

CASE STUDY

Teaching Communities to Fish: Local Economic Development in Bulgaria

CityLinks Partnership with Bulgaria





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OVERVIEW: The formation of economic development partnerships is one way that local governments in developing countries can pool their limited resources to encourage needed private investment. Through support by the International City/County Management Association (ICMA) CityLinks program, the United States Agency for International Development (USAID) has been instrumental in creating and supporting an association of Bulgarian municipalities that uses systematic and sustainable economic development strategies to improve the economic vitality of their individual communities. With technical assistance from U.S. local government managers, Bulgarian municipalities were able to identify and apply proven “best practices” to foster business development. An initial association of 14 Bulgarian communities has expanded to 39 municipalities.



Introduction and Background

Economic Restructuring in Bulgaria

Bulgaria, located on the Balkan peninsula, is a lower- to middle-income country. Although gross domestic product per capita in Bulgaria has grown in recent years, personal incomes are still approximately 28 percent of the European Union average. Unemployment has been dropping but is still significant.

Bulgaria has experienced significant economic restructuring, but it is still lagging behind other former communist countries in eastern Europe. This situation continues to place considerable strain on many vulnerable groups (pensioners, unemployed, minorities, large families), and poverty is still a serious and widespread problem.



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USAID Mission Director Michael Fritz congratulates a Bulgarian LED mentor at the Best Practices Symposium in June 2007.

Bulgaria Facts

Location: Balkan Peninsula, south of Romania, north of Greece and Turkey

Size: 110,944 sq km (slightly larger than Tennessee)

Capital: Sofia

Population: 7.3 million (2007)

Gross domestic product (GDP): \$86.3 billion (2007)

GDP per capita: \$11,300 (2007)

GDP growth: 6.2% (2007)

Inflation: 7.6% (2007)

Foreign direct investment (% GDP): 16.6% (2006)

Unemployment: 7.7% (2007)

Sources: Bulgarian National Bank, National Statistical Institute, National Employment Service, World Bank, CIA World Fact Book.

Bulgaria must find solutions to reducing the structural poverty of its citizens by increasing employment opportunities, attracting significant foreign investment, and strengthening local governance.

Economic Development Challenges of Bulgarian Municipal Governments

Municipal governments in Bulgaria face many challenges: weak local economies, limited authority to raise local revenues, and insufficient supplemental funding from the Bulgarian national government. These challenges make strategic economic development in local communities difficult.

At the start of the program in 1997, the closure of many large, obsolete, state-owned manufacturing plants caused significant job loss and labor dislocation. Municipalities were left to deal with the social and economic problems of high unemployment among workers whose skills were no longer in demand. A former defense manufacturer of optical components in Panagyurishte, for example, was privatized and now operates at 20 percent of its former capacity. A significant, technically trained workforce remains, but it has few opportunities for new employment without significant retraining or having to leave their homes.

Municipalities also have large inventories of sites and buildings of various sizes and conditions. Many are in poor locations, deteriorated condition, or have environmental contamination from previous manufacturing uses. Attracting quality investors to dispose of these surplus properties can be haphazard. Bulgarian municipalities lack the tradition of a professional local economic development staff, and they are just beginning to plan strategically for economic development.

A lack of financing for capital improvements and business support makes development in many municipalities problematic. Deteriorated roadways, antiquated water distribution and treatment systems, limited

wastewater capacity, and outdated telecommunication systems work against the attraction of foreign investment. Traditionally, little accessible or affordable financing has been available to small and medium-sized enterprises (SMEs), and few meaningful financial incentives exist for foreign investors who might reuse existing municipal facilities or build on new sites.

Currently, municipalities face a mixed situation in which some issues have been addressed but others remain:

- Large existing industrial zones still need infrastructure improvement and better landscaping.
- Labor skill imbalance is endemic in bigger cities (unemployment in bigger cities has dropped to 3-6 percent).
- Local control of the tax base is limited.
- Infrastructure is poorly maintained (although European Union funding as of 2007 is available for new and improved infrastructure).

