria. However, differences among key stakeholders regarding the preferred priorities of the Bulgaria Development Counselor have persisted with some – including the BDC and others in USAID – emphasizing the partnership building role, others – particularly among those in the State Department – emphasizing the advisory and liaison role, and a few others preferring that the BDC focus on regional issues.

On the overall value or viability of the pilot, there was lack of consensus among key stakeholders. The majority who were satisfied with the pilot tended to note progress on the development of public-private partnerships and the success of the BDC in managing the relationship with the America for Bulgaria Foundation. Supporters of the pilot, typically those in Bulgaria, further argue that Bulgaria remains a country with development needs that could and should benefit from the presence of a development counselor. Several even suggested that the model should be expanded to other locations. Finally, many supporters vigorously argue that the pilot should be continued for three years as originally planned and that an evaluation of the pilot after only one year of implementation is not appropriate.

Those less supportive of the pilot, a minority of those interviewed, cite expectations of further progress on PPPs, a desire for greater focus on regional issues or rule of law issues, and lack of co-funding support from the Bulgarian government as grounds for their disappointment. Several interviewees noted a number of challenges to the viability of the Development Counselor in Bulgaria and the general concept of the Development Counselor model in sustaining partner countries. In particular, some interviewees questioned whether Bulgaria was of sufficient importance to the strategic interest to the U.S. government to justify continued funding. These stakeholders stressed that funding resources could be better deployed elsewhere in the region. Similarly, skeptics of the pilot noted concern for the opportunity costs of staffing a development counselor position with a senior foreign service officer when it is often difficult to fill other senior positions across the region.

# I. INTRODUCTION AND METHODOLOGY

In September 2008, the USAID mission in Bulgaria closed after 18 years and over \$600 million in economic and technical assistance to the people of Bulgaria. It was one of three USAID missions in Europe to close in 2008, along with Croatia and Romania, continuing the trend of graduating European countries from U.S. foreign assistance.

Earlier that year, on June 16, 2008, USAID Administrator Henrietta Fore approved the establishment of the Development Counselor for Bulgaria, a pilot project to test a new USAID model for working with “sustaining partner countries” that no longer receive traditional development assistance. The model envisions a Senior Foreign Service Officer (FSO) as Development Counselor supervising a small staff of Foreign Service Nationals (FSN) and addressing development issues of compelling mutual interest between the U.S. and the host country.

The Europe and Eurasia Bureau (E&E) proposed Bulgaria for the location of a three-year pilot of the development counselor concept. Denny Robertson, a former USAID mission director, was selected as the Bulgaria Development Counselor (BDC) and started in that position in December 2008.

In January 2010, E&E senior leadership requested this evaluation of the BDC pilot. The purpose of the evaluation is two-fold:

1. Determine the outcomes of the BDC pilot based on the expectations set at the inception of the pilot.
2. Inform decision-making across USAID regarding the efficacy of the development counselor position for countries transitioning to sustaining partnerships.

To those ends, the evaluation primarily takes an objectives-focused approach. We review the planning documentation that sets forth the expected duties, responsibilities, and objectives of the BDC pilot. We also summarize the expectations of key stakeholders involved in planning and implementation. We then review the actions and accomplishments of the BDC pilot against the planned objectives and stakeholder expectations. In addition, we present key challenges that emerge from discussions with stakeholders regarding future possibilities for this pilot or other similar initiatives that may be implemented in other countries.

The scope of the evaluation is quite limited as appropriate for the small scale of this pilot – one development counselor in one location for just over one year (14 months). Information sources include interviews with 38 stakeholders and other informants<sup>1</sup> and documentary sources regarding the development, implementation, and outcomes of the pilot. Interviews were conducted in Washington, D.C., and Bulgaria from late February to early March 2010. Most interviewees may be categorized into two overlapping groups: 1) those involved in the planning of the development counselor pilot or familiar with the planning process and 2) those that have interacted with the BDC team during implementation or are otherwise familiar with the BDC implementation. A full list of interviewees is provided in Annex II. Throughout the report, responses of many key stakeholders are summarized to note consensus, majorities, or divergent opinions. In many cases, though, the opinions of individual stakeholders are reported by name because the stakeholder’s position is relevant to his or her opinion on the matter.

The rest of the report is organized as follows. Section two describes the origins, the staffing, and the funding of the pilot. Section three reviews the expected duties and responsibilities of the BDC. Section four reviews the actions and accomplishments of the BDC. Section five presents some key issues and lessons learned for similar initiatives. Section six addresses potential scenarios for the future of the BDC pilot.

---

<sup>1</sup> Stakeholders and other informants interviewed include the incumbent BDC, USAID representatives, key personnel in the US Embassy in Bulgaria, Government of Bulgaria counterparts, leaders of USAID legacy institutions, Department of State representatives, public-private partnership leaders in Bulgaria, and others.

## II. BACKGROUND

### ORIGINS

The creation of the BDC pilot was rooted in reforms to U.S. foreign assistance initiated under former Secretary of State Rice's vision for "transformational diplomacy." In 2006, State/F developed the *Framework for U.S. Foreign Assistance* as part of these reforms. The one-page summary framework aligned five strategic objectives – Peace and Security, Governing Justly and Democratically, Investing in People, Economic Growth, and Humanitarian Assistance – to five country types. The ultimate goal, as described in the framework, is to help move countries toward self-sufficiency and strengthen strategic partnerships. The highest level of the five country types in the framework – to which all countries are expected to advance – is "Sustaining Partnership Country," described as "states with upper-middle income or greater for which U.S. support is provided to sustain partnerships, progress, and peace."

In August 2007, at a retreat for senior USAID leadership, USAID Administrator Fore articulated her vision of sustaining partnership countries, noting, "Instead of seeking to graduate countries *from* foreign assistance, our goal should be to graduate countries to *sustaining partner status*, with the idea that the USG would continue to play a role in concert with host nations and other partners." In November 2007, Assistant Administrator of the Europe and Eurasia Bureau (AA/E&E) Doug Menarchik was designated as the champion for developing the concept of sustaining partner country. On June 16, 2008, Administrator Fore approved the *Concept Paper on Foreign Assistance to Sustaining Partnership Countries* and the establishment of a development counselor pilot in Bulgaria, both of which were developed under Menarchik's leadership.

The concept paper on Sustaining Partnership Countries (SPCs) argued that determining the scope of potential USAID involvement in such countries requires a more considered assessment of countries that attain the upper-middle income threshold of sustaining partner country status. It proposed a methodology for defining strategic priorities with sustaining partners, synthesized programmatic tools for advancing the relationship, and reviewed alternative field management structures or "footprint arrangements" in SPC countries.

The position of development counselor, "a Senior Foreign Service Officer supervising a small staff of FSNs" was suggested as one type of management structure or "footprint" in SPC countries. According to the concept paper, a development counselor was deemed most appropriate for countries where there was a "strong value to the country relationship of maintaining a direct USAID presence" but where a full mission was not appropriate. In an action memo for the administrator accompanying the concept paper, E&E proposed the development counselor pilot in Bulgaria, supported by an *Illustrative Business Case: Development Counselor for Bulgaria*, which provided both justification for the position in Bulgaria and illustrative outcomes.

Three countries -- Bulgaria, Romania, and Croatia -- graduated from USAID assistance in 2008, making them all potentially appropriate sites for piloting a new development counselor position. All three were either members or on their way to membership in the EU and NATO and were generally ranked above their neighbors in the southern tier of Eastern Europe on key measures of economic and political reform, although they were not nearly as highly ranked as other countries that had recently joined the EU.

Planning for the development counselor pilot started prior to the closing of the USAID missions in these countries, according to those involved in the design of the DC position. Inquiries were made into piloting the position in each of the graduating countries. Reasons stated for E&E's choice of Bulgaria (as described in the action memo) included the USG's interests in promoting Bulgaria's further integration into Europe and because Bulgaria was the only country among the three recent graduates where USAID, State, and the host government supported the development counselor pilot. Both the former USAID Mission Director in Bulgaria, Mike Fritz, and incoming Ambassador to Bulgaria, Nancy McEldowney, noted they strongly supported the position. AA/E&E Doug Menarchik visited Bulgaria prior to the closing of the mission and both Menarchik and Fritz stated that they received verbal support from representatives of the Bulgarian government to provide funding for programming initiated in partnership with the development counselor.

## STAFFING

Although the SPC Concept paper envisioned the Development Counselor as a Senior Foreign Service Officer, the business case for the BDC suggested a variety of possible staffing mechanisms, from direct hire to Foreign Service Limited to Personal Service Contractor (PSC). The action memo establishing the BDC suggested that the pilot last three years, although it did not indicate if it were preferable for a single individual to hold the office of development counselor throughout all three years. Indeed, an optimal length of time in post was suggested in neither the SPC concept paper nor the action memo establishing the BDC.

Those involved in the planning of the BDC pilot noted there was disagreement as to how to initially staff the position and for how long. In the end, the Europe and Eurasia Bureau of USAID decided to issue a solicitation for a PSC through the Budapest Regional Services Center (RSC). Interviewees noted that the choice of PSC was primarily out of concern for staffing the position in a timely manner, since the approval of the position occurred only in June 2008, after most programming had ended in Bulgaria and shortly before the closing of the mission in September 2008. Denny Robertson, a former USAID mission director, was chosen for the position, and he arrived on site in December 2008. Under his contract, he reports to both the Ambassador (through the deputy chief of mission (DCM)) at post and to the Deputy Assistant Administrator in the E&E Bureau of USAID. He is also responsible for maintaining communication with USAID and the office of the Coordinator of U.S. Assistance to Europe and Eurasia in the Bureau of Europe and Eurasian Affairs, Department of State.

Mr. Robertson's initial contract for the position lasted only a single year – December 2008 to November 2009. Interviewees noted that the contract was limited for only a year in order to fill it with a senior FSO at the next opportunity. The position was advertised in the Senior Management Group (SMG) listing in 2009, but no candidate was assigned. In November 2009, the contract with the incumbent BDC was extended through June 2010 in order to allow time for an assessment of the position and to determine whether or in what form to continue the position. However, Mr. Robertson has noted that he will leave the position in April 2010.

