

BIANNUAL

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*Dear readers and friends,*

The first half of the year 2001 posed additional challenges to Bulgarian municipalities, related to general elections in June, while presidential elections are forthcoming. Already in the middle of their mandate, current Bulgarian local authorities succeeded to establish well-coordinated and functional structures. The dynamic legislative environment, huge information flow, financial deficit and growing public expectations, require excellent management skills. Teamwork, expert focus and directing various knowledge and efforts towards the achievement of common goals, proved as key to the effective operation of local administrations in Bulgaria.

FLGR's monthly newsletter is in its sixth year of service to a wide readership. We believe that so far it has been a successful and demanded forum for exchange of ideas, views, know-how and positive solutions in all areas of importance to Bulgarian local self-government. Through the newsletter, published in Bulgarian language, our nearly 2 000 readers from local and national government, NGOs and the media have constant opportunities to share local governments' efforts to better inform and serve the citizens, use effectively municipal resources, encourage active public participation and develop long-term local and regional development strategies. Through this traditional digest edition of the newsletter in English, that we shall now provide not just once but already twice a year to you, FLGR gives a regular opportunity to over 500 international readers - experts, leaders, elected officials, sponsors, NGO partners - to be „on track“ with latest developments, issues, events, trends and achievements of Bulgarian local self-government.



*Ginka Kapitanova,  
Executive Director,  
Foundation for Local  
Government Reform*

**We are certain that your attention and understanding makes our effort to keep you informed worthwhile. Please, feel free to demand additional copies of this bi-annual newsletter for anyone with genuine interest in the topics, as well as to benefit from the information published regularly in the English language section of our [www.flgr.bg](http://www.flgr.bg) site. You are welcome to share with us your comments and ideas. FLGR invites you also to contribute professional articles and materials to it's monthly newsletter. We will help you make your story heard in Bulgarian!**

Best wishes,  
Ginka Kapitanova  
Executive Director

Foundation for Local Government Reform

# FORUM ON REGIONAL DEVELOPMENT - CHALLENGE, DISCUSSION, RESULTS

## AN INDEPENDENT VIEW



***A Discussion Forum on Regional Development: Achievements and Challenges was held on December 12 - 13, 2000, at the Princess Hotel in Sofia. The attendees included central government representatives, foreign experts, regional governors and mayors.***

***The Forum was organized by the Foundation for Local Government Reform, with financial support from the United States Agency for International Development. The discussion agenda included all aspects of the issue, which generated lively discussions, different points of view and useful ideas. What were the effects of the two-day meeting, evaluated by media expert Bozhana Dimitrova.***

**T**he discussion forum was organized with regard to the adjustment of the National Plan for Regional Development, the specifics of the areas for planning and the functioning of the recently formed social and economic cohesion committees. By itself, the issue generated great interest, further strengthened by the names of the presenters and the presentations on specific topics. It is difficult to rank the presentations by importance, as each and every one of them addressed the issues that the year 2000 has already posed before all regional and municipal governments.

The introductory statements of Minister Evegeni Chachev, FLGR Executive Director Ginka Kapitanova, European Commission Ambassador Jacques Wunenburger and USAID Mission Director in Sofia Debra MacFarland were very specific and practical. They outlined the pressing problem, the news in regional development, in the approaches, stages and the European framework of a global and national goal.

The expectations were that the meeting will provide a key to solutions and will expand the very important information on the European regional development programs. The status of the presenters promised most precise identification of upcoming tasks. Consequently, the very first presentation made by deputy-minister Vassil Garnizov - a critical analysis of the updated 2001 National Plan - generated great interest. The attendees appreciated the pragmatically listed regional development planning and programming tools, their interrelations, the current condition and trends. The same holds true for Ministry of Regional Development and Public Works expert Atanas Atanasov's presentation on tools in regional development policy implementation. The following presentations on the institutional framework, the areas for planning, the social and economic cohesion committees raised many questions, considerations and the hope that the regional policy is already placed within a tested, clear legislative framework and that the tools utilized in its planning, programming and implementation should provide results.

To avoid generalizations the organizers had included concrete examples. Municipality of Elena's Mayor, Dilyan Mluzev, presented a municipal development strategy, while Governor Yordan Borisov presented the Rousse regional plan. This allowed the participants to draw many comparisons and make an in-depth review of plans and forecasts.

The topics during the second day of the forum were even more specific. The four strategies incorporated in the Economic Development Plan (business structure, production, human resources and institutional development) were presented for the first time to such a large audience from all over Bulgaria. The experts from the ministries, Velko Velkov, Maria Velkova, Plamen Girginov and Milko Kovachev, were showered with questions. It was obvious that they, too, were receiving useful feedback from the evaluation of the practice so far, from the concerns and the proposals. This further outlined the main task, the goal, the novelties in the updated regional plan, the new approaches used to formulate it, the new tools, ways and additional details related to its implementation. The re-



view of the draft legislation for the Black Sea Coast and the mountainous regions was also useful. The questions raised were quite testing: Have all regional specifics of the individual mountainous municipalities been taken into consideration? Were the unfinished details of a series of previous programs considered?

The opinions, lively commentaries, ongoing arguments and comparisons that mayors, regional governors and experts exchanged outside of the meeting room were also interesting from the standpoint of a journalist. The positive evaluation of the discussion topics, the presenters and the aspects within which issues were discussed, was self-evident. According to the deputy regional governors of Rousse, Emil Bachiiski, and of Lovech, Stoyan Ivanov, the forum has „set up an ambitious benchmark“. Questions and answers to old issues were given. The usefulness of such analysis of the tools, the ways and the additional programs was highly recognised, as well as the openness to which the institutions have committed themselves. The dialogue of two mayors, Gabrovo's Bogomil Belchev and Gorna Oryahovitsa's Nikolai Kolev, was extremely interesting. Their discussion generated many common examples and ideas. That was also underlined by Blagoevgrad's mayor, Kostadin Paskalev, who summar-

ized facts from all over the country under discussion at the National Association of Municipalities. This analysis once again confirmed the usefulness and timeliness of FLGR's efforts. The selection of such a significant and pressing issue, as well as the quality of the working materials (reports, programs, charts) prepared for all participants were impressive.

FLGR accepted the challenge to remain open to future cooperation in the regional development process, as part of the difficult mission - the achievement of modern, effective regional development in all parts of Bulgaria.