Mayors in Bulgaria understand that to be re-elected they must deal with the high levels of unemployment of their citizens. They know they must be proactive with business development strategies and also must show progress on improving the employment opportunities in their communities. They are beginning to understand and appreciate that a professional and strategic approach to economic development is the only way to achieve these goals.



Bulgarian Local Economic Development Partnership (BLEDP)

The ICMA CityLinks program, with funding from USAID, partnered with the Foundation for Local Government Reform (FLGR) to create and support the Bulgarian Local Economic Development Partnership (BLEDP).

CityLinks BLEDP Strategy

Initially, BLEDP was an association of 14 Bulgarian municipalities cooperating in an effort to encourage private sector investment through the application of professional and strategic economic development strategies. As of 2008, 39 of these municipalities had successfully completed training and been certified by the BLEDP program as “Ready for Business.” All the participating communities must be committed to establishing fair, open, and business-friendly approaches to retain and attract quality business.

The ICMA CityLinks program starts with two simple premises:

1. No matter how dire a community’s circumstances, something positive can always be done to encourage economic development.
2. No matter how daunting the economic development problem appears, there is no time like the present to begin work.



A public hearing in Plovdiv sought public consensus on priorities for the municipality's infrastructure development and management.

CityLinks in Operation

The CityLinks program “twinned” (paired) Bulgarian municipalities with U.S. cities to work on specific economic development projects. The Bulgarians demonstrated a commitment to strategic economic development as well as a professional economic development capacity. The application and replication of best practices served as the working model for all of the Bulgaria-U.S. partnerships.

The original 14 communities, their U.S. partners, and the economic development projects are listed on page 7.

Common steps followed in each Bulgarian twinning relationship included:

1. Conducting a joint assessment of economic development challenges and opportunities

Together the Bulgarian and U.S. partners conducted an on-site assessment of the economic development needs based on a survey of local conditions. These assessments sought to match the capabilities of the Bulgarian staff with those of the U.S. partners.

2. Selecting specific, measurable, and implementable projects that could improve economic prosperity

After the assessment, the team selected one or more specific projects that sought to improve the economic prosperity of the municipality's citizens. It was important that these projects be strategically linked to the Bulgarian municipality's efforts to improve economic vitality and that they can be implemented.

3. Preparing and implementing an action plan designed to apply and replicate best practices in a strategic way

After preparing a problem statement that documented the need for the specific economic development project, the Bulgaria-U.S. twinning team then prepared a set of short-term and long-term goals to ensure the project is strategically linked to the community's needs and success could be measured. A detailed action plan of specific implementation steps was then prepared;

ICMA CityLinks Strategy in Bulgaria

- Assess with Bulgarian partners all economic development opportunities
- Select specific, measurable projects to improve economic prosperity
- Implement action plan designed to apply and replicate best practices in a strategic way
- Encourage the use of public participation activities during implementation of projects
- Provide nuts-and-bolts economic development training for Bulgarian municipal staff, utilizing the skills and expertise of U.S. partners
- Certify Bulgarian communities as “Ready for Business”
- Maintain a sustainable support system to foster economic development.

it assigned responsible parties to perform specific action steps and identified a timeline for the completion of each step. The action plan also indicated what the expected results were and how successful implementation of the project was to be measured.