Two Foreign Service Nationals (FSNs) were recruited and hired by the incumbent BDC in the first two months of the pilot. Nora Marinova, USAID development assistance assistant, provides administrative, finance, and HR support. Katia Alexieva, USAID development assistance specialist, provides wide ranging programmatic support to the DC and is a certified USAID COTR. Both are former long-serving USAID/Bulgaria FSNs.

## FUNDING

The BDC pilot was provided with Operating Expense (OE) funds to cover the development counselor and two FSN staff. In FY 2009, \$300,000 in OE was budgeted and the BDC reports OE spending of approximately \$305,000<sup>2</sup> during the first year of the pilot, from December 2008 to December 2009.

Program funds for the BDC pilot were initially secured for FY 2009 from a variety of sources. The Office of Development Partners agreed to provide \$500,000 to support public-private alliance-building activities, and the E&E Bureau made available \$500,000 in Account 5 (Bosnia reflow) funds. In addition, verbal agreement was obtained from the Bulgarian Government for funding support prior to the launch of the pilot, followed by an MOU signed in April 2009 by the Bulgarian Minister of Finance pledging \$500,000 in support of public-private alliances. However, in December 2009, the Ministry of Finance sent their regrets that they could not provide the promised funding, citing the consequences of the global financial crisis and budget restrictions.

In the current FY 2010 budget, \$800,000 in AEECA (SEED) funding is to be made available for Bulgaria, ostensibly for programming by the BDC. The current FY 2011 budget does not include any program funds

---

<sup>2</sup> This latter figure exceeds the \$300,000 budgeted because it includes funding spent in FY 2010 (FY 2009 ended Sept. 30, 2009).

available for the BDC. The E&E Bureau made a request of \$800,000 for the FY 2011 budget, but these funds were not included in the Annual Budget Submission to OMB.

## **COUNTRY CONTEXT**

Bulgaria is a small country of approximately 7.6 million persons with an upper middle income economy (GNI per capita in 2008 of \$5,490). USAID assistance to Bulgaria started in 1990 with a focus on humanitarian assistance and political party strengthening, which broadened to rule of law reform, private business development, local governance, and enhancing human capacity and institutions. Throughout that period, Bulgaria saw substantial increases in economic performance and improvements in democratic governance. In 2004 Bulgaria joined NATO. In 2006, the U.S. Government and the Government of Bulgaria signed a Defense Cooperation Agreement for the shared use of several military facilities on Bulgarian territory.

In 2007, Bulgaria entered the European Union which led to the eventual closure of the USAID mission. However, the USAID close-out assessment notes that despite Bulgaria's successes in the transition to a member of the European Union, "reforms are far from completed," a sentiment shared by many of the individuals interviewed for this report. Interviewees also noted that while bilateral donors left the country following Bulgaria's membership to the EU, funds from the EU have been slow to materialize. Then in 2008, the European Commission penalized Bulgaria for inadequate progress on combating corruption and suspended a majority of EU aid funds.

The period covered in this report, December 2008 to February 2010, has been a period of relative political tumult in Bulgaria due to the global financial crisis and parliamentary elections in July of 2009. The center-right party, Citizens for European Development of Bulgaria campaigned on an anti-corruption platform and defeated the ruling Bulgarian Socialist Party, leading to the formation of a new government and the selection of a new prime minister.

### III. PROPOSED DUTIES AND RESPONSIBILITIES

#### PROPOSED DUTIES AND RESPONSIBILITIES OF THE BDC ACCORDING TO PLANNING DOCUMENTS

The Sustaining Partnership Countries concept paper describes the functions and responsibilities of the Development Counselor thusly:

“The specific duties of the Development Counselor would depend on the nature of the residual USAID program and the country relationship. Most likely, the Development Counselor would advise the U.S. Ambassador on development issues and serve advisory and liaison roles to government, donors, regional institutions, private and not-for-profit counterparts relevant to USAID interests. While USAID activities may be managed locally, by regional missions or Washington, the Development Counselor would be the first point of contact in the country for all USAID business there.”

Since sustaining partner countries are at a higher level of national income and performance, the SPC concept paper suggests a variety of foreign assistance programming tools appropriate in SPCs. These include:

- Endowments
- Development Credit Authorities
- Higher Education Partnerships
- Public Private Partnerships (PPPs)
- Host Government Contributions
- Emerging Donor Support and Coordination
- Harmonizing Programs with Other Donors and Multilateral Institutions.

The common thread among these programming tools is a focus on sustainability, deep engagement of partners on issues of mutual interest and residual development needs, and leveraging funds to increase impact. Traditional USAID programming is notably de-emphasized.

For the Bulgaria pilot of the new Development Counselor model, the specific duties and objectives were first suggested in the business case for the BDC, the document which accompanied the request for approval of the pilot. The business case proposed the following key areas as opportunities for engagement by the DC:

- 1) Fostering Regional Stability, particularly through facilitating partnerships between Bulgarian legacy institutions, NGOs, and other organizations in the region.
- 2) Promoting Economic Opportunities related to American-Bulgarian Military Facilities
- 3) Building Public Private Alliances, particularly regarding alternative energy sources
- 4) Supporting Bulgaria as an Emerging Donor
- 5) Addressing Unfinished Legal and Judicial and other reforms.

Illustrative outcomes were listed for each of these areas of opportunity depending on whether program funds were available to the DC or not, with the availability of programs funds expected to lead to additional outcomes regarding legal and judicial reforms. Thus, at the time of the approval of the BDC pilot, those involved in the development of the SPC concept and the planning of the BDC pilot had developed a set of general functions for development counselors engaging in SPCs and suggested illustrative objectives for the BDC to address.

By the time the scope of work (SOW) for the BDC was developed later in 2008, the description of potential functions and objectives of the DC had evolved. Changes in the proposed duties and responsibilities were mostly minor, although there were some shifts in emphasis among the duties. The solicitation for the Bulgaria DC position introduces the position as follows:

“The Development Counselor will be a leading advisor on developing public-private alliances and will provide expert knowledge, expertise and advice as well as leadership and guidance for the following:

- 1) to serve as the Development Advisor to the U.S. Ambassador and other senior managers at U.S. Embassy/Sofia and provide policy advice and analysis, as appropriate, on topics related to regional organizations, their institutional integration and development, and methodologies for better coordinating and integrating U.S. and other donor assistance;
- 2) to coordinate with the GOB on alliance-building efforts and provide support in preparing enabling legislation which will lead to enhancing GOB capacity as an emerging donor;
- 3) to manage public outreach activities;
- 4) to serve as the primary U.S. Government (USG) liaison to legacy organizations in Bulgaria; and
- 5) to design and manage the implementation of short-term projects that would address immediate reform issues.”<sup>3</sup>

The SOW for the BDC then goes on to enumerate an array of specific duties and responsibilities that expand upon the broad areas of responsibility described above. The full list of responsibilities is provided in Annex I. We group these into nine distinct areas of responsibility, excluding administrative and reporting responsibilities:

- |   |   |
|---|---|
| 1) Develop Public Private Partnerships    | 6) Foster Regional Stability and Cooperation                                      |
| 2) Coordinate with Government of Bulgaria | 7) Encourage Rule of Law reforms  |
| 3) Liaise with Legacy Institutions        | 8) Promote Economic Opportunities at U.S.-<br>Bulgarian joint training facilities |
| 4) Advise the Ambassador                  | 9) Manage Public Outreach   |
| 5) Assist Bulgaria as an Emerging Donor   |   |

The actions and achievements of the BDC in each of these areas of responsibility is discussed in more detail in the next section.

## DISCUSSION

### **The duties and responsibilities of the BDC differed markedly from those of other USAID**

**Development Counselors.** The title of Development Counselor is not unique to Bulgaria Development Counselor and has existed in other contexts for over a decade. The Bilateral and Multilateral Division in the Office of Development Partners currently oversees Development Counselors in the US Embassies in China and Japan; in the U.S. Missions to the United Nations in Switzerland; to the EU in Brussels; to the OECD Development Assistance Committee in France; in the US Executive Director’s Office in the World Bank; and in Middle East Bureau in the Department of State for Gulf State Emerging Donors.

As with the Bulgaria Development Counselor, these development counselors are “the development advisors to their respective heads of mission and they represent USAID interests.” However, they differ markedly from the Bulgaria Development Counselor in their roles and context. First, these Development Counselors represent USAID interests to strategically important development partners; they seek to enhance coordination and leverage resources, ideas, and influence of these important leaders to improve development assistance globally. While the Bulgaria Development Counselor has the responsibility of working with the Bulgarian Government as an emerging donor, Bulgaria is not a strategically important donor, and the donor coordination role of the Bulgaria Development Counselor is a minor compared to these other Development Counselors. Second, the Bulgaria Development Counselor’s role includes addressing residual development needs in Bulgaria through GDA partnerships and other programming. The other Development Counselors do not have program funds for addressing residual development needs in their host country. Finally, all of these Development Counselors report to the Office of Development Partners in Washington with the exception of the Bulgaria Development Counselor who reports to the Europe and Eurasia Bureau. Thus, despite some similarities, the Bulgaria Development Counselor is not truly comparable to these other USAID Development Counselors and represents a novel departure from the current Development Counselor model.

---

<sup>3</sup> The “Introduction and Basic Function of the Position” section of the Scope of Work from which this paragraph is drawn was omitted in the final contract for the development counselor. In all other respects, though, the description of the develop counselor position and the specific duties and responsibilities of the development counselor are the same in both the solicitation scope of work and final PSC contract.

**Overall, the proposed set of duties and responsibilities as described in the BDC's SOW were consistent with the role of the BDC as envisioned in the SPC concept paper.** Based on the review of the duties and responsibilities of the BDC as described in the BDC's scope of work, we find them to be consistent with the role of the BDC as described in SPC concept paper and the BDC business case.