## MUNICIPAL PROPERTY MANAGEMENT AND PUBLIC-PRIVATE PARTNERSHIPS POLICY FORUM



**A** two-day policy forum on municipal property management and public-private partnership was held on October 24 - 25, 2000, at the Rodina Hotel in Sofia. The Forum was organized by the Foundation for Local Government Reform, with financial support from the US Agency for International Development.

Over 120 central government representatives, members of parliament, municipal experts, NGO and private company representatives attended the forum.

The forum was officially opened by Mr. Boris Milchev, deputy-minister, Ministry of Regional Development and Public Works, and Ms. Nadareh Lee, USAID representative.

Main presenters were: Boris Milchev, deputy-minister, Ministry of Regional Development and Public Works; Savin Kovachev and Georgi Horozov, lawyers; Andrei Delchev, CEO, Eurolex Bulgaria Ltd.; Plamen Nemchev, director of public procurement at the Council of Ministers, Margarita Prodanova, Municipality of Sofia.

The discussions focused on the interaction between the national government and the municipalities in municipal property management within the context of public-



private partnerships. This is a new form of cooperation between municipalities and private businesses, a source of solutions and a guarantee for solving socio-economic problems at the local level.

The topics of concessions, public procurement and privatization of municipal property (the privatization of municipal healthcare institutions, in particular) generated lively discussions.

At the end of the first workday, representatives of the municipalities of Velingrad, Blagoevgrad, Gabrovo, Stara Zagora and Sofia shared their successful practices in working with private businesses.

Participants demonstrated enormous interest in the municipal projects presented by Angel Toporchev, deputy-mayor of Velingrad.

During the second day, the City of Auburn, Alabama, USA, presented their experi-



ence in public-private partnerships, focusing on the role of the city in attracting foreign investors.

The participants discussed and shared experience in three working groups: public procurement, bids and competitions; concessions; and municipal companies. The goal was to share best practices on the specific topics, to outline problems and identify solutions. In conclusion, the participants drafted several proposals for changes in the legislation. ◆

## BULGARIAN TECHNICAL TWINNING PROGRAM: EXAMPLE OF LOYAL PARTNERSHIP, EXPERT ASSISTANCE AND FRIENDSHIP

The above title is by itself a description of the partnership between the Municipality of Veliko Turnovo and the City of Golden, Colorado, USA. Thanks to program donor USAID and program coordinators ICMA (USA) and FLGR (Bulgaria), wishes transform into real actions and results.

Following the first meeting with the US partners and the signing of a Memorandum of Understanding on January 5,

2001, an official delegation from Veliko Turnovo visited Golden. The delegation included:

Roumen Rashev, Mayor of Veliko Turnovo, Dimitar Yordanov, Chair of Veliko Turnovo Municipal Council, Mina Ilieva, Chief Secretary of Veliko Turnovo and Antoaneta Mateeva, FLGR.

The visit was marked by an extremely warm welcome, interest and commitment to the program.

After a week of joint work under a very tight but effective business schedule, we came up with an Action Plan.

The Action Plan was signed by the mayors of Golden, John Schenk, and Veliko Turnovo, Roumen Rashev, in the presence of the Golden City Council, City Manager Michael Bestor, the Golden city administration, media and citizens.

The Action Plan incorporated two projects:


1. Strategic planning of municipal property, including the development of a strategic plan for the lot of the former military academy in Veliko Turnovo;
2. Development of a financial plan for public infrastructure management in the Municipality of Veliko Turnovo, including an inventory of streets and sidewalks.

The teams also identified secondary areas of cooperation, as follows:

1. To establish contacts between NGOs and student organizations;
2. To seek ways to increase Municipality of Veliko Turnovo's revenues within the current legislative framework;
3. Delivery of information services to the citizens;
4. Development of tourism and business contacts.

I firmly believe that all goals that we've set up will be achieved. In Golden we saw for ourselves that, in a democratic country with a strong local self-government and citizen participation, the citizens are the municipality.

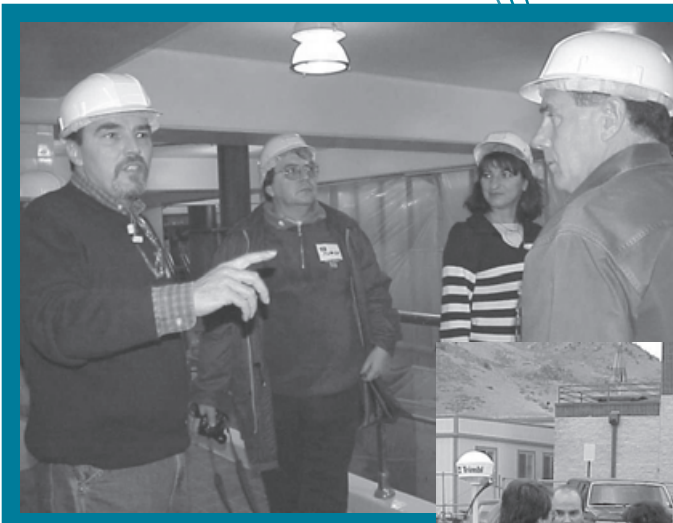
Everything that happens in Golden is a result of joint planning, implementation and control. The people regard the city as an intrinsic part of their lives and do their best to protect and improve everything created with taxpayers' money.

We wish to be able to develop such local self-government in our country as well. 

*Mina Ilieva*

*Chief Secretary*

*Municipality of Veliko Turnovo*



## IDEAS RAISED BY A TRIP



**Alexander Mihailov**  
**Chief Expert**  
**Forecasts and Analyses**  
**Municipality of Sofia**

**A** Council of Europe Conference on the Application Of the Principles of the European Charter on Local Self-Government in the Republic of Armenia, held in December 2000 in Erevan, evoked the following ideas.

Immersed in our daily problems, we, the people working for the cause of local self-government in Bulgaria, are often pessimistic and see no successes. This relates both to our own victories and to the achievement of Bulgarian local government as a whole. The many meetings with local government representatives have taught me that we always tend to talk - and complain - about our multiple problems, be it personal, municipal, national or of the world. In other words, we tend to be problem-oriented. To some extent, viewing the world through our problems helps us survive and overcome things that we have managed to deal with in the last ten, twenty, fifty or even one hundred years. We survive but the problems remain, we redefine them and once again try to solve them. Focusing on problems leads if not to pessimism, decline or depression, at least to some degree of „blocking“. However, unlike the virtual reality of the computer world, life does not offer us a magical (Ctrl-Alt-Del) combination.