**Bulgarian and U.S. Cities
Participating in the CityLinks Program**

Bulgarian city	U.S. partner city	Economic development projects
Blagoevgrad	Auburn, Alabama	General business retention and expansion program, economic development strategic planning
Dobrich	Auburn, Alabama	Business retention and expansion program for food processing industry; economic development strategic planning
Gabrovo	West Carrollton, Ohio	Advisory Council for Economic Development (ACED); organization of local economic development department
Haskovo	Abington, Pennsylvania	Establishment of municipal economic development team and development of a business incentives package
Karlovo	Winchester, Virginia	Development and marketing of a private industrial park
Montana	Ontario, California	Development of industrial park for SMEs
Panagyurishte	West Carrollton, Ohio	Development of a marketing strategy for a high-tech industrial park
Pazardjik	West Bend, Wisconsin	Development of an industrial park
Pleven	Charlottesville, Virginia	Development of a business information center; development of a strategy for recruiting foreign investment
Razgrad	Kettering, Ohio	Development of a conceptual design and strategy for development of a recreation and tourism park
Silistra	Kettering, Ohio	Development and implementation of a marketing strategy for a business park
Sliven	Auburn, Alabama	Development of a marketing program for existing municipal buildings
Stara Zagora	Ontario, California	Development of a marketing program for existing municipal sites
Tryavna	Golden, Colorado	Tourism development strategy





U.S. pro bono advisor Megan McGowen, assistant director of economic development in Auburn, Alabama, presents a local economic development training session for Bulgarian officials.

For example, Silistra, Bulgaria, in concert with Kettering, Ohio, determined that the lack of available sites with modern surface and underground infrastructure was a significant constraint to job creation in Silistra. A modern industrial park was necessary if existing Silistra businesses were to grow and foreign funds were to be attracted and invested. As the result of their earlier work together, the Silistra-Kettering team concluded that the development of a technological business park on municipally-owned property could be a successful approach to the retention, expansion, and recruitment of business to Silistra.

After developing a design concept for the physical aspects of the park (including mix of uses, infrastructure requirements, and costs), the Silistra-Kettering team developed an action plan to prepare a marketing strategy to attract investors. Based on the steps outlined in the action plan, the Silistra staff, with mentoring from economic development professionals from Kettering and Auburn, Alabama, conducted research to identify the range of potential business types to target for investment. The team then developed marketing materials for presentation and made direct contact with targeted investors. Silistra staff were also able to job-shadow economic development professionals in Kettering and Auburn to acquire new skills in economic development marketing and land redevelopment.

4. Encouraging the use of public participation during the planning and implementation of projects In the Silistra example cited above, the process included forming a steering committee to ensure transparency and receive public input into the process. The use of citizen surveys, public forums, ad hoc focus groups, and standing advisory committees became a more prevalent practice in the BLEDP communities.

5. Providing nuts-and-bolts economic development training for municipal staff and elected leadership that called on the skills and experience of the U.S. partners In addition to providing technical assistance to Bulgarian cities for specific projects, the CityLinks program sought to build the professional economic development capacity within municipal staff. The municipalities participating in the Bulgarian CityLinks program committed to the employment of economic development specialists who are prepared to apply a professional approach in dealing with existing businesses and potential investors. Their participation also required a commitment to work toward certification showing that they had mastered basic economic development skills.

In concurrence with the one-on-one partnerships, FLGR organized a number of training workshops on basic economic development topics: marketing, business retention and expansion, organization of business advisory councils, Web site development, prospect handling, trade show exhibition skills development, and financing. This training was delivered in a two-week-long conference as well as a number of subsequent shorter

workshops. The trainers were the same American economic development professionals participating in the one-on-one twinning partnerships.

Although the training was primarily focused on providing basic skills to the local economic development (LED) professionals working in the 39 BLEDP municipalities, a number of sessions were structured especially for mayors and council members of these communities. The training was structured to provide the general skills needed to approach economic development professionally, to support the individual projects being worked on by the CityLinks participants, and also to assist the Bulgarian municipalities to become certified to continue in future phases of the CityLinks program.

6. Certifying individuals and municipalities as “Ready for Business”

One of the primary objectives of the CityLinks Program was to develop sustainable economic development by building permanent capacity to conduct a professional economic development program. To that end, continued participation in the program was conditioned on being trained and certified as having met a basic level of economic development knowledge. Certification requirements—divided into basic and advanced categories—were designed to reflect the basic skill set needed to promote economic development. All communities had to be certified in the basic requirements to continue in the BLEDP program.