**The proposed set of duties and responsibilities as described in the BDC's SOW were consistent with the Bulgaria context.** A close-out assessment report completed in 2007 of USAID's 17 years in Bulgaria provides a lengthy analysis of the accomplishments of USAID in Bulgaria and the remaining development issues. The report notes that Bulgaria's reforms are "far from complete" and stresses the importance of implementing remaining reforms to counter potential backsliding, as has occurred in other recent EU entrants, such as Poland and Hungary. According to the report, "Many of the major issues that Bulgaria will continue to face in the near future concern *rule of law*" [emphasis in original], including judicial reform, organized crime and corruption, anti-trafficking, local government, civil society, media, political process, and parliamentary strengthening. "Strengthening Rule of Law" was also listed as one of the goals in the FY 2009 Mission Strategic Plan (MSP) submitted in spring 2007. This emphasis on rule of law issues is reflected in both the BDC business case and the SOW of the BDC, where a variety of rule of law reform issues are proposed for short-term projects by the BDC. Other priority issues to address suggested by the close-out assessment include private sector competitiveness, energy, environment, and social sector issues. Of these issues, energy is suggested in both the BDC business case and the SOW as the focus of potential public-private partnerships.

The close-out assessment also notes two important legacy institutions that were established by USAID that would continue to provide grants for remaining development needs after the USAID mission closed: (1) the ABF and (2) the Bulgaria Fund. Both legacy institutions are mentioned in the SOW as key legacy institutions to which the BDC is to serve as the primary liaison.

**The proposed set of duties and responsibilities of the BDC were neither focused nor prioritized.** The list of duties and responsibilities of the BDC as described in the SOW was broad enough collectively that there was a high likelihood that not all of the responsibilities could be addressed in full, particularly in the first year. Moreover, some individual responsibilities of the BDC were vaguely worded. As such, the scope implicitly gave wide latitude for the BDC to choose a variety of courses of action. Nor were the counselor's duties and responsibilities as represented in the scope of work prioritized. While there appeared to be some change of emphasis on certain roles of the BDC as the position description evolved from the concept paper to the SOW, there is little to suggest in the SOW what are the most important responsibilities of the BDC. Finally, there were no references to any sequencing of responsibilities that might suggest some issues should be addressed sooner while others were expected to be addressed later during the pilot. Other documents that might have suggested either priorities or sequencing of duties were not found. The incumbent BDC did note, though, that he received an informal set of written instructions from AA/E&E Menarchik at the beginning of his tenure as BDC that prioritized public-private partnerships. Statements from Menarchik confirm his support for the primacy of public-private partnerships among the responsibilities of the BDC.

According to one interviewee involved in the planning of the position, the broad focus and lack of formal priorities was intentional and in line with the experimental nature of the pilot. Given that the DC position was designed for a senior FSO, a broad scope would allow the DC to use his expertise to chart his own course and to determine during implementation which activities were most promising to pursue. However, other interviewees argued that the scope was too broad and should have been narrower or more prioritized.

**The BDC pilot lacked benchmarks or other criteria for determining success.** The business case for the Bulgaria Development Counselor included some illustrative outcomes and benchmarks. For instance, at least one public-private partnership between U.S. and Bulgarian entities regarding alternative energy was expected to be completed by the end of the second year of the pilot. We could find no further planning documentation, though, which set expected program outcomes or benchmarks following the completion of the BDC position SOW. The SOW itself did not specify expected outcomes to be achieved at particular time frames within the three year pilot or by its completion. Similarly there were no criteria developed during the planning stage for evaluating the progress of the pilot or indicators that could be used to track progress over

time. Six months after the start of the pilot, the incumbent BDC proposed a set of benchmarks to guide the BDC and his team over the following six months, but the benchmarks were never formally accepted by E&E Bureau in Washington.

Stakeholders interviewed who were involved in the planning confirmed that no benchmarks for the position were set at prior to implementation. Several noted that given the novelty of the pilot, setting benchmarks would be overly limiting and premature, while others thought that the benchmarks and indicators of success should have been developed, particularly for the purpose of evaluating the pilot.

## STAKEHOLDER EXPECTATIONS OF BDC DUTIES AND RESPONSIBILITIES

**Expectations of the key stakeholders differed regarding duties, responsibilities, and priorities of the BDC, but substantially overlapped.** USAID and State Department leaders and staff involved in the planning and/or early implementation of the BDC pilot were asked about their expectations regarding duties of the BDC and probable outcomes of the pilot.<sup>4</sup> Nearly all expected the *creation and support of PPPs* to be a priority, if not the highest priority. Former AA/EE, Doug Menarchik, described partnerships as the “heart and soul” of the DC position. The expectation of many interviewees for these partnerships was that a small amount of funds could be leveraged for greater development impact. Several interviewees stressed the difficulty of developing partnerships, with only a minority of interviewees expecting the formation of partnerships during the first year.

Another priority mentioned by many of those interviewed was *support for Bulgaria as an emerging donor*, although this was often considered a lesser priority or expected to be a less time-consuming priority for the DC. Expectations as to what could be accomplished on this front in the first year were modest, focusing on building relationships. A somewhat smaller majority noted their expectation that the DC would *liaise with legacy institutions*, such as the ABF and the American University in Bulgaria, to support their on-going efforts and USG development goals for the country or region. Many interviewees noted the need to *address rule of law issues*, particularly corruption, as a focus of work with legacy institutions, as a potential topic for public-private alliances, or as simply a cross-cutting issue. Finally, a few interviewees mentioned *advising the ambassador on development issues* as a key priority. All of these expectations were consistent with the BDC SOW. Despite its mention in the SoW, none of the interviewees mentioned the role of BDC in addressing economic opportunities in locations of joint U.S.-Bulgarian military facilities.

There were notable differences regarding expectations concerning the role of the DC in *addressing regional reform issues* or fostering regional stability through legacy institutions and other mechanisms. While some interviewees based in Washington expected the DC to work with legacy institutions across the region, most Embassy personnel in Bulgaria expected a focus solely on Bulgaria. A few interviewees expected the DC to start with a focus on Bulgaria but move to a more regional approach after the first year or after achieving some initial successes in Bulgaria.

As represented in the DC’s mid-year status report, the incumbent DC’s expectations of priorities were consistent with those of many of the stakeholders. In this report, priorities of the pilot project are listed as:

- “creating public-private partnerships to address remaining development challenges;
- supporting the Bulgarian government’s efforts as an emerging donor country;
- deepening relationships with legacy institutions; and
- addressing corruption and strengthening the rule of law.”

---

<sup>4</sup> Please note, though, that interviewees were asked about their expectations in February/March 2010, not in 2008. Some of those involved in planning and early implementation have followed the pilot program throughout its implementation while others had not.

**Most key stakeholders regarded at least some program funding program for the BDC pilot as essential.** The Business Case for the BDC listed potential duties and objectives for the BDC both with and without funding. Most of those interviewed, though, including Ambassador McEldowney and the incumbent BDC, expressed that they considered some level of USAID program funding to be critical for the position. Moreover, many expected the BDC to secure funding from the Bulgaria government based on promising statements from the Bulgarian government made prior to the closing of the USAID mission. There were some differing expectations regarding the use of program funds, though, with some expecting funds to be used solely for public-private partnerships, while others expected at least some funds to be used for more traditional assistance on rule-of-law issues.

## IV. ACTIONS AND ACCOMPLISHMENTS

In lieu of other criteria for measuring the success of the pilot, we review the actions and achievements of the BDC relative to nine areas of responsibility derived from the BDC's scope of work. These are presented below. According to the incumbent BDC, the vast majority of his efforts were focused on public-private partnerships, followed by time spent dedicated to legacy institutions. Advising the ambassador (including serving as acting DCM) was the next largest responsibility. Working with Bulgaria as an emerging donor accounted for only about 5 percent of his time.

### ACTIONS AND ACHIEVEMENTS AS RELATED TO THE BDC SCOPE OF WORK

**1. Develop Public-Private Partnerships.** According to the BDC's scope of work, the BDC is expected to “[f]acilitate the development of GDAs and partnerships to leverage funds with international and bilateral donors and more specifically with the private sector for innovative projects, such as alternative energy.” Work on developing PPPs began prior to the arrival of the BDC. Arrangements were made for the Regional Alliance Builder for E&E to visit Bulgaria and conduct an opportunity mapping for PPPs in conjunction with the newly arrived BDC. During the visit in mid-December, the regional advisor and the BDC identified five areas for potential focus of PPPs: 1) education and work force development to address the “brain drain,” 2) alternative energy, 3) tourism, 4) business climate and SME development, and 5) information technology (IT). Following the mapping exercise, the BDC chose IT and innovation as the sole sector of focus of partnerships noting, “IT represented the shared priorities of the Bulgarian government, U.S. government, and European Commission” and that “there is a substantial presence of private investment in that sector already.”

A focus on the IT sector had support within the Embassy according to our interviewees, including strong support from the Ambassador, who noted that there were strong potential partners in the IT sector and that IT development would help address transparency issues in government. Although IT was not mentioned in BDC planning documents as a potential issue to address, it was mentioned briefly in the Bulgaria close-out assessment as a key competitive sector of the Bulgarian economy that would be an appropriate focus of programming by the ABF. Alternative energy, which was suggested in both the Business Case for the BDC and the BDC SOW as an area of for potential partnerships, was not chosen. The incumbent BDC noted that he and others had concluded that it would be prudent to focus on a single sector and that IT was a more attractive choice. Both the incumbent BDC and Ambassador McEldowney noted that energy partnerships would require a longer-term effort and commitment due to the complexity of the sector and that uncertainty regarding the continuation of the BDC position made energy a less attractive focus for partnerships. However, the BDC noted that he had co-funded a conference on alternative energy with the American Chamber of Commerce and the Foreign Commercial Service and stated that the topic of alternative energy would be appropriate for future partnerships if the pilot were to continue.

In June 2009, an Annual Program Statement (APS) was released to solicit proposals for PPPs on IT and innovation. Specific focus areas for the partnerships included: 1) building human capital, 2) creating and backing new ideas, and 3) strengthening the policy environment. Applicants were expected to propose programs with a minimum non-USAID resource leverage of at least 2:1. The APS was launched at a public event at the U.S. Embassy, and the BDC and his team followed up with a “road-show” of meetings and presentations to explain and generate interest in the partnership approach.