**Eight basic errors hinder the success of positive social changes<sup>1</sup>:**

**- the feeling of satisfaction with the status quo**

One of the greatest mistakes is the lack of a realized need for urgent changes. In reality, this means that there is a high level of satisfaction with the present quality of life. Thus, changes seem like an unnecessary luxury. In its aspiration to reach the European and world standards, local government in Bulgaria has set up ambitious goals: autonomy, clearly defined functions and responsibilities, fiscal decentralization and

active citizen participation. There are ample opportunities to achieve these goals. However, these goals are not important to the general public, as it does not feel such a pressing need for a change. People are indeed problem-oriented: they pour out complaints, enumerate problems, but at the end they reach the conclusion that the problems are not that fearsome and that poverty and the lack of money are the sole reasons for all misfortune. Somehow, they get used to the problems and gradually accept them as quite natural.

**- failure to establish a powerful leading coalition**

The inability to establish a leading coalition leads to effect that in reality the efforts for introducing changes in local self-government are closed within a narrow professional circle. It was not until the past year that serious work began, through training and lobbying, for creating a coalition prerequisites such as equal understanding and interpretation of problems.

**- underestimating the power of vision**

Changes, and especially positive ones, require not only a realized need and a united team, but also a clear understanding of what has to be done. The very fact that the need for a change does not refer to just a single action means that there is a pressing need for a vision. A vision that would serve as a goal and framework for every legislative or administrative decision.

**- insufficient discussions of the vision**

Reaching a clear, succinct vision, strong enough to motivate people to action is still insufficient. The vision must also be shared not only within the leadership but among all stakeholders, among all participants in the change. Positive changes in local self-government are unattainable without replacing the demand for „more authority to the mayors“ with and starting to ask for more authority for the citizens.

**- disregarding current circumstances**

The circumstances must not be allowed to block the new vision. Circumstances could include different organizations, both administrative and political, or outdated functions. An example for such disregard is the unwillingness to avoid the political defiance typical for this stage of the transition. This defiance hinders the discussion of the vision and every declaration of a vision and a mission is considered a party or populist act.

**- inability to create short-term victories**

Real, total change requires time. At the same time, to sustain participants' motivation, there is a need for victories, albeit small, that can be celebrated. Without such victories, the



road is lost and the citizens lose interest in the process of change and either become passive or begin to resist change.

**- hasty announcement that the final goal has been achieved**

To announce that the final goal has been achieved long before that happens is a great mistake. Reality offers numerous examples of such errors, from the applause for the natural gas deal to the so-called „fall of the Shengen barrier“.

**- inability to incorporate the change into existing traditions**

When the first more significant success is called a final victory, change is blocked. This does not allow change to develop, to transform into a tradition and to become part of a nation's culture.

***But is there another approach that makes people think in categories different from everyday occurrences and set goals that lead to successes in the not so distant future?***

Yes, there is. But before I tell you about it, I would like to go back to the event that made me write this article - a conference in Erevan organized by the Council of Europe. The invitation assignment to me was short: to go and share with my Armenian counterparts my experience in local self-government. I accepted the challenge and went to Armenia, a country with a rich history, which in 2001 celebrates the 1,700th anniversary since the adoption of Christianity as the official religion. Despite the difficulties, the Armenian people have preserved their unique culture through the ages. As I have already mentioned, the price of survival is high - problems are not being solved but just transform into other problems. The country is in transition and is committed to developing sustainable modern democratic mechanisms. For the Armenians „European“ is a synonym of modernity and they look for ways to become part of the present by preserving their rich tradition.

Following an incredibly warm welcome, typical of Armenia, and the rather different treatment of time schedules, typical of our side of the world, the conference began very well. The participants included about 50 mayors and central government representatives, who were not only very active but also genuinely interested. Their emotional statements revealed the major problems of Armenian local self-government:

- 947 municipalities in a country with a population of 3.5 million;
- huge unemployment, emigration, low income and pur-

chase power;

- the centralized government inherited from the past is still responsible for everything and municipalities have almost no real authority;

- the mayors are more of decentralized representatives of the central government than a local self-government body. There is a possibility for every democratically elected mayor to be fired in case of failure to exercise functions assigned by the central government;

- the municipalities have really limited budgets (the average annual budget of a municipality with a population of 35,000 is less than \$100,000);

- the National Association of Municipalities in Armenia has been working successfully for two years;

- the European Charter on Local Self-Government was ratified by Armenia in 2000;

- changes of the 1995 Armenian Constitution are planned for 2001, which brings up the necessity of improving local government.

The topic of the conference was The Application Of the European Charter On Local Self-Government. The conference also included presentations of Bulgarian and Finnish experience. I shared with my Armenian counterparts information on the current condition of Bulgarian local self-government, the problems faced by Bulgarian municipalities and the opportunities to solve them. Mr. Kai Gustavson, ex-mayor of Kirkonumi, a Finnish municipality with a population of 30,000, presented his municipality, its problems and successes. Kirkonumi's annual budget is approximately \$100 million (for the sake of comparison, the budget of Sofia with a population of 1.2 million is \$200 million). The focus of his presentation was on the key factors for success and, namely, citizen participation in local self-government. Citizens make local self-government legitimate and are the sole reason for the existence of local government. To divert the attention from the huge, by our standards, budget of his municipality, Mr. Gustavson told us the following story: Several years ago, private developers submitted a project for the construction of an indoor swimming complex, with solariums, artificial waves, pool bars, etc. Municipal management decided that it would be better to finance the school system development instead of such luxury. However, the citizens organized a campaign in support of the sports complex and it was built. At present, it has become a tourist

***My story, which is ordinary for Finland, would not have been possible five years ago in Bulgaria and still is not possible in Armenia. And this makes me feel that we are progressing and developing.***



attraction that both supports local business and is a source of pride for the citizens.

The discussion after the presentation of the practical experience in local self-government in Finland, Bulgaria and Armenia made me think about Bulgaria's place on a scale of comparison with Armenia and Finland. Away from everyday problems, this comparison gave me the feeling of success. And there is success, although I could immediately list 20 pressing problems of Bulgarian local self-government. Of course, our successes could be listed in a matrix or according to certain indicators. However, this would be just a mirror image of the problem-oriented approach. To avoid this, we could use the appreciative inquiry method<sup>2</sup>. This approach focuses on the successes and one of the tools it uses is to make us remember and tell a story that has made us happy. I am convinced that everyone can tell a story related to a grand opening of a city infrastructure site, a successfully closed privatization deal, a new master plan's adoption, or something smaller, such as a playground, a marketplace, etc.