- Basic certification requirements included:
 - Establishing a separate economic development office staffed with trained professionals
 - Preparing and maintaining basic marketing materials
 - Carrying out an accurate self-assessment
 - Committing on the part of the mayor and the council to transparent and nonpartisan work with the business community
 - Building a business retention and expansion visitation program
 - Preparing and maintaining a basic profile of major businesses and products
 - Participating in the BLEDP activities and network with others
 - Participating in a joint marketing Web site
 - Developing a short-term economic development action plan.
- Advanced certification requirements for excellence included:
 - Maintaining extensive inventory of sites and buildings for development
 - Preparing detailed workforce analysis and development program
 - Maintaining online database of industries and distributors
 - Establishing an economic development advisory team of key businesses and citizen groups.





The Bulgarian Local Economic Development Partnership exhibited at a trade fair under the sponsorship of the Foundation for Local Government Reform in 2005.

7. Maintaining a sustainable support system to foster economic development In addition to the technical benefits of this basic economic development training, the BLEDP fostered networking and built relationships among participating LED professionals. These relationships allowed mutual mentoring and encouraged further sharing of economic development best practices. The professionals who participated in the initial start-up of the partnership were able to teach and mentor the staff of new communities entering the program. The role of FLGR was to continue to nurture the partnership by acting as a clearinghouse for economic development knowledge, providing training resources, and continuing to build the professional economic development capacities in participating municipalities.

Key Results

By any measure, the CityLinks program in Bulgaria was a success. Thirty-nine Bulgarian municipalities of different sizes and economies trained professional economic development staff to guide the strategic development of their communities, formed a joint economic development partnership, and successfully completed initial economic projects. A sampling of what was accomplished is described below.

1. Development of the www.invest.bg Web site The culmination of the initial effort to train and certify economic development professionals was the development of a Web site featuring the participating BLEDP municipalities. This Web site provides a one-stop location for potential investors to learn about Bulgaria in general as a place to invest (sources of statistical information, business regulation, tax structure) as well as opportunities for investment in the specific 39 communities in the BLEDP partnership (available buildings and sites, labor availability, wage rates, and more).

FLGR provides general support and administration for the invest.bg Web site. FLGR is responsible for updating the information about Bulgaria as a whole, and it oversees the content of the individual communities

Selected CityLinks program accomplishments

- Development of www.invest.bg Web site
- Participation in trade shows across Europe
- Establishment of business advisory council (Gabrovo)
- Implementation of business retention and expansion program (Dobrich)
- Development of municipally owned industrial park (Pazardjik)
- Organization of national economic development conferences
- Presentation of best practices symposium

to assure that it is complete and current. FLGR is also responsible for marketing the existence of the Web site and for managing any leads that come to the group of municipalities through the Web site.

The Web site has been structured to provide the individual communities direct access to their information so that they can update it as often as needed. This provides the municipalities control over their content and makes them responsible for its quality. The Web site address is included in the marketing materials of the individual municipalities in an attempt to drive Web traffic to the site. In essence, the invest.bg Web site serves as a filing cabinet of initial economic information available to any investor worldwide.

2. Participation of BLEDP in trade shows across Europe Participation in trade shows was a special focus of the activities under the local economic development project. BLEDP, through FLGR, participated in the following eight international trade shows in Bulgaria and in Europe: the 2004 Hanover International Trade Show in Hanover, Germany; the 2005 EMPEX real estate show in Warsaw, Poland; the Plovdiv International Trade Fair in Bulgaria during 2004-2006 (participated five times, both autumn and spring); and the 2007 SIMA real estate show in Madrid, Spain. Because several of these fairs attracted a large number of attendees, participation provided wide exposure for the BLEDP and FLGR. More than 700 business contacts were generated, and BLEDP participating municipalities later received ten business inquiries from representatives from Canada, Germany, Italy, Portugal, Turkey, and the United States. In addition, as a result of participation in the fairs and proactive efforts following the fairs, the BLEDP produced more than BGL 20 million in company expansions and the creation of more than 2,500 jobs.