By October 1, 2009, eighteen concept papers for PPPs had been received, a plurality of which focused on building human capital in the IT sector. A technical panel including staff from the Embassy and the RSC in Budapest reviewed the proposals and asked five to submit full proposals. By January 2010, three of the proposals were accepted. The partnership programs include:

1. The development and implementation of a set of specialized courses and a master program on “Software Engineering and IT management” with Bulgarian universities.
2. The “Empower Award,” a competitive award for innovative business plans by young entrepreneurs.

3. Implementation of advanced computer science and information technologies curriculum for high-school students in Pazardjik, Bulgaria.

In late February 2010, the first two of these three partnerships had completed pre-award surveys and were on the cusp of receiving funding. The first two have also already initiated activities in anticipation of funding, while the third is expected to start implement in June 2010. In total, the DC expects to obligate nearly \$700,000 of USAID funds for these three partnerships, while the partners expect to contribute over \$2 million. Overall leverage is approximately 3.3:1.

None of the partnerships is currently expecting funding from the GOB, although the partnership to develop a masters program on software engineering and IT management did seek government funding. The BDC and project's lead partner received written support from the Minister of Education, Youth, and Science for the project, but the Ministry of Finance declined to provide funding, citing the consequences of the global financial crisis and the imposed budget restrictions.

The BDC also shared the concept papers with the ABF, and they have expressed interest in providing funding for the partnership to develop a masters program on software engineering and IT management and for another project that made it to the proposal stage but was not selected to receive USAID funding.

**2. Coordinate with the Government of Bulgaria.** The BDC is expected to “[c]oordinate with the GOB to sign and implement the Memorandum of Understanding that will govern the development partnership between the two governments” and “[l]iaise and take lead on coordination with senior Bulgarian governmental officials, with all USG agencies in the country, donors, with all USAID Missions in the Balkan region and in countries that are priority for the GOB in terms of providing donor assistance, private sector, and civil society organizations in jointly addressing reform issues and exploring opportunities for joint projects.”<sup>5</sup>

The BDC negotiated with the Government of Bulgaria on a framework agreement with the Ministry of Finance. The framework, signed in April 2009, expressed the willingness of both parties to cooperate to address development challenges in Bulgaria. As part of this framework, the GOB agreed to match the contribution of the USG to support activities promoting innovation in the IT sector up to \$500,000.

As previously noted, in a December 2009 letter, Ministry of Finance declined to provide the \$500,000 co-funding previously agreed to. The BDC believes the change in government in July 2009 contributed to the lack of follow-through by the Ministry of Finance.

**3. Liaise with Legacy Institutions.** The BDC is expected to “[s]erve as the primary USG liaison to legacy organizations in Bulgaria: American University of Bulgaria (AUBG), the America for Bulgaria Foundation (\$400 million dollar endowment); Five DCAs; the \$3 million Bulgaria Fund – active through 2010; and Legacy institutions, maintaining a USG connection between former partners.”

The BDC established contact with various legacy institutions and reports working closely with at least three of the organizations – the ABF, the Bulgaria Fund, and the AUBG.

With the Bulgaria Fund, the BDC negotiated approximately \$300,000 in residual funds to activities that supported IT and innovation, furthering the potential impact of U.S. development assistance in this area. Similarly, the BDC, as previously noted, shared partnership proposals on IT and innovation with the ABF, leading to additional funding support by the Foundation to these partnerships.

In addition, the BDC developed a strategy and led meetings with the ABF and Embassy representatives to discuss operations of the Foundation and funding priorities. Both Embassy officials and representatives of the ABF expressed considerable praise for the impact of the BDC's efforts in improving the relationship

---

<sup>5</sup> In this section, we focus only on coordination with the Bulgarian government. Coordination with USG agencies is addressed under “advise the ambassador,” while regional coordination is addressed under “foster regional stability and coordination.”

between the Foundation and the Embassy. The executive director of the ABF noted that communication with the Embassy, prior to the intervention of the BDC, was both poor and confusing. By creating a single point of contact through the BDC, his efforts helped “streamline” communication and reduce miscommunication. Similarly, Ambassador Warlick and others at the Embassy stressed the value of having a senior development expert as a point of contact and source of information and assistance for the ABF, particularly given the potential impact of the Foundation due to its large budget. The BDC was credited by many at the Embassy for extending the Embassy’s influence at the Foundation with the potential for shifting the Foundation’s priorities in line with USG development goals in Bulgaria.

**4. Advise the Ambassador.** The BDC is expected to “[s]erve as the development advisor to the American Ambassador and recommend projects and approaches for deepening the partnership between the two governments in addressing priority reform issues in Bulgaria and the region.”

During the first 14 months of the pilot, Mr. Robertson served under two ambassadors. From the beginning of the pilot in December 2008, BDC Robertson served under Ambassador McEldowney until her departure in August 2009 to accept the position of Principal Deputy Assistant Secretary of State in the Bureau of European and Eurasian Affairs. Ambassador John Ordway served as interim Chargé d’Affaires following the departure of Ambassador McEldowney. In late 2009, following the departure of Ambassador Ordway, Mr. Robertson briefly served as Acting Deputy Chief of Mission (DCM). Finally, newly appointed Ambassador to Bulgaria James Warlick arrived in January 2010.

As expected, the BDC participated regularly as a member of the country team. In addition, the BDC routinely participated in daily senior staff press briefings and relevant Embassy working groups. While the DC reported interest in chairing an Embassy-wide assistance coordination group, Embassy leadership has thus far not supported creating such a coordination group.

Both Ambassador McEldowney and Ambassador Warlick noted that they valued the BDC as a source of information and assistance on development issues, particularly given the many continuing development challenges faced by Bulgaria. Ambassador McEldowney, in particular, called DC Robertson “tremendously valuable” and noted that she spoke with the incumbent BDC on a daily basis regarding both the particular work of the DC and more general issues. Both Ambassador McEldowney and Ambassador Warlick cited DC Robertson’s advice on working with the ABF as particularly useful. Others interviewed at the U.S. Embassy in Bulgaria also mentioned the value of the BDC in working with the ABF. In describing the value of the BDC to the Bulgaria Mission, the ambassadors and staff noted not only the wealth of experience the BDC brings as a senior-level officer, but in particular, the *development* expertise that a USAID senior level officer brings – expertise that is lacking among Embassy staff. In addition, one embassy official noted the high value of the institutional memory of USAID and its programs in Bulgaria that the BDC’s FSN staff brings to the Embassy. Finally, Ambassador Warlick and others also noted their gratitude for the BDC’s service as acting DCM prior to the new ambassador’s arrival.

**5. Assist Bulgaria as an Emerging Donor.** The BDC is expected to “[p]rovide support to the GOB in preparing enabling legislation and building capacity as an emerging donor” and to “[f]acilitate linkages between the American University in Bulgaria (AUBG) and the new ODA priority countries for Bulgaria.”

As a new member of the EU, Bulgaria is expected to shift from being a recipient of development assistance to a role of international donor, with a target of reaching 0.17% ODA/GNI by 2010. The Bulgaria Department of Development Policy, created in 2004, resides in the Ministry of Foreign Affairs and is responsible for setting policy and strategy on development assistance for Bulgaria. The department worked with USAID prior to the closing of the mission, and USAID supported a grant to a Bulgarian NGO to help draft legislation and regulations regarding donor assistance. The head of the Department noted that the department is currently in “transition mode,” which includes an organizational change elevating the department to a directorate status.

The BDC notes that collaboration with the Department has been limited due to unenthusiastic leadership within the Ministry of Foreign Affairs under the previous government. Following the elections, a lack of stability in leadership at the ministry has made engaging difficult on emerging donor issues. The Ministry did

participate in a training workshop in spring 2009 funded through the RSC in Budapest, but Michelle Barrett, the RSC program officer who conducted the workshop, states that the Bulgarian representatives have not followed-up with her after the training and despite her offers of further assistance.

Despite the BDC's limited engagement on the emerging donor issue, representatives from the Department of Development Policy spoke highly of the assistance the BDC has provided, particularly regarding his recent advice on ensuring effective and accountable humanitarian assistance following Bulgaria's decision to provide aid to Haiti after the recent earthquake. Still, the Department of Development Policy representatives noted that the Department was not quite ready to receive the BDC's full assistance. They stated that their main focus and challenges concern internal bureaucratic issues, particularly obtaining funding from the Ministry of Finance. The representatives suggested that the BDC would likely be more helpful when they are able to focus more on strategy development and programming.

**6. Foster Regional Stability and Cooperation.** The BDC is expected to “[f]oster Regional Stability and promote regional cooperation by facilitating a regional role for indigenous entities and legacy organizations in assisting neighboring countries comply with EU accession requirements, and strengthening and broadening professional networks in the Balkans and the Black Sea region.”

The BDC stated that he has not addressed regional issues as of yet, deciding instead to focus on issues internal to Bulgaria. He stated that this decision was in-line with U.S. Embassy officials' expectations, which was confirmed by others in the embassy. However, he did state his expectations to address regional issues at a later date within the first 24 months of the pilot.

**7. Encourage Rule of Law Reform.** The BDC is expected to “[c]atalyze unfinished legal, judicial and other reforms by partnering with other donors, the America for Bulgaria Foundation (ABF), AUBG, and the Bulgaria Fund” and to “[d]esign and manage the implementation of short-term projects that would address immediate governance and Rule of Law reform issues.”

Corruption and rule of law issues were reported in the USAID Bulgaria close-out report and the MSP as a high priority issue. They were also listed as a high priority issue for some, but not all, stakeholders interviewed.

The BDC stated in his mid-year review (prior to the election of the new government in July 2009) that addressing anti-corruption and rule of law has not been the focus of the BDC, as the Embassy's assessment of the Bulgarian government “indicated no serious opportunity for progress.” Others interviewed at the Embassy similarly noted that there was not much support at the Embassy for rule of law initiatives with the previous government.

The lack of interest from the government was a key obstacle, as the BDC stated he operated on the basis that his programming should be based on partnerships, in-line with the concept of a sustaining partner country. For rule of law programming, he argued that such a partnership should be with the government, but given that the government was disinterested, his approach was to focus on private sector issues, such as IT. While the new government has appeared more interested in these issues, he notes that the government generally has not been engaged with him due to the financial crisis.