My story is related to the seminars on the methodology of setting up the solid waste collection fees held by the Local Government Initiative Program in Bulgaria. This topic is very remote from the principles of the European Charter on Local Self-Government but is on all Bulgarian municipalities' agendas. There were six seminars in different regions of Bulgaria, meetings with over 120 colleagues, exchange of experience, information, and, hopefully, a transformation of mindsets and attitudes. The seminars allowed me to appreciate the competence of our environmental and financial experts and to sense that their competence needs not only the approval of municipal management teams but also the approval and the support of the citizens. And since the link to the citizens, explored in depth by Mr. Gustavson, is either very weak or almost lacking here, it would not be fair for me to say that we are on the same level with Finland, where local government tradition is centuries old. However, I can say that my story, which is ordinary for Finland, would not have been possible five years ago in Bulgaria and still is not possible in Armenia. And this makes me feel that we are progressing and developing.

That conference was the first Council of Europe conference in Armenia on local self-government. By itself, it was a success story. And, if our Armenian counterparts manage to feel and understand the key factors of this success, they will not only repeat it but will also achieve other victories on the road of becoming part of the family of European democracies. 

1. Kotter, John. *Leading Changes*. Harvard Business School Press, Massachusetts. 1998.

2. See Cooperrider D., Diana Whitney. *Appreciative Inquiry*. San Francisco. 1999.

The Access to Public Information Act (APIA) was adopted in the summer of 2000. The Act is the first of its kind in Bulgarian legislation. Recently, the Foundation for Local Government Reform published a manual on the application of APIA, targeting local governments' needs. The manual was drafted by Gergana Zhouleva, Fani Davidova and Alexander Kashumov of the Access to Information Program Foundation, as well as Emilia Panayotova, FLGR Board Member. As this new and important piece of legislation assigns certain responsibilities to the municipalities, we have decided to publish an interview with Gergana Zhouleva, Chair of the Access to Information Program Foundation (AIP).

### In terms of local governments' responsibilities under APIA, what are the greatest stumbling blocks in its enforcement?

First, I would like to point out that many good practices are being established in the municipalities and at the local level. As a result of various projects and cooperation with NGOs, local governments come up with very good initiatives. If we compare the number of complaints from local governments filed at AIP and those from central government bodies, the number of the former is insignificant. The best practices at local level must be continued and replicated. I believe that this is very important. When people see that something works well, that it is good for them and for the citizens, they try to multiply or improve it.

There are several stumbling blocks that could arise or already exist. If the civil servant (in the widest meaning of the word) assigned under APIA at the municipal or the regional administration does not have detailed instructions, the obscurity of certain stipulations of the act could hinder his work.

The first stumbling blocks are the unclear stipulations of the act, starting with the basic definition of „public information“. When it is necessary to define whether a certain document is public information or not, the act does not provide clear criteria by: „what could help the citizens to form their own opinion“. In a purely practical aspect, how could the civil servant define that in every single case? In my opinion, there are also other definitions in the act that require more practice to allow the civil servants to make adequate decisions.

Another important problem that could arise is that the act does not provide for administrative control. Instead, there is direct judicial control. My personal opinion is that the existence of administrative control has a disciplining effect on government employees. It is obvious that, given the cumbersome and complex court procedures, the citizens must be extremely well motivated to go to court. The cases filed with us following the adoption of the act show that such lawsuits have been filed and will be filed in the future. However, it seems to me that this would be a problem for the enforcement of the act, as it could demotivate the administration.

Another stumbling block could be the legal context of APIA, i.e. the legislative and non-legislative acts and documents (e.g., the civil servants' code of ethics) that are related to the area of enforcement and that create APIA's enforcement context. The other two acts that will provide clear definitions and procedures for civil servants - the Personal Information Protection Act and the State and Official Secrets Act - are still non-existent. We already have the minister of finance's order on the payment of the fees related to receiving information under APIA. It seems to





## GERGANA ZHOULEVA: BEST PRACTICES UNDER THE ACCESS TO PUBLIC INFORMATION ACT MUST BE PROMOTED

me that the order itself creates problems and will require interpretation, more specifically with regard to the delivery of verbal references (how will delivery times be calculated).

In my opinion, the social environment in which civil servants work is very important to the enforcement of a legislative act. For example, the civil servants' code of ethics incorporates the desire to establish new attitudes. At the same time, it establishes rules that contradict the Access to Public Information Act's stipulations. On the one hand, civil servants must be governed only by the law and the public interest to provide the whole available information. On the other hand, civil servants (under the code of ethics) must not disseminate facts and information acquired while performing their duties, i.e. literally all the information. The norms that define the environment and the attitudes of government employees must not create contradictions in their motivation.

### What should municipal administrations do to fulfill their obligations under the APIA?

First, it is not necessary to have every document stamped as „public information“. On the contrary, only the documents that fall under the limitations and are subject to classification have to be marked. Everything else, different from this group, has to be released and made freely accessible. Second, there must be a procedure for processing requests for information; such procedures have already been established in many places. In Smolyan, we had meetings with representatives of the regional association of municipalities and of the regional government. The meetings demonstrated that a registry of requests is being established. Even though not many requests have been filed, administration representatives have decided that the requests have to be registered, as at some point the administration will be required to submit reports on the requests filed or on the denials under the APIA.

On the other hand, three municipal citizen information centers have already informed us that the forms that were included in our manual have been entered in their computer databases. In other words, if a citizen asks the citizen information center to provide information under APIA, the information center can print out the form immediately.

The process has been initiated. What is necessary now is to encourage demand and to see where problems will arise, and subsequently to try to find solutions. At some point in time, when enough practices have been accumulated, it may be necessary to change the legislation.

The cases filed with the Access to Information Program demonstrate that unmotivated denials or always asking the superior what to do were common practices in administration's functioning so far. Citizens and journalists did not always know where they could get information, everyone preferred to get information via personal connections. Following the adoption of the APIA, the request for information itself is regarded as a step towards getting into a fight with the administration. This is a total misconception. Filing a request for information is not a step towards a fight with the administration. On the contrary, such attitudes must be overcome gradually, because these are normal ways in which we can exercise our rights. One of the most important things, that the Access to Information Program does to clarify the act at seminars and training workshops, is to present the procedure and to explain that it must be used.