3. Establishment of business advisory councils As in many Bulgarian municipalities, one of the challenges facing the Gabrovo municipal administration was a general lack of trust by businesses. For a true public-private partnership to be developed in order to promote economic development at the local level, it is necessary for Bulgarian municipalities to receive feedback from the business community about the impact and effectiveness of local government programs and projects. In Gabrovo, the municipal administration also needed to improve the economic development capacity of the municipal staff through the establishment of a new department focused on economic development issues. Together with the new advisory council, this department could pursue policies for retaining and expanding business and attracting new investments to Gabrovo.

Gabrovo's chief business development expert, with assistance from West Carrollton, Ohio, began planning for the establishment of the Advisory Council for Economic Development (ACED) in Gabrovo. West Carrollton provided Gabrovo with examples of working advisory councils in the United States, their operating characteristics, and advice about





A local economic development certification visit at one of the participating Bulgarian municipalities (at far right is U.S. pro bono advisor Phillip Dunlap, director of economic development, Auburn, Alabama).

establishing such a council in Gabrovo. On subsequent trips to Gabrovo, the economic development professionals from both cities led discussions with the Gabrovo project team about the appropriate structure (more than 80 percent business representation) and main functions of the ACED. Public meetings were held with local businesses to gauge their reaction to the establishment of an ACED and to garner their support for the idea.

The mayor of Gabrovo established a working commission to prepare the specifics for creating the ACED and nominate specific members. This commission consisted of representatives from the local chamber of commerce, a business trade association, two municipal councilors, and municipal staff. The working commission established the criteria for selecting the 15 members of the new ACED: leadership, public recognition, and ownership of a successful business. Some important business nongovernmental organizations (NGOs) and the Technical University of Gabrovo were included because of their important role in developing a qualified labor force.

The ACED is now in full operation in Gabrovo. By establishing the ACED, Gabrovo has strengthened public trust in its ability to achieve sustainable social and economic development. The result is a well-functioning interactive network among the municipality, local businesses, and NGOs. Based on the model adopted in Gabrovo, advisory councils have been established in Dobrich, Pazardjik, and Panagyurishte. Seventeen municipalities introduced this easily replicable best practice.

4. Development and implementation of business retention and expansion (R&E) programs With the demise of the large state factories, SMEs are often the best hope for revitalizing the economies in many municipalities. Unfortunately, Bulgarian municipalities have not had a tradition of supporting or cooperating with businesses. Municipal staffs have often lacked the skills and practice of reaching out to existing businesses in the local community to identify the most effective ways to support and cooperate with them.

As a result of the experience and training received through the CityLinks program, a number of municipalities have begun systematic business R&E programs. One of the most comprehensive of these is the R&E effort under way in Dobrich. Developed in conjunction with the U.S. partners from Auburn, Alabama, the program supports SMEs by providing loan guarantees, conducting periodic public business forums, maintaining an entrepreneur's desk in the citizen information center, offering an economic development advisory board, publishing marketing profiles of major businesses, and publishing a monthly newsletter of programs and information for local businesses.

Dobrich also took a number of steps to reach out to businesses and the public about the economic future of the municipality. The mayor has organized outreach forums to demonstrate the openness of the municipal government to the business community and as a way to begin learning

how specific problems faced by the municipality's businesses might be solved. One series of discussions dealt with how the public transport system could be changed to better meet the needs of workers and companies. More than 50 local companies were interviewed, and the results were presented during a public discussion of possible alternatives. As a result of the public discussions, five bus routes were changed and three new routes were created to better meet the needs of companies and their workers. Not only did this specific effort result in better public transport, it also served as an excellent example of a municipality actively encouraging public participation in government decision making.