**8. Promote Economic Opportunities at U.S.-Bulgarian Joint Training Facilities.** The BDC is expected to “[c]ollaborate with the Office of Defense Cooperation and promote the partnership between the America for Bulgaria Foundation (ABF) and the NGOs, municipalities, and businesses in locations surrounding the U.S.-Bulgarian joint training facilities, to promote economic opportunities in those areas, thereby enhancing a positive Bulgarian view towards USAID and the United States.”

The Office of Defense Cooperation (ODC) currently funds approximately \$200,000 for 14 small humanitarian projects near military bases in cooperation with the Bulgarian Military. The BDC noted that he has discussed the ODC's humanitarian projects but did not receive positive feedback regarding potential cooperation. The ODC representative in Bulgaria stated that he did not envision collaboration with USAID regarding their humanitarian assistance programs unless USAID wished to bring additional funds.

**9. Manage Public Outreach.** The BDC is expected to “[m]anage public outreach activities which broadly disseminate USAID achievements in Bulgaria as well as the new partnership with the GOB.”

The BDC and his team reported making considerable efforts to reach out to a variety of audiences, particularly regarding developing public-private partnerships in the IT sector. These included numerous meetings and presentations, a large public event to launch the public-private partnership initiative, and a web chat. Leaders from two of the three partnerships that are to receive funds from USAID gave high marks for the efforts by the BDC and his team to explain the partnership approach and encourage applications. These public outreach efforts led the submission of 18 concept papers on IT public-private partnerships. Moreover, his public outreach efforts were praised by others interviewed at the Embassy, particularly Ambassador McEldowney, who stated that the BDC made critical contributions through public speaking and served as a multiplier for the public affairs, economic, and political sections.

## DISCUSSION

**The Development Counselor has taken significant action in six of the nine areas of responsibility and has made significant progress in four of these areas.** Fourteen months into this pilot is still an early point in time for any assessment of outcomes or impact. In addition, there were no documented criteria or benchmarks set during planning or early implementation for determining what would be considered a successful outcome or significant progress in any of these areas during the first year of the pilot. Nonetheless, based on our review of the BDC Scope of Work, expectations of stakeholders, and the actions and achievements of the BDC pilot, we find that the BDC pilot has had success or made significant progress in four of the nine areas of responsibility:

1. develop public private partnerships,
2. liaise legacy institutions,
3. advise the ambassador, and
4. manage public outreach.

Achievements include the selection of three public-private partnerships focusing on the IT sector for USAID funding, and the strengthening the relationship between the US embassy and the America for Bulgaria Foundation (ABF), one of the most significant of the USAID legacies in Bulgaria.

In the two areas of responsibility most directly related to working with the government of Bulgaria – coordinating on development issues with the Government of Bulgaria and assisting Bulgaria as an emerging donor – the BDC has taken notable actions to address the issues, but outcomes have been limited thus far. The BDC secured a commitment from the Bulgarian government to provide co-funding for IT partnerships, but the government later rescinded its offer. While the BDC has provided well-received development advice to support the Government of Bulgaria’s development assistance policies, the government has not moved forward to fully fund and develop their foreign assistance department.

Finally, the BDC has not yet focused significantly on three other areas -- rule of law, regional stability, or economic opportunities at U.S.-Bulgarian training facilities -- for the reasons stated above, and thus outcomes in these areas have been insignificant.

## ACTIONS AND ACHIEVEMENTS LIKELY IN THE ABSENCE OF THE BDC PILOT

Interviewees familiar with the actions and achievements of the BDC, particularly those in Bulgaria, were asked what were the likely outcomes within the BDC’s scope of responsibility if the BDC pilot had not been implemented. There is a general consensus that the creation and funding of PPPs in the IT sector, which the BDC noted has occupied the greatest portion of his time, would not have occurred without the BDC pilot.

Some other functions of the BDC would likely have fallen to other Embassy staff, particularly liaising with legacy institutions, as they had during the period after the USAID mission closed but prior to the arrival of

the BDC. However, while Ambassador McEldowney and others at the Embassy noted that they specialize in “making do” even when there is a dearth of resources, they also noted that they did not have the development expertise that the BDC brings to the position and which proved critical in improving the relationship with the ABF.

The USAID Regional Services Center in Budapest overlaps to some degree with the functions of the BDC. For instance, the Regional Services Center conducted a training to support Bulgaria as an emerging donor and the COTR for one of the key legacy institutions, the Bulgaria Fund, is based in Budapest. However, the benefits of having a development counselor on-the-ground in Bulgaria -- which many interviewees stated was critical in establishing credibility, building relationships, and responding flexibly to needs as they arrive -- would have been lost. For instance, representatives of the GOB’s Department of Development Policy noted that they benefited from both the training provided by the RSC and the advice provided by the BDC, but that each served different purposes. They noted that both the local presence of the BDC and his senior-level expertise in development assistance were important factors in enabling the department to benefit from the BDC pilot.

The case of Romania provides an informative counter-example to the BDC pilot, as it graduated from USAID assistance and entered the EU at the same time as Bulgaria but did not pilot a development counselor. The DCM at the U.S. Embassy in Romania, stated that they have lacked development expertise in the Embassy following the departure of USAID from Romania. She further stated that the Embassy would have benefited over the past year from the presence of a USAID development expert who could have: 1) provided development programming guidance to the public diplomacy department to improve the development effectiveness of their assistance programs, 2) engaged with the American Enterprise Fund in Romania as they transition to the America for Romania Foundation, and 3) developed programs (with funds) or partnerships or provided other help to address remaining reform needs regarding rule of law, justice, and corruption.

## **STAKEHOLDER RESPONSES TO THE ACTIONS AND ACCOMPLISHMENTS OF THE DEVELOPMENT COUNSELOR**

**All relevant stakeholders report satisfaction with the *performance* of the incumbent BDC and a majority report satisfaction with the current *outcomes* of the pilot, while several stakeholders mentioned disappointment with at least some *outcomes* of the pilot.** A general consensus emerged among stakeholders interviewed familiar with the implementation of the BDC pilot that the BDC had performed well or exceptionally well in his role. Indeed, one went as far as to suggest that incumbent’s performance provided an ideal test of the *concept* of the development counselor since his performance reflected what could be achieved in such a role within the first year in the best case scenario. Conversely, others noted that the Bulgaria context over the past year provided a far less-than-ideal environment for testing the concept of the development counselor, particularly due to the global financial crisis, the elections, and the change of government half-way through the first year of the BDC pilot. These stakeholders suggested that such contextual factors negatively affected outcomes of the pilot despite the performance of the BDC.

While there was general consensus regarding the BDC’s performance, there was disagreement regarding whether the outcomes of the pilot project after the first year were satisfactory or not. Many interviewees, including the BDC, noted the difficulty in trying to assess the accomplishments of the BDC pilot after only a year into implementation. A majority of those interviewed were satisfied with the progress of the BDC pilot, but several interviewees were disappointed with at least some aspects of the pilot. The lack of consensus regarding overall satisfaction in the pilot’s progress on outcomes appears based on: 1) different expectations as to what could be accomplished by the BDC pilot in the first year, 2) different prioritization of the various functions of the BDC, and/or 3) different interpretations as to how certain functions would be implemented. Particular areas of disagreement included:

**1. Public-Private Partnerships.** On PPPs, most interviewees expressed satisfaction with the current progress. Representatives of the Office for Global Development Alliance interviewed considered the BDC

pilot's progress on PPPs to be positive, noting that the partnership proposals to be funded are reasonable and the development of effective partnerships can typically take 18 months or longer. However, a minority of stakeholder interviewees expressed disappointment that further progress had not been made either in terms of the number of partnerships developed or the current status of partnership implementation. Finally, a minority of interviewees expressed disappointment in the choice of IT as the sector for developing partnerships, questioning whether this sector was a high development priority.

**2. Coordination with the Government of Bulgaria.** A few stakeholders placed considerable emphasis on securing co-funding from the GOB in support of PPPs or other programming by the BDC as a measure of the pilot's success. The lack of such funding was a key source of dissatisfaction regarding the success of the pilot by these stakeholders.

**3. Regional issues and rule of law.** The BDC did not make regional issues or rule of law issues a priority focus of engagement. Some stakeholders emphasized the importance of these issues and tended to be more disappointed in the progress of the BDC pilot as a result.

**4. Legacy institutions.** Some stakeholders, particularly those in the U.S. Embassy in Bulgaria, placed a high value on the success of the BDC in working with the ABF and, consequently, tended to be more satisfied overall with the progress of the BDC pilot than those who did not highly value this area of responsibility.

## V. CHALLENGES

In discussing the Bulgarian Development Counselor pilot with stakeholder interviewees, a number of issues emerged regarding the overall value of the BDC pilot and the appropriateness of continuing the pilot in Bulgaria or replicating the pilot in other locations. These issues include key challenges to the success of the Bulgaria Development Counselor pilot as confronted during implementation as well as challenges to the viability of the Development Counselor model for Bulgaria and other sustaining partners countries.

**1. The Appropriateness of Bulgaria as the Development Counselor Site.** According to the Framework for U.S. Foreign Assistance, countries may be designated as Sustaining Partner Countries once they surpasses an income threshold set at \$3,595 for 2006 per capita income. Bulgaria’s 2006 per capita income of \$3,900 exceeds this threshold.

The USAID relationship with Sustaining Partner Countries, as described in the SPC Concept paper, is based on the notion that even such well-performing countries may need some continued support to ensure that change is sustainable. Therefore, continued assistance is appropriate in cases where there is “a particular ‘residual’ development need” – meaning that the country lags in indicators for certain development sectors – or another issue of ‘mutual interest.’” Most interviewees, particularly those in the US Embassy in Bulgaria, alluded that this was the case with Bulgaria.

Several interviewees in Bulgaria argued that there are considerable “residual needs” in Bulgaria and that membership in the EU was a political decision, not a decision based on level of development. They argued that EU membership does not necessarily contribute significantly to further advances in development, that EU funds do not often reach Bulgaria because of corruption and other hurdles, and that EU funds are not designated for institution-building and other fundamental areas once addressed by the USG assistance. .