### Are the municipalities assigned any financial responsibilities with regard to the enforcement of APIA?

The APIA assigns certain active responsibilities to the local government bodies. These require the allocation of funds in the municipal budgets. Otherwise, it would be impossible to meet these obligations. At our meetings with local governments in Shoumen or in the Rhodopi municipalities, I was pleasantly surprised to find out that they are already exploring this issue. I was also pleasantly surprised by the participants in the seminar in Smolyan, who have already been assigned to respond under the APIA. They shared that there would be no problems, if they had the respective document on hard or soft copy, as well as that they see no problems in providing verbal references. The municipal employees that will work under the APIA do not need to be explained that, if they have the requested information, it should be provided immediately and that they should not wait until the end of 14 days deadline. The municipalities have developed certain practices that have gone beyond the stipulations of the act. These practices must be promoted. I think that many other organizations, including the FLGR, can get involved in the dissemination of best practices. If the responsible employees are motivated and convinced that this is the right policy, the results will be evident soon. ◆



## FLGR'S NEW VISION, MISSION AND STRATEGIC OBJECTIVES

**T**he FLGR team and Board of Directors held a staff retreat in Ihtiman on February 12 through 16, 2001. The purpose of the retreat was to review and update the Foundation's vision, mission and strategic objectives and to plan the next steps and activities for their implementation. Under the skillful and untraditional facilitation of US expert Camille Barnett, we were able to see our future as we want it, firmly grounded on what we have achieved so far. What actually happened at the staff retreat? This shows in the words of FLGR team members:

„I understood that FLGR has achieved great progress since the beginning, that what we have planned at similar meetings in the past is happening, despite the difficulties. We are getting better. I believe that the future seems quite bright and that we shall become an even more united team. Meetings like this also reveal our human side.“

„(As a new employee) I clarified for myself my role within FLGR and the role of the others I work with. The future? It's clearly outlined.“

„The meaning and the benefit from this retreat was that by joint efforts we managed to develop the Foundation's strategic plan. The most important thing was that we all realized and were recognized as an organization of a new type, an organization which is developing and is not hierarchically structured. The future? Bright.“

„The most important thing that happened was the development of the new concept for the Foundation's functioning over the next several years.“

### VISION STATEMENT:

FLGR is an independent professional resource center, supporting local democracy.

### MISSION STATEMENT:

FLGR offers customized and need-based information, expertise and assistance, provokes innovations in local self-government, acts as a mediator and builds a broad network of domestic and international partners.

### STRATEGIC OBJECTIVES

FLGR aims to:

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



# MARKETING STRATEGIES FOR THE MUNICIPALITIES OF ROUSSE AND MONTANA

**O**n February 5, 2001, the „Horizont Until Noon“ program of the Bulgarian National Radio, with anchor Yulia Gigova, reporter Nikolai Krustev and correspondents Natasha Dimitrova and Nikolai Dragiev, presented an extensive broadcast on the development of marketing profiles and economic development strategies for the municipalities of Rousse and Montana under the Danube River Initiative Program of the Foundation for Local Government Reform. Following is an abridged transcript of the aired information with interviews.

**Yulia Gigova: Workshops on Marketing Strategies Development for Rousse and Montana Municipalities** took place last week, organized by the Foundation for Local Government Reform and conducted by US expert Brian McGowan. Mr. McGowan is Manager at the Economic Development and Investment Recruitment Department of Ontario, Los Angeles, USA. This is the region with the most „aggressive“ marketing campaign. Reporter Nikolai Krustev talked to Mr. McGowan.

*Q: What were the results of the analysis of the economic situation of the municipalities that you visited over the last week?*

**Brian McGowan:** Unfortunately, the economic environment in Bulgaria as a whole is at a comparatively low level. The analysis that we made demonstrated that there has to be a way to overcome the obstacles. In the case of Rousse and Montana, it turned out that both cities are worth of being promoted throughout the world.

*Q: What is the defining sign of this economic analysis?*

**B.M.:** We developed a list of prerequisites that have to be used. One of Bulgaria's advantages is its geographic location and its proximity to markets. Another advantage is the extremely well trained and intelligent workforce at low cost. Another strength that I have noticed is the existence of a duty free zone in Rousse. The zone should be developed and promoted further.

*Q: What is the way to attract investors to invest in the individual regions?*

**B.M.:** The first thing that should be told to the world is that Bulgaria is a good place to do business. Not much is known about the opportunities that Bulgaria offers. I believe that the development of a marketing strategy would help world business to learn about Bulgaria's potential and would generate interest towards Bulgaria.

*Q: In Bulgaria's case, what should such a marketing strategy include?*

**B.M.:** It is very important to underline the geographic location and the role of local government, which is exceptionally friendly to investors, both foreign and Bulgarian.

*Q: With the decentralization of local governments, would they be interested in seeking foreign investors for their regions?*

**B.M.:** I believe that the local governments in the two regions that I visited are very enthusiastic with regard to attracting foreign investors. However, for such economic development pro-

grams to be successful, it is necessary to seek the support of the central government as well. An economic development support program must be created, local governments' initiatives to attract investments must be supported and attention should be focused on tax incentives. The business permit system needs to be enhanced. When I get back to the US, I will do my best to change the attitude towards your country, which is considered a risky place for investments.



*Natasha Dimitrova: In a series of meetings, consultant Brian McGowan and FLGR experts identified the traditions and the development opportunities of the Rousse region. In conversations with local business representatives the advantages and the disadvantages were outlined as prerequisites for the presence of foreign investors. Advantages include: developed infrastructure, available facilities, good education system and competent workforce, the Danube river, agriculture-friendly climate, cultural heritage and the proximity to Romania's capital, Bucharest. Disadvantages are: blocked shipping routes, non-functioning airport, an old environmental problem and the lack of promotion of the economic development potential of the Rousse region. Based on this, the business, the municipality and the experts have to create the picture that would present Rousse in international publications and to investors. I asked US consultant Brian McGowan about his impressions from the discussions held in Rousse.*

**B.M.:** Rousse has many advantages with regard to business development. I have to mention the quality of the workforce, which is a very valuable asset and in demand in the US. This is a key consideration when companies try to relocate their activities. Rousse is a city that can be attractive to people who want to run their business from here. These factors, as well as the duty free zone, could attract foreign investors. The most important aspect of a marketing strategy is the faith in it and the positive attitude. I see elements of that faith but there is still a long way to go. The municipality has the right attitude and I believe that it should influence the business people. The city's strategic location is also important.