The mayor also created an economic development advisory board to provide an ongoing method for businesses to provide feedback and input into municipal decisions that affect businesses (for example, the municipal budget and infrastructure improvements) and to explore mutually beneficial joint investment projects. In response to comments about the lack of information about the availability of funding from national and international programs for SMEs, a regular newsletter, *The Partners*, was developed as a joint effort of the Dobrich Chamber of Commerce and Industry, the Dobrich Business Center, and the regional development office. The purpose of the newsletter is to provide information on services and programs (such as training and roundtables) available to assist businesses in the community. The newsletter is distributed electronically to businesses in the municipality.

5. Development of municipally owned industrial parks As Bulgarian municipalities seek new investment, especially foreign investment, they find that existing commercial sites do not meet the modern standards for condition and level of infrastructure expected by new businesses. To attract new investment, a number of municipalities are using the significant assets they have in large tracts of surplus agricultural land that, with appropriate infrastructure, can be marketed as greenfield sites for new investors.

The municipality of Pazardjik is a good example of what is possible with municipally sponsored industrial parks. Pazardjik had significant assets it could use to rebuild its economy: a skilled and literate workforce, large tracts of greenfield land, proximity to Bulgaria's two largest cities (Sofia and Plovdiv), and access to the "Trakiya" international highway linking Turkey with western Europe. Through the CityLinks program, Pazardjik partnered with West Bend, Wisconsin, to find the technical expertise to leverage these assets into a successful industrial park.

Together, Pazardjik and West Bend developed an economic development strategy that included:

- Creating a business development plan for an industrial park that was responsive to the needs of the business community
- Training selected municipal staff as economic development professionals





An official from Gabrovo signs an agreement with the Foundation for Local Government Reform to make his municipality a participant in the Bulgarian Local Economic Development Partnership.

- Creating a municipally developed industrial park
- Financing and extending infrastructure to the industrial park.

Prior to developing a specific plan for the industrial park, the economic development team visited with local companies and representatives of the Pazardjik business community. This research revealed two critical factors:

- Businesses wanted to purchase land, not lease land.
- The municipality needed to make the parcels “shovel ready” by providing the necessary infrastructure (water, electricity, communication) prior to offering them for sale.

“We weren’t consultants, and we weren’t there to tell them what to do. Instead, we were partners, with a common goal, and Pazardjik grew to trust us. That trust allowed them to accept new ideas, such as establishing economic development professionals or surveying the local business community.”

**John Capelle, director of community development
West Bend, Wisconsin**

After selecting a 40-acre parcel of undeveloped municipally owned land, West Bend took the lead in creating a development plan for the new industrial park. After reviewing the site’s location, the optimal parcel size, and process for lot sales, the partners decided to double the size of the industrial park. Because the selected site had been zoned for agricultural use, Pazardjik officials had to apply to the national government to reclassify the site for industrial use. This required significant persistence on the part of the local officials.

Creating the industrial park required several steps:

- **Identifying potential investors**—The partners worked together to design and survey the business community to help identify SMEs that wanted to expand, potential investors such as banks and entrepreneurs, and the specific needs of each.
- **Marketing the park to interested investors**—Using examples from West Bend, the team prepared a brochure to help attract potential investors. The brochure, produced in Bulgarian and English, included maps illustrating the location of the industrial park and a sample division of the parcels. One thousand brochures were distributed to

businesses, banks, business development organizations, and others that might have an interest in the park.

- **Selling the lots**—The partners developed an open and transparent process for the sale of parcels that recognized the differing values of parcels on the basis of location within the park. All parcels were sold below market value although the long-term benefits of creating more than 400 jobs would outweigh the forgone revenue from higher sale prices.

Because the municipality lacked the resources to fund all infrastructure up front, sale of the lots started with only limited infrastructure in place. Because bond financing is not yet practical for small cities in Bulgaria, Pazardjik used a bank loan to extend basic infrastructure to the edge of the industrial park and required businesses to extend the lines to their facilities in exchange for below-market land prices. This creative financing permitted the development of the industrial park to proceed rather than having to wait until full infrastructure financing could be obtained.