A more contentious issue among interviewees was whether there were sufficient issues of ‘mutual interest’ in Bulgaria to necessitate a Bulgaria Development Counselor. None argued that the USG did not share mutual interests with Bulgaria on development issues. However, a few interviewees questioned whether these mutual interests, such as addressing residual rule of law reforms in Bulgaria or supporting Bulgaria’s efforts as an emerging donor, were as significant as those in other possible locations for the Development Counselor. These interviewees noted that “typical” Development Counselors in the Office of Development Partners (ODP) were placed more appropriately in highly strategic locations, such as China, to focus on emerging donor issues and donor collaboration. To these stakeholders, Bulgaria may share *mutual* interests with the USG, but did not have enough *strategic* interest for the USG to warrant a Development Counselor.

**2. Competing Visions of the Bulgaria DC Pilot.** As noted earlier, stakeholders interviewed in the planning or early implementation of the Bulgaria Development Counselor pilot had various expectations for the pilot. While these expectations were broadly consistent with the objectives and functions of the Development Counselor as described in planning documents, they differed in how they emphasized particular roles. As the implementation of the development counselor pilot has proceeded, these differences regarding what the development counselor should do and how have persisted and widened. The competing visions for the pilot tend to differ in how particular functions of the Development Counselor are prioritized or emphasized rather than whether or not certain functions should be part of the development counselor’s scope of work.

In broad terms, the stakeholder visions for the BDC pilot could be grouped into three categories: 1) stakeholders, including the incumbent BDC and others at USAID, who emphasize the role of the DC in supporting partnerships and leveraging program funds to address residual development goals in Bulgaria, 2) stakeholders, particularly those at the State Department, who emphasize the advisory role of the development counselor in serving the U.S. mission to Bulgaria and liaising with legacy institutions, such as the America for Bulgaria Foundation, and 3) a smaller number of stakeholders who emphasize the potential for the DC to work across the region from Bulgaria and address issues of regional concern. The existence of such disparate visions constitute a particular challenge to the viability of the pilot since the BDC has not satisfied all of these stakeholder expectations and is unlikely to do so.

The question of whether the Development Counselor should have program funds at his disposal is related to these different visions. The *Illustrative Business Case* for the Bulgarian Development Counselor makes an argument for piloting the Development Counselor model in Bulgaria whether or not the pilot includes program funds. The approval of the Bulgaria Development Counselor position, though, included an expectation of programming funding of approximately \$1 million per year, noting that program funds would improve the impact of the pilot project. Some stakeholders have argued that the Bulgaria Development Counselor pilot would be effective in the future without funding, particularly those who emphasized the advisory and liaison roles of the development counselor. Several other stakeholders, particularly those that emphasized the partnership building role of the Development Counselor, including the incumbent BDC argued that program funding is critical for the viability of the Development Counselor model. The incumbent BDC and others noted that while the position shouldn't be solely about programming funds, having some funds "opens doors" and ensures a "seat at the table", enables the development of partnerships to address development needs, and helps to secure commitment of funds from partners.

To some extent, a more focused scope of work and clearer benchmarks might mitigate some different expectations among stakeholders. On the other hand, building flexibility into the position is likely to have advantages as well, such as being able to change priorities to meet changing USG goals or address promising areas for developing partnerships with the host government. Such flexibility on priorities, though, need not come at the expense of developing a set of shared expectations regarding overarching goals of the DC and the funds at his disposal.

**3. Costs of the Pilot Relative to Benefits.** For some stakeholders, the viability of the Bulgaria Development Counselor pilot had less to do with the success of the BDC in fulfilling his designated role and meeting planned objectives, and more to do with how the benefits of the pilot compare to costs of the pilot. These stakeholders argue that the benefits of the project are low relative to the overall *financial* costs of the project or the *opportunity* costs of the project. While opportunity costs are an important consideration in decision making, whether or not other opportunities outside of Bulgaria would be better suited to receive the funds for the BDC pilot is beyond the scope of this evaluation.

The more limited task of assessing the benefits of the pilot relative to *financial* costs of the pilot is not a simple endeavor, though, as many of the benefits, such as providing advice to the ambassador or liaising with legacy institutions, are difficult to monetize. Ratios of program funds to administrative costs may provide some input, albeit incomplete, into efficiency of the program, but even this information is likely to be of limited value. First, the pilot has been active for less than 18 months; any assessment of efficiency will be biased toward measuring start-up costs of the pilot, not long-term efficiency. Second, administrative costs can not be easily segregated into costs that went toward supporting programming and costs that went toward supporting other functions of the BDC pilot. Third, administrative costs of the BDC pilot will exclude the cost of administrative support provided by the Regional Services Center in Budapest.

The first year's operational expenses were just over \$300,000, and no program funds were obligated during the first year. In FY 2010, about \$700,000 in program funds are expected to be obligated for the IT partnerships. If no other funds are obligated in FY 2010 and assuming a similar level of operational expenses, then the operational expense/program costs ratio for the year is likely to be over 40%. However, these funds are expected to leverage an additional \$2 million in co-funding from partners; if these co-funds are included in the program costs, the ratio is reduced to just over 10%. For comparison, in FY 2008 E&E missions had targets of total admin costs (program-funded admin costs + operational expense costs) as a percent of New Obligation Authority (NOA) between 5 and 25% with a median of 15%.

**4. Staffing the BDC Position.** Some interviewees noted that a key obstacle with the viability of the Development Counselor model is the ability to effectively staff the position with a Senior Foreign Service Officer. Many of our interviewees indicated that senior-level positions, particularly senior management group (SMG) positions, within the Agency are difficult to fill. Moreover, some questioned whether filling the position *should* be a priority given the difficulty in filling other senior-level positions.

Several individuals confirmed that SMG positions can be difficult to fill. Currently, the E&E Bureau is filling three of its SMG positions with recall appointments (mission directors in Armenia, Bosnia and Georgia) and one position with a star appointment (acting mission director in Russia, where the deputy mission director is also acting).

The incumbent Bulgaria Development Counselor is a PSC, which is one mechanism for filling the position in the absence of an interested FSO. Those involved in the planning of the development counselor noted that there was some disagreement as to whether a PSC would be appropriate for this position. However, none of those interviewed who were familiar with the implementation of the pilot mentioned the status of the BDC as a personal services contractor rather than a foreign service officer made any difference in the effectiveness of the BDC pilot. Several noted that the distinction would not have any meaning outside of the US government or affect his relationship with partners.

Another staffing consideration addressed by interviewees is whether it would be appropriate to fill the position with a more mid-level officer rather than a senior-level officer. Throughout the BDC planning documentation, the position is described as a senior level position and most of those interviewed agree that the position should be filled with a senior-level development expert with USAID experience. Several interviewees argued that only a senior level development expert would be effective in each of the roles of the BDC. Even if the BDC position was open to mid-level FSOs, though, some interviewees expected that the position would still be difficult to fill because it may be viewed as less of a stepping stone into future senior-level positions than other positions due to its novelty and low visibility.

**5. The Length of the Pilot.** The Bulgaria Development Counselor was originally approved as a three year-pilot. Most of stakeholders interviewed, including the incumbent BDC, argued that an appropriate length of the pilot would be two to three years, consistent with the original planning for the pilot. The length of time it takes to develop, implement, and measure the impact of public-private partnerships was particularly noted as a reason to allow at least 2 years for the pilot. Several interviewees argued that the incumbent Bulgaria Development Counselor should have been contracted for two full years, rather than a single year followed by a six month extension.

Moreover, there was near consensus that an evaluation only one year after implementation was too soon to adequately review outcomes and impacts of the Bulgaria Development Counselor pilot. Uncertainty regarding the length of time of the pilot and discussion of it possibly being cancelled was cited by many in the US embassy in Bulgaria as having a negative effect on the program, making it more difficult to pursue longer term objectives, such as developing partnerships in the energy sector or developing appropriate programming to address rule of law reforms.

**6. Vulnerability to Local Circumstances.** Due to its small staff size and limited funding, the Development Counselor model is particularly vulnerable to changing circumstances at the embassy and the host country. With a smaller program budget, it makes sense to focus efforts on a single sector, such as IT, in order to maximize impact. But, a narrow focus on a single sector increases the likelihood of all program efforts being adversely affected by negative shocks to that sector. Larger missions with programming spread across several sectors are better able to balance any problems that may occur with programming in one sector with successes in another sector.

A number of stakeholders noted that the BDC pilot was a victim of poor timing as it coincided with a change in government and the global financial crisis, which negatively impacted the ability to both secure co-funding from the Bulgarian government and support the Bulgaria Department of Development policy on emerging donor issues. The broad scope of the Development Counselor worked to the advantage of the pilot in this case, as it gave the Development Counselor the flexibility to devote energy to other responsibilities, such as public private partnerships.

**7. Adequate Preparation and Reporting.** As a novel management structure, the Development Counselor model will be unfamiliar to many in USAID, our USG partners, and host country and local partners. Moreover, in sustaining partner countries that have graduated from assistance, the Development Counselor model will present a drastic change in scale (in terms of both personnel and funding) and purpose. The

Development Counselor model's focus on programming tools that stress partnerships, such as leveraging host country funds and public-private partnerships will also represent a significant change from traditional USAID practice in a full mission. Such changes, coupled with the Development Counselor's broad scope of work, are likely to result in mistaken assumptions and confusion concerning the role of the Development Counselor. The incumbent BDC noted that he spent considerable efforts during the initial months of his tenure in explaining his role to partners, both internal and external.