*Q: And what are the disadvantages?*

**B.M.:** The lack of tax legislation, providing incentives for foreign investors.

*Q: How will the marketing strategy help the region?*

**B.M.:** The world is not aware that Bulgaria is open to business. The main element of marketing is to make people know what you want them to know. It's not difficult but it requires financial resources and we shall try to help.

*Q: We asked deputy-mayor of Rousse, Zhivko Denev, to share his comments about the strategy building process as well.*

**Zhivko Denev:** We are very grateful to FLGR





for choosing us as one of the pilot cities for this project. The US expert visiting Rouse under FLGR's Danube Initiative Program, Mr. McGowan, saw for himself that we are able to provide objective and attractive information in order to draw investors to Bulgaria, to Rouse, and to convince them to stay.

## MONTANA



**Nikolai Dragiev, reporter:** The marketing strategy of the Municipality of Montana includes the publishing of promotional materials about its resources and investment opportunities. Upon consultations with local businesses and evaluation of the opportunities provided by the existing infrastructure, a decision was made identifying electrical equipment and machine-building industries as priority areas. The existing capacity and traditions in certain industries will also be utilized. Montana has a secondary school of electrical equipment production. Every year it provides well-trained graduates who have poor employment chances. This industry was well developed in the past and some key companies still exist. The capacity in the production of machine-building tools should not be underestimated. Balkan and Pretsiz, two local well-functioning companies, have already attracted foreign investment. Another pillar in the development of the pilot project is the adopted municipal development strategy of Montana. The information collected through a survey will be placed in a database that would be very valuable for the in-depth development of the individual proposals. A concept of the Municipality as a business that offers and provides investment opportunities has been adopted for the guiding methodology. Quality of life is also taken into consideration, as a key factor for the successful completion of the project. Promotional materials will be used targeted both to a wide circle of potential investors and more concentrated, priority-based groups. Upon studying the municipality's assets, US consultant Brian McGowan shared his surprise and optimism. A favourable geographic location with access to various markets in Western Europe, Russia and the Middle East, the available, well trained and relatively cheap workforce, a well-developed educational system and the business-friendly local government are a good basis to attract investment to Montana. Production of marketing and promotional materials is forthcoming, as well as development of a web site, addressing investors' need for all relevant information. ◆



## ONTARIO OFFICIAL SHARES EXPERTISE WITH BULGARIA

City's development manager traveled to Eastern European country to provide advice on free market economy.

By **DOUGLAS HABERMAN**, March 14, 2001,  
*Los Angeles Times, California, USA*

„As I told the president of Bulgaria recently...“ Not many people in the Inland Valley can say that. Brian McGowan can.

McGowan, Ontario's economic development manager, returned two weeks ago from a stay in the former Communist country, where he drilled officials on the basics of how American cities attract new businesses, retain existing companies or help them expand and aid firms just starting up. It all began when Bulgarian officials visiting Southern California in November approached him after being told Ontario is the most aggressive city in the region when it comes to economic development.

On short notice, McGowan, 32, found himself leading an informal presentation for the Bulgarians at Cal Poly Pomona. After Christmas vacation he found an e-mail from Bulgaria waiting for him on his computer. The Foundation for Local Government Reform, a group made up of Bulgarian city officials, wanted to hire him for a week to tap his expertise. The group receives funding from the U.S. Agency for International Development.

I was in disbelief," McGowan said Tuesday. McGowan's boss, economic development director Mary Jane Olhasso, happily agreed to give him the time off if City Manager Greg Devereaux approved it. He did. McGowan's selection was a great personal opportunity but also a good reflection on the city, Devereaux said. They chose him because of what's going on in Ontario," he said.

McGowan arrived in Sofia, Bulgaria's capital, on Feb. 26. His stay was far from a vacation, he said. Bulgaria's economy has struggled during the transition from a state-run economy to a free market economy. For example, unemployment is more than 20%, McGowan said, adding the country needs a tremendous amount of help. Bulgaria, with a population of about 8.6 million in a land roughly the size of Tennessee, is one of the poorest countries of Central Europe.

I can't remember ever working as hard as I did during that week," McGowan said. He guided officials from the Danube River cities of Rouse and Montana through an analysis of how the cities could leverage their strengths, overcome their weaknesses, exploit their opportunities and defend against threats to their well-being. Bulgarians are highly educated," McGowan said. „They caught on quickly.“ With his help, the officials began drafting marketing strategies, centered around the theme of their geographic location with the slogan „Where East Meets West.“

On his last day in Bulgaria, McGowan was watching a street parade in Sofia during a national holiday that celebrates Bulgaria's independence from neighboring Turkey when he learned that President Petar Stoyanov was heading his way. The Bulgarians he was with pointed him out to the president, yelling „Amerikanski!“ Stoyanov, who speaks good English, shook his hand and asked what he was doing in Bulgaria. Then Stoyanov pumped him for his thoughts on how business attraction and expansion efforts could be improved in Bulgaria. McGowan recommended creating a national economic development policy and national assistance for municipal programs, he said. As he continues to offer assistance from afar via e-mail, McGowan can't wait to see how his help pays off. „I'm hoping they're going to do something to change the economy," he said. ◆

## MEMORANDUM OF COOPERATION

*On April 4, 2001, the Committee on Local Self-Government, Regional Policy and Public Works of the 38<sup>th</sup> National Assembly of Bulgaria and the Foundation for Local Government Reform signed a Memorandum of Cooperation. The Memorandum was signed by committee Chair, Mr. Iliyan Popov, and FLGR's Executive Director, Mrs. Ginka Kapitanova. The discussion, adoption and signing of the Memorandum was item 2 on the agenda of the committee's last official meeting for the 1997 - 2001 mandate.*

The Committee on Local Government, Regional Policy and Public Works of the National Assembly and the Foundation for Local Government Reform, based on their longstanding fruitful cooperation that has resulted into successfully implemented joint initiatives, hereby officially express their willingness to continue their good relations and partnership, working exclusively in favor of the development and strengthening of local self-government in the Republic of Bulgaria.