The Pazardjik industrial park has been a success. About 98 percent of the land has been sold, and nine businesses are in various stages of investing more than \$5.5 million to create 420 jobs. The project has given potential investors confidence in the municipality's commitment and ability to carry out its economic development initiatives. In addition, this success has resulted in greater public support for other city projects.

6. Organization of local economic development conferences on a national level In November 2006, FLGR held its first annual LED conference, "Businesses and Municipalities: Partners for Economic Development," in Sofia, the capital of Bulgaria. More than 200 participants heard presentations on mobilizing business involvement for municipal investment, business environment improvement policies, municipalities as suppliers of needs-based administrative services to businesses, intermunicipal cooperation, European Union guidelines for successful public-private partnerships, and other topics.

FLGR organized a second national conference in February 2008. This conference, "Municipalities and Business: Partners for Economic Development," encouraged dialogue among stakeholders and assisted Bulgarian local, regional, and central governments and their civic partners with building public consensus on important development issues. More than 180 participants came together, including USAID mission representatives from Sofia and Macedonia; Bulgarian mayors, municipal council chairs, deputy mayors, and city officials and experts from 48 Bulgarian municipalities; four Bulgarian regional governors; representatives from seven Bulgarian national ministries and two agencies; representatives from Bulgaria-based businesses, universities, and NGOs; and representatives from the Italian Chamber of Commerce, the Institute for Economic





Participants in the first annual local economic development conference, November 2006.

Modeling and Development Strategies in Ireland, the Association for German Technical Collaboration (GTZ), and the Bulgaria-based foreign missions of Ireland, Norway, and France.

The keynote presentation provided an analysis of Bulgaria's competitiveness in the globalizing world. Other topics addressed by conference presenters included the importance of having a common vision and strategy at the national, regional, and municipal levels; mutual trust and cooperation among the different levels of government; effective utilization of EU funds for regional projects; public-private partnerships between science and business; and workforce development issues.

7. Organization and presentation of best practices symposium On June 11-12, 2007, a best practices symposium, "Get Ready for Business," was held in Varna, Bulgaria. The symposium was dedicated to 10 years of Bulgaria-U.S. partnership as well as the results achieved and projects completed under the fifth and final phase of the program. Ginka Kapitanova, executive director of FLGR, stated, "During the last three years of the program, 2,500 new jobs were created, [investments worth] 120 million euros . . . were attracted in new business projects, and [investments worth] 20 million euros for expansion of existing businesses."

The symposium was attended by 120 people—guests and representatives from more than 50 municipalities, including mayors, chairs of municipal councils, and municipal experts; representatives of regional governments; NGOs; and the business sector. The symposium provided a useful opportunity for participants to share their experiences on how to support local and foreign companies; create new jobs; market the municipality as a business and tourist destination; prepare for and acquire the "Municipality Ready for Business" certification; replicate successful models for infrastructure management; and replicate projects for source separation, composting, and improvement of the waste management in rural areas.

A competition that simulated negotiations between city officials and prospective businesses for the site selection process was held during the symposium. The competition was organized for municipalities participating in the local economic development and marketing project. The competition included presentations based on a case study disseminated among participants in advance and the demonstration, "Visit of a Prospect in the Municipality." The jury included U.S. practitioners, FLGR, the InvestBulgaria agency, and the Tishman Management Company-Bulgaria. The municipality of Haskovo won the competition.

Michael Fritz, USAID mission director, presented awards to the U.S. and Bulgarian municipalities participating in the program as well as to the U.S. and Bulgarian practitioners for their extraordinary commitment, successful replication of good governance practices, and provision of technical assistance for project development and training delivery.

Lessons Learned

The experience gained through the ICMA CityLinks BLEDP in Bulgaria points to a number of elements necessary for successful economic development programs in developing countries.

1. Political and administrative commitment on the part of local government officials is required It is essential that both the legislative and administrative leadership give serious political and financial support to economic development efforts. Bulgarian mayors traditionally have often served as the municipality's lead economic development contact. Mayors can close the deal, but they have little of the technical expertise needed by modern prospective investors. Commitment to a professional approach to economic development is essential if economic development efforts are to be effective and sustainable.