Once implemented, the Bulgaria Development Counselor pilot operated under a dual reporting system. As described in the BDC's SoW, he was "report to the Ambassador (through the DCM) at Post and to DAA at E&E Bureau at USAID/Washington." The incumbent BDC was able to establish a positive relationship with the ambassador and other embassy staff in Bulgaria, keeping them apprised of his activities. Ambassador McEldowny noted that she spoke with the BDC on a daily basis. Reporting to the E&E Bureau was less intensive and evolved through the course of the pilot per requests from Washington. The primary form of reporting to the E&E Bureau by the BDC is a weekly phone discussion between the BDC and the Bulgaria Desk Officer. Six months into the pilot, though, the E&E Bureau recommended reporting adjustments to include a quarterly report with a format agreed to by the BDC and the E&E Bureau and the development of criteria for evaluating progress. The incumbent DC proposed a set of benchmarks in his first summary report to Washington (covering December 2008 – August 2009), but the benchmarks were never formally accepted. At the time of the evaluation, the BDC had completed one additional quarterly report covering the period of September to December, 2009. Despite the introduction of the quarterly report, though, there remains a considerable imbalance between reporting to the Ambassador and to the E&E Bureau.

As noted by several stakeholders, the difficulty of transitioning from a full mission to a development counselor model could be mitigated by additional preparation prior to mission closing. Such preparation could include increasing the use of programming tools that focus on building partnerships with both the government and private sector in the final years prior to mission close-out. In addition, some interviewees suggested sending the Development Counselor to the post prior to the closing of the mission. Due to timing of approval and selection of the BDC, the incumbent did not arrive at post until months after the mission closed. While most stakeholders in Bulgaria noted that this was not a significant problem, some felt that arriving prior to mission close-out would help the development counselor better understand USAID programming and ensure a smooth transition. Finally, while reporting to the E&E Bureau has improved due to the introduction of quarterly reports, the pilot would benefit from the development of a shared set of benchmarks as the basis for tracking and evaluating progress of the pilot from Washington. .

## VI. CONCLUSION

The Bulgaria Development Counselor pilot tests a new model within USAID for working with “sustaining partner countries” that have graduated from traditional USAID assistance. While Development Counselors in the Office of Development Partners focus on donor coordination, the Bulgaria Development Counselor was conceived as a means of addressing residual development needs within the host country as well as building partnerships with government and other local institutions on issues of mutual interest. At the time of implementation of the pilot in December 2008, the Bulgaria Development Counselor’s scope of work included a broad array of responsibilities, implicitly giving the incumbent BDC flexibility to choose a variety of courses of action. Expectations of key stakeholders at the planning stage of the pilot varied, but responsibilities of the BDC most often mentioned by interviewed stakeholders as significant included creating public-private partnerships, supporting Bulgaria as an emerging donor, liaising with legacy institutions, addressing rule of law issues, advising the ambassador on development issues, and addressing regional reform issues.

This evaluation examines the Bulgaria Development Counselor’s progress after only fourteen months of implementation of a planned three-year pilot. Expectations of outcomes and impacts of the Bulgaria Development Counselor pilot at this early stage were modest. Consequently, this evaluation focuses more on the actions and achievements of the BDC pilot rather than impacts. In doing so, it is important to distinguish between the performance of the Development Counselor and his team, the current achievements of the pilot, the importance of those achievements, and the overall viability and value of the pilot.

On the topic of performance, stakeholders interviewed familiar with the implementation of the Bulgaria Development Counselor Project all shared the view that the Bulgaria Development Counselor had performed well or exceptionally well in his role, regardless of their initial support or skepticism regarding the pilot. Among interviewees who currently support the continuation of the Bulgaria Development Counselor, the performance of the incumbent BDC appears to be a factor in that support, but the performance of the BDC has not been cited as a reason to discontinue the pilot among those who are skeptical of the pilot.

On the topic of accomplishments, we reviewed the BDC pilot’s actions and achievements in nine areas of responsibility. We find that the BDC has had overall success or made significant progress in four areas of responsibility: development of public private partnerships (PPPs), liaising with legacy institutions, advising the ambassador, and public outreach. In the two areas of responsibility most directly related to working with the government of Bulgaria – coordinating on development issues within Bulgaria and supporting Bulgaria as an emerging donor – the BDC has taken actions to address the issues, but outcomes have been limited thus far. The BDC has not yet focused significantly on the three other areas of responsibility: rule of law, regional stability, or economic opportunities at U.S.-Bulgarian training facilities, and thus outcomes in these areas have been insignificant.

On the importance of these achievements, there was a lack of consensus among stakeholders. The majority of those interviewed were satisfied with the progress of the BDC pilot, but several interviewees were disappointed with at least some aspects of the pilot. This disagreement appears based on different expectations, interpretations, and prioritization of the BDC’s responsibilities among stakeholders interviewed. Those satisfied with the pilot tended to note progress on the development of public-private partnerships and the success of the BDC in managing the relationship with the America for Bulgaria Foundation. Those less satisfied with the current outcomes cite unmet expectations of further progress on PPPs, a desire for greater focus on regional issues or rule of law issues, and lack of co-funding support from the Bulgarian government.

The success of the pilot across a number of key responsibilities suggests that it is a promising model for addressing development needs in sustaining partner countries; the pilot appears to be performing well on its own terms. However, on the overall value of the pilot, there was lack of consensus among key stakeholders. Most of those interviewed in Bulgaria argued that Bulgaria remains a country that can and should benefit from the presence of a development counselor. Several even suggested that the model should be expanded to other locations. A minority, though, questioned whether addressing the development needs of Bulgaria

exceeds the needs of other priorities in the region. A few stakeholders expressed concern about the opportunity costs of continuing the pilot in terms of both staffing the position of the development counselor and funding the BDC pilot.

A majority of stakeholders, particularly those in Bulgaria, recommended the continuation of the pilot with some modifications, such as a more intense role in liaising with legacy institutions or the adoption of a regional approach. Regardless of the future of the Bulgaria Development Counselor pilot, the first year of implementation of the pilot provides at least a partial test of this novel model of working with countries that have graduated from development assistance. USAID missions in countries facing similar transitions would benefit from considering the many issues raised by this model for determining appropriate management arrangements and methods for addressing remaining development needs and issues of mutual interest.

## REFERENCES

USAID. “Concept Paper on Foreign Assistance to Sustaining Partnership Countries.” Washington, DC: 2008.

USAID. “Illustrative Business Case: Development Counselor for Bulgaria.” Washington, DC: 2008.

USAID. “Solicitation for a U.S. Personal Services Contractor (USPSC), USAID Development Counselor/Bulgaria.” Solicitation No. 183-08-017. Washington, DC: July 11, 2008.

USAID/Bulgaria. “Assessment Report: Seventeen Years of Partnership in Transition: 1990-2007.” Sofia, Bulgaria: July 2007.

USAID/Bulgaria, Office of the Development Counselor. “US-Bulgaria Partnership for Information Technology and Innovation.” Annual Program Statement: No. 183-09-016. Sofia, Bulgaria: June 2009.

U.S. Department of State. “Foreign Assistance Framework.” Washington, DC: January 29, 2007.  
<<http://www.state.gov/documents/organization/79748.pdf>>

# ANNEX I: SCOPE OF WORK OF THE BULGARIA DEVELOPMENT COUNSELOR

The Development Counselor will be a leading advisor on developing public-private alliances and will provide expert knowledge, expertise and advice as well as leadership and guidance for the following:

1) to serve as the Development Advisor to the U.S. Ambassador and other senior managers at U.S. Embassy/Sofia and provide policy advice and analysis, as appropriate, on topics related to regional organizations, their institutional integration and development, and methodologies for better coordinating and integrating U.S. and other donor assistance; 2) to coordinate with the GOB on alliance-building efforts and provide support in preparing enabling legislation which will lead to enhancing GOB capacity as an emerging donor; 3) to manage public outreach activities; 4) to serve as the primary U.S. Government (USG) liaison to legacy organizations in Bulgaria; and 5) to design and manage the implementation of short-term projects that would address immediate reform issues. The successful candidate would be expected to work collaboratively with members of the USAID Bureau of Europe and Eurasia, other bureaus within USAID, the Department of State, other U.S. Government agencies, GOB ministries/agencies; international, private sector, non-governmental organizations, and foreign donors. The initial contract will be for two years and will have the possibility of extension depending on the need for continuation of such services, availability of funds and satisfactory performance.

## STATEMENT OF WORK

**Background:** The United States Agency for International Development (USAID), contributed more than \$600 million in economic and technical assistance between 1990 and 2007 to support Bulgaria's transition to democratic governance and a market economy. The USAID program in Bulgaria evolved from humanitarian aid and political party strengthening to a broader development approach designed to help the country overcome the challenges of its transition. Together with its partners, USAID assisted with developing private businesses, improving local democratic governance, supporting rule of law reforms, enhancing human capacity to manage these changes, and addressing the needs of vulnerable populations. Economic assistance provided by USAID under the Support to Eastern European Democracy (SEED) Act ends in September 2008 following Bulgaria's accession to the European Union in 2007.

Bulgaria has come a long way in its 17-year march from a highly centralized communist state to a democratic, free market member of NATO (2004) and the EU (2007). USAID's September 2008 closure will bracket seventeen years of reform success. With SEED funding of approximately \$35 million per year (from 1990-2006), and by working with NGOs and local and national government, USG primary goal of a Bulgaria securely grounded on a sustainable path toward democratic governance and a market economy is met. But, reform is far from complete; corruption and weak institutions undermine progress. Improved law enforcement, border control, anti-trafficking, anti-narcotics and judicial reform therefore remain as key USG priorities. Massive infusions of EU assistance (and pressure for better rule of law performance and absorptive capacity) plus multi-million-Euro Russian energy investments will act as gravitational pulls on Bulgarian decision makers. Misuse of and numerous frauds with EU pre-accession funds threaten Bulgaria's ability to benefit from the structural funds, in turn threatening a further slow down of the reform process.

To address these issues, USAID has established two funding mechanisms to continue reform work beyond 2008 in key areas. The main mechanism is the America for Bulgaria Foundation, which will become operational in 2008 and was established with the liquidated assets of the Bulgarian-American Enterprise Fund. The three-year Bulgaria Fund was established with the German Marshall Fund in November 2007 to give targeted grants to NGOs. In addition, several programs will still operate in Bulgaria. Development Credit Authority (DCA) schemes, managed by Washington, will remain active in the country through 2012. The post oversight period under a Cooperative Agreement with the American University in Bulgaria (AUBG) runs through 2012 as well.