By its openness, willingness to establish partnerships and by seeking public consensus on important issues, the Committee has established a positive practice and a new political culture of dia-



**Tsonyo Botev (chair in 1997 - 1998) and Iliyan Popov (chair in 1998- 2001) developed and actively supported the fruitful partnership between the committee and the FLGR.**

logue and cooperation with organizations working in the area of local self-government. Thus, the involvement of non-governmental organizations in different stages of the legislative process gains more supporters and real implementation. The Committee has set an example for the present National Assembly, which we hope will be further developed and followed by more committees in the next, 39<sup>th</sup> National Assembly.

The partnership between the Committee and FLGR began during the term of the 38<sup>th</sup> National Assembly, with the start of the Parliamentary Democracy joint project, which contributed to the improvement of the dialogue between the municipal, regional and central government and encouraged various improvements of the legislative environment of local self-government. The project aimed at working in the area of regional development, an important issue for the entire country. Activities were particularly focused on Bulgarian regional policy within the context of EU accession. A comparative analysis on the issue was produced by experts, which assisted the working groups drafting the Regional Development Bill. Two public discussions of the bill were held, with the participation of Committee Chair, Mr. Iliyan Popov, and members of parliament from different political parties, represented in the National Assembly. These discussions resulted into specific recommendations that were submitted to and taken into consideration by the Committee on Local Self-Government, Regional Policy and Public Works at the adoption of the Regional Development Act in March, 1999.

Another joint initiative was the Role of Parliament in the Process of Strengthening Local Self-Government in Bulgaria project. The project was successfully implemented by the Committee, FLGR and the East-West Parliamentary Practices Project, the Netherlands. Its goals was to stimulate the implementation of decentralization policy in Bulgaria, institutional partnership at different government levels and their effective functioning, as well as to encourage public participation at local level. Fiscal decentralization and regional and local socio-economic development in Bulgaria were priority topics. Policy forums with broad participation were held on: regional development management and funding, regional and local support to small and medium enterprises, and strength-



ening of local finances. The forums allowed representatives of the executive and the legislative authorities, NGOs and business organizations, members of parliament and European experts to exchange ideas and experience and to make proposals that were adopted by the Committee. The introduced legislative changes and improved governance practices accelerated the process and ensured good partnership and cooperation among local, regional and central government bodies.

As a result of these extremely beneficial to local self-government initiatives, the Committee on Local Self-Government, Regional Policy and Public Works and the Foundation for Local Government Reform declare their consent to continue their cooperation and express their willingness to:

1. Continue to cooperate for stimulating open public dialogue and practical actions aimed at strengthening local self-government in Bulgaria.
2. Organize public discussions of bills and policy forums aimed at refining legislation, in order to ensure that the contribution of all interested parties is reflected and to encourage further transparency and effectiveness of the legislative process.
3. Cooperate in presenting and discussing specific recommendations and proposals, submitted to the Committee by representatives of local and regional authorities with regard to possible legislative changes and aimed at strengthening local self-government in Bulgaria.
4. Encourage beneficial relations and partnership between executive and legislative bodies at local and national level.
5. Exchange up-to-date information and consulting assistance within the framework of their own competence and capacity.
6. Work together on the development and implementation of projects in the process of Bulgaria's accession to the European Union.

This Memorandum was signed in two copies, one for each of the parties.

*April 4, 2001  
Sofia*



# THREE INTERNS IN THE MIRROR WORLD OF THE MUNICIPALITY

## OR THE STORY OF AN ORDINARY INTERNSHIP

# T

*heory and practice...  
cross-points and missed points...*

*Students. Institutions. Internships.*

*Probably any „big boss“ or expert in government administration still remembers the excitement about his/her internship. This is not only the first contact with one's future career, but also a reality check whether the knowledge and skills one was taught at school are actually useful.*

*Whether because of its scale, its aspiration to modernity or simply because of its location, the Municipality of Sofia has always been a preferred place for internships by all - municipal management, universities and students. This year was no exception. Following, interns Gergana Vassileva, Marta Petrova and Marin Vassilev share their experience.*

### HOW WE GOT THERE

Almost by accident. We had to find a place for our internship. We expected something boring and meaningless, although we did not want it that way. We had the confidence of senior students in Public Administration, we believed that we knew the world of the municipality. You get the Local Self-Government and Local Administration Act, read a few wise books on the issues as they are and as they should be, remember the lectures of your renown professors and make

this all fit in together like in a puzzle game. The system had to be well-structured, even the problems had to be as we expected them - complex but solvable and one-dimensional. We thought we knew the solutions or at least where we could find them. Everything seemed quite logical to us and we wondered how come municipal employees have not thought about that, why are they not doing anything. The explanation was as simple - politics, incompetence and momentum.

### WHAT WE EXPECTED TO DO

We were confident that we could do real work. Someone just had to show us how to do it. We felt ready „to swim in deep waters“, while we had not yet even „dipped in our feet.“ We expected to acquire some patterns and rules to begin placing the puzzle pieces together. We were looking for novelty, initiative, will for change and all those things that are not found in textbooks.

### WHAT WE FOUND

That we did not know even what we thought we knew, or at least not in a way applicable to practice. We once again discovered that formal education in Public Administration, and our higher education system in general, have a great disadvantage - too much theory. Graduating students are not prepared for that career and will require years of practice in order to meet the expectation vested into this new for Bulgaria academic discipline.

Public Administration is an interdisciplinary major. Students are required to gain knowledge in law, economics, information technologies and management. This knowledge should not be chaotic, but should be guided by the goal to prepare experts, who would be employed within the system and who would have a broad grasp of issues. Experts, who could become the basis for the development of a functioning Bulgarian administration that would work more successfully in a market economy.

Experience comes with practice. Then it becomes routine. To become what we expect to, we need the assistance of the practitioners employed in the system. This would be a process of mutual training. We can provide



new knowledge, a fresh point of view, initiative, innovation and energy. However, we need to be given a hand. We need to get in touch with practice, with real issues. Such cooperation would be especially beneficial for small municipalities, which more often face problems in recruiting educated staff.

No system can exist in ideal condition if it is isolated from the environment. There must be effective interaction. The municipal administration should remain open to new solutions for existing and forthcoming problems. In the modern, dynamic, more complex and globalizing world, the administration needs to learn to adapt to changes at the macrolevel and even to become the initiator of changes. It is high time for the Bulgarian administration to begin to utilize the achievements in the age of communications. The new should not be scary, as not everything coming from the outside poses a threat. We should not allow the system to become sclerotic, self-serving.