2. Finding a committed in-country partner is essential to success An organization in the host country that knows the indigenous political culture, is fluent in the native language, and can help troubleshoot is vital to the success of any economic development assistance effort. This organization must be trusted by local communities and must understand the municipal government structure.

In the case of Bulgaria, ICMA partnered with the Foundation for Local Government Reform, based in the capital city, Sofia. The staff of FLGR provides administrative, logistical, and technical support to the participating Bulgarian municipalities, the U.S. partners, and ICMA staff. FLGR arranges travel and lodging for the U.S. partners when they visit Bulgaria; arranges for interpretation services in the field and translation of program documents; and organizes training seminars for economic development professionals, mayors, and council members of the participating communities. FLGR was instrumental in keeping the projects focused and on time. The FLGR provided not only logistical support but also played



Lessons Learned

- Political and administrative commitment on the part of local government officials is required.
- Finding a committed in-country partner is essential to success.
- Replication of proven best practices is the most cost-effective way to achieve sustainable and widespread economic development success.
- Sustainability requires that professional economic development capacity be built in each municipality.
- It is important to seek opportunities to show short-term success while developing a long-term strategic economic development plan



Bulgarian local economic development training participants with their U.S. counterparts from Auburn, Alabama.

a significant role in the selection of participants, identification of viable projects based on needs assessments, project monitoring and technical assistance for project implementation, and technical assistance for preparation for certification and mentorship. FLGR trainers took over the delivery of economic development basic training and the certification program after 2006.

3. Replication of proven best practices is the most cost-effective way to achieve sustainable and widespread economic development success

The fundamental goal of the CityLinks program is to create sustainable economic development at the local level. Sharing successful best economic development practices is one of the most effective ways to teach communities about economic development practices. Considerable effort was made during the Bulgarian CityLinks program to prepare and distribute case studies about each of the economic development projects. A best practices symposium was conducted at the end of each phase of the program to celebrate the program's accomplishment and to share successful best practices. Also, the internal networking among LED professionals at training sessions serves to distribute information about what works in other communities.

4. Sustainability requires that professional economic development capacity be built in each municipality

Training in economic development fundamentals is essential to building a professional and long-term approach to economic development. This capacity building is required at an institutional level and for individual staff members. Building the economic development professional capacity of municipal staff must also be achieved if a strategic economic development effort in a community is to be accomplished. While individual communities worked on different projects with their U.S. partners, LED professionals also received extensive general economic development training in marketing, preparing economic development action plans, handling prospects, and giving presentations to prospective investors.

5. It is important to seek opportunities to show short-term success while developing a long-term strategic economic development plan

Although the goal is to encourage long-term, sustainable economic improvement in local economies, the political reality is that mayors and councils must show citizens that their economic development efforts have immediate, tangible benefits. The CityLinks projects are designed to lay the foundation for long-term economic development planning while delivering projects with short-term, tangible benefits that improve the quality of life for citizens in the local community.

Conclusion

Municipalities in developing economies must learn to compete globally if their citizens are to benefit from a higher quality of life. The formation of the Bulgarian Local Economic Development Partnership (BLEDP) has been an important and successful economic development initiative in Bulgaria. The program has provided basic economic development training to municipal officials in order to support long-term economic development. The program has encouraged local governments to think strategically about the public infrastructure investment needed to support business development. The program has also encouraged greater public participation in local governance. The BLEDP has created and is maintaining a sustainable support system to foster long-term economic development efforts.

The ICMA CityLinks program increased understanding among local officials in Bulgaria of the need to pursue economic development in a strategic and professional manner. ICMA built the capacity of Bulgarian local governments to implement a systematic and sustainable approach to economic development. As a result of these successes, the Bulgarian CityLinks program is viewed as a model for building local economic development capacity in other eastern European countries.



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