The USG retains a strategic interest in helping Bulgaria complete its transformation into a modern European democracy with an improved standard of living that enhances stability and security throughout the Balkans. To advance U.S. objectives more effectively and directly, and propel reform partnership, Post will rely on the newly established position of a Development Counselor. During the close-out phase, the relationship with state and justice authorities has been actively maintained. USAID continues to support the efforts of the Government of Bulgaria (GOB) to develop its capacity as a new international donor, consistent with its EU obligations. Bulgarian ministries, municipalities and businesses continue to partner with the strong legacy institutions established with USAID assistance. The Bulgarian government is enthusiastic about the establishment of the position of a Development Counselor to build on momentum created through years of development assistance and contribute to a deepening of bilateral relations. The environment is appropriate for continuing the joint efforts in advancing some of the reform efforts in the country and broadening U.S.-GOB relations.

The Development Counselor (DC) will be a reform catalyst, actively engaging USAID legacy institutions and USG partners to advocate for vigorous, effective reforms. The DC will supervise a small (one/two-person) LES staff; advise the Ambassador and Bulgarian government on development issues; integrate overall USG policy with development initiatives; and advocate the U.S. agenda with the Bulgarian government, donors, regional institutions, private and non-profit institutions. The DC will monitor assistance-funded projects; improve the efficient use of funding; support creative efforts to share Bulgaria's experience and successes with other countries in the Western Balkans and Black Sea region; and enhance regional cooperation. The GOB, primarily through the Ministry of Economy and the Ministry of Finance has supported the idea of establishing the position of a Development Counselor and has agreed to a 50/50 cost share on joint projects.

#### **Specific Duties and Responsibilities:**

- Serve as the development advisor to the American Ambassador and recommend projects and approaches for deepening the partnership between the two governments in addressing priority reform issues in Bulgaria and the region;
- Coordinate with the GOB to sign and implement the Memorandum of Understanding that will govern the development partnership between the two governments;
- Liaise and take lead on coordination with senior Bulgarian governmental officials, with all USG agencies in the country, donors, with all USAID Missions in the Balkan region and in countries that are priority for the GOB in terms of providing donor assistance, private sector, and civil society organizations in jointly addressing reform issues and exploring opportunities for joint projects;
- Foster Regional Stability and promote regional cooperation by facilitating a regional role for indigenous entities and legacy organizations in assisting neighboring countries comply with EU accession requirements, and strengthening and broadening professional networks in the Balkans and the Black Sea region;
- Provide support to the GOB in preparing enabling legislation and building capacity as an emerging donor. Facilitate linkages between the American University in Bulgaria (AUBG) and the new ODA priority countries for Bulgaria;
- Facilitate the development of GDAs and partnerships to leverage funds with international and bilateral donors and more specifically with the private sector for innovative projects, such as alternative energy;
- Catalyse unfinished legal, judicial and other reforms by partnering with other donors, the America for Bulgaria Foundation (ABF), AUBG, and the Bulgaria Fund;
- Collaborate with the Office of Defense Cooperation and promote the partnership between the America for Bulgaria Foundation (ABF) and the NGOs, municipalities, and businesses in locations

surrounding the U.S.-Bulgarian joint training facilities, to promote economic opportunities in those areas , thereby enhancing positive Bulgarian views towards USAID and the United States.;

- Design and manage the implementation of short-term projects that would address immediate governance and Rule of Law reform issues. Some specific ideas are: (1) Replication of the Model Courts approach throughout the country; (2) Replication of the concept of prosecutors' customer service centers, which in close collaboration with DOJ will foster transparency in criminal prosecutions and improve prosecutors' accountability to the public, thereby limiting opportunities for corruption; (3) Strengthen the four newly established regional commissions for fighting Trafficking-in-Persons (TIP) and thus complement Embassy efforts at national level; and (4) Facilitate networking and joint anti-TIP activities across the SEE region by liaising as necessary with the International Centre for Migration Policy Development's (ICMPD) program to support the development of transnational referral mechanisms for trafficked persons in South-Eastern Europe;
- Serve as the primary USG liaison to legacy organizations in Bulgaria: AUBG; The American for Bulgaria Foundation (\$400 million dollar endowment); Five DCAs; the \$3 million Bulgaria fund – active through 2010; and Legacy institutions, maintaining USG connection between former partners;
- Manage public outreach activities which broadly disseminate USAID achievements in Bulgaria as well as the new partnership with the GOB;
- Maintain continuing liaison and communication with USAID and EUR/ACE in Washington regarding views of SEED and the piloting of the position of a Development Counselor;
- Report to the Ambassador (through the DCM) at Post and to DAA at E&E Bureau at USAID/Washington;
- Manage a small staff of one or two LES (Locally Employed Staff).

## ANNEX II: LIST OF INTERVIEWEES

### BULGARIA DEVELOPMENT COUNSELOR PILOT TEAM

**Katia Alexieva**, *Development Assistance Specialist*, USAID/Bulgaria†

**Nora Marinova**, *Development Assistance Assistant*, USAID/Bulgaria†

**Denny Robertson**, *Development Counselor*, USAID/Bulgaria\*†

### U.S. MISSION TO BULGARIA (CURRENT OR FORMER STAFF)

**Kelly Adams-Smith**, *Counselor for Political and Economic Affairs*, U.S. Embassy Bulgaria†

**Mike Fritz**, *Mission Director*, USAID/Macedonia (formerly *Mission Director*, USAID/Bulgaria)\*

**Eric Hartman**, *Chief*, Office of Defense Cooperation, U.S. Embassy Bulgaria†

**Alex Karagiannis**, *Director*, Office of Central European Affairs, State Department (formerly *Deputy Chief of Mission*, U.S. Embassy Bulgaria)†

**Ambassador Nancy McEldowney**, *Principal Deputy Assistant Secretary of State*, Bureau of European and Eurasian Affairs, Department of State (formerly *Ambassador*, U.S. Embassy Bulgaria)\*†

**Ken Moskowitz**, *Counselor for Public Affairs*, U.S. Embassy Bulgaria†

**Thomas Peebles**, *Resident Legal Advisor*, Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT), Department of Justice, U.S. Embassy Bulgaria†

**Scott Pozil**, *Commercial Attaché*, Department of Commerce, U.S. Embassy Bulgaria†

**Susan Sutton**, *Deputy Chief of Mission*, U.S. Embassy Bulgaria†

**Ivanka Tzankova**, *Director*, Programs for Education and Libraries, America for Bulgaria Foundation (formerly *Program Officer*, USAID/Bulgaria)\*†

**James Warlick**, *Ambassador*, U.S. Embassy Bulgaria†

### OTHER STAKEHOLDERS IN BULGARIA

**Boyan Belev**, *Head*, Department for Development Policy, Ministry of Foreign Affairs, Government of Bulgaria†

**George Brashnarov**, *Chairman*, Bulgarian Association of Software Companies (BASSCOM)†

**Valentin Georgiev**, *Executive Director*, American Chamber of Commerce in Bulgaria†

**Tom Higgins**, *Chairman*, Empower United†

**George Sharkov**, *Regional Manager*, European Software Institute (ESI)†

**Desislava Taliokova**, *Executive Director*, America for Bulgaria Foundation†

**Liuba Zaharieva**, *Third Secretary*, Department for Development Policy, Ministry of Foreign Affairs, Government of Bulgaria†

### USAID AND STATE DEPARTMENT, WASHINGTON (CURRENT OR FORMER STAFF)

**Tim Alexander**, *Supervisory Program Officer*, USAID/Armenia (formerly *Division Leader*, Strategic Planning and Analysis Division in Europe and Eurasia Bureau, USAID/Washington)\*

**Al Decie**, *Program Analyst*, Europe and Eurasia Bureau, USAID/Washington\*

**Jeff Evans**, *Program Analyst*, Global Health Bureau, USAID/Washington (formerly *Program Analyst*, Europe and Eurasia Bureau, USAID/Washington)\*

**Gary Imhoff**, *Program Analyst*, Africa Bureau, USAID/Washington (formerly, *Program Analyst*, Europe and Eurasia Bureau, USAID/Washington)\*

**Henry Kelly**, *Director*, Support for East European Democracy (SEED) Division, Department of State\*†

**Doug Menarchik**, *Former Assistant Administrator*, Bureau of Europe and Eurasia, USAID/Washington\*†

**Angela Muenzer**, *Supervisory Administrative Officer*, Europe and Eurasia Bureau, USAID/Washington

**Adrian Ng'asi**, *Economist*, Office of Development Partners, USAID/Washington

**Jerry O'Brien**, *Deputy Division Chief*, Office of Development Partners, Private Sector Alliances, USAID/Washington\*

**Mark Philips**, *International Cooperation Specialist*, Europe and Eurasia Bureau, USAID/Washington†

**Mario Rocha**, *Program Manager*, Management Bureau, USAID/Washington. Formerly, *Director*, Management Office, Europe and Eurasia Bureau, USAID/Washington\*†

**Dan Rosenblum**, *Coordinator of U.S. Assistance to Europe and Eurasia*, Bureau of Europe and Eurasian Affairs, Department of State\*†

## **USAID REGIONAL SERVICES CENTER, BUDAPEST, HUNGARY**

**Michelle Barrett**, *Program Officer*, Regional Service Center, USAID/Budapest†

**David Leong**, *Director*, Regional Service Center, USAID/Budapest\*†

**Nancy Wildfeir-Field**, *Regional Alliance Builder for Europe and Eurasia*, Regional Service Center, USAID/Budapest†

## **OTHERS**

**Ramsey Day**, *Officer in Charge*, USAID/Montenegro

**Jeri Guthrie-Corn**, *Deputy Chief of Mission*, USAID/Romania

\* *Involved in the planning of the BDC pilot or familiar otherwise with the BDC pilot planning process.*

† *Interacted with the BDC team during implementation or are otherwise familiar with the BDC pilot implementation.*

**U.S. Agency for International Development**  
1300 Pennsylvania Avenue, NW  
Washington, DC 20523  
Tel: (202) 712-0000  
Fax: (202) 216-3524  
**[www.usaid.gov](http://www.usaid.gov)**