There are no default solutions as there are no one-dimensional problems. The lack of money is not the only obstacle to the effective functioning of the local government in our country. Money is never sufficient. What is more important though is how to use it. Patching potholes in the streets for a couple of months, just to see them reopen later, larger than before, couldn't be a solution. It is time to begin to think strategically, to establish coordinated programs for the future and not to allow absurd actions, such as the digging a freshly paved street to do maintenance of the sewer system. We need to realize the fact that our resources are too scarce to have them wasted by solving only the small problems with cosmetic measures that, at best, would postpone the problems until the next local term.

There is no single right approach. Neither is there someone to give us ready-made answers. Specific problems have specific solutions. There is no universal solution for all problems.

Problems are solved not by single individuals but by teams. Wherever we witnessed real work, action and success, it was not due to structure, subordination and strict rules. On the contrary, it was always based on personal relationships, contacts, team work, initiative and even bending the rules in favor of doing the job. If initially we thought that everyone within the administration had an area, in which he does everything by himself, now we found out that this was not so. Cooperation, interaction and teamworking are much more needed instead.

There exist not just rules and subordination, but interpersonal relations as well. Informal contacts are not only harmless but are also extremely useful. Often they are used to solve problems that would take too long, if the traditional way through the hierarchy was taken.



### IF THERE IS A WILL, THERE IS A WAY

To achieve something, you need to know what you want. Often the real goals remain invisible for the individual employees and that makes them harder to achieve. Often even at the leadership level of administration a clear vision is lacking about the development of the organization and the improvement of the services to citizens, which is the main purpose for the existence of the modern public administration.

We learned something - too early to be defined, something that is different for everyone of us.

**Marin:** Before, I knew that my knowledge and skills are insufficient. Now I realize that they will never be sufficient. It would be meaningless to try and accumulate a sufficient basis first and then to begin work. Maybe one day I would really belong to the local administration but I could as well end up doing something quite different, like growing pumpkins, for examples. At the same time, any such turnaround would not be necessarily inappropriate or unpleasant for me. Everyone has to find his/her place, but that requires time and attempts. Until then I will try to develop professionally but not in a single area. It would be better to know a little bit about everything, instead of knowing everything about nothing.

**Gergana:** My biggest concern is that I can not see myself fitting neither in local nor national government. My knowledge is too general and chaotic and I can not say that there is something I am good at, something I can do. What I would like is a job that allows for innovation, dynamism and development. Competition, motivation and job satisfaction are important to me...

Still, these two weeks were all but wasted time for the three interns in the mirror world of the municipality. Finally, it turned out that the municipal administration, and that of the Municipality of Sofia in particular, is functioning better than it looks at first sight. There are still people who, despite all difficulties, give life to this cumbersome system and make it move. Perhaps it is not that bad as it seems after all and there is hope for improvement of our local administration. All we need is more ambition, initiative, faith and, above of all, the will to overcome obstacles. ◆

# LOCAL SELF-GOVERNMENT IN THE ELECTION PROGRAMS OF POLITICAL PARTIES

JUNE 2001 GENERAL ELECTIONS IN BULGARIA

**O**ne month prior to the general elections in June, 2001, FLGR contacted the major political parties that would most likely win representation in the new, 39<sup>th</sup> National Assembly. Our idea was to interview their representatives and obtain an idea of the role they envision for local self-government in Bulgaria, as well as for the interaction between the different levels of government. Some of them provided us with their election programs, in other cases we had to draw materials from information published on the Internet. Unfortunately, various parties running for parliament did not announce specific programs or statements.

## Simeon II National Movement (SSNM)

Local self-government must develop towards a constant and effective dialogue between the citizens and the local government bodies.

SSNM is in favor of the development and implementation of clear rules governing the interaction of local governments and the national government.

The main principles of local government are:

- ◆ a dialogue between the citizens and the local government bodies;
- ◆ expanded competencies of local government bodies;
- ◆ reduced national involvement in the adoption and implementation of local governments' decisions.

The Movement proposes:

- ◆ financial decentralization, including granting the municipalities the right to levy local taxes and to define the amounts of the local fees, as well as the ability to define, plan and spend funds;
  - ◆ clear and stable criteria for the allocation of national grants to the municipalities;
  - ◆ use of the competitive principle when municipalities apply for specific grants;
  - ◆ wide public discussion on the creation of a second level of local government and on whether regional governors should be elected;
  - ◆ creation of citizen participation opportunities and involvement of the youth in the local decision-making process.

Some of the measures aimed at reducing budget expenditures include optimization of the national administration's costs and privatization of certain administrative services.

SSNM's economic strategy includes immediate practical measures against corruption and the establishment of competent, impartial and responsive public administration by:

- ◆ adoption of clear rules for the delivery of administrative services;

- ◆ development of common information systems for the administration, in order to prevent corruption;
- ◆ amendments to the Public Procurement Act, consistent with the principles of publicity, transparency, free and fair competition and equal opportunities;
- ◆ decentralization of authority, transfer of public functions to private agents of the civil society and development of a real dialogue between administration and citizens.

With regard to privatization and the structural reform, the Movement has planned changes to the Restructuring and Privatization of State and Municipal Companies Act, to be effected within 3 months.

Infrastructure development will be a priority for the Movement. The funds for the development and the maintenance of the infrastructure will be raised from: EU accession funds and other international donors; concessions and private investments; public and municipal funding.

The Movement will support small and medium-size businesses by enhancing communications between the private sector and public administration. Other measures, related to the functioning of the public administration include:

- ◆ optimization of the functioning of the national and municipal administrations;
- ◆ control on the implementation of the selection criteria for national and municipal government employees;
- ◆ adherence to strict procedures binding the administration in its relations with the citizens;
- ◆ expansion of the opportunities for judicial control on the executive authorities' acts;
- ◆ expansion of national government's liability for damages inflicted by its employees;
- ◆ introduction of one-stop shops;
- ◆ legislative changes based on the principle that the citizen is allowed to do everything that isn't prohibited by law, while the government employee is only allowed to do what the law has explicitly assigned as his competence.

## Union of Democratic Forces

Security, stability and sustainability of the regional development initiatives. This is how the United Democratic Forces define their regional development policy priorities prior to the 2001 parliamentary elections. The main goals are: to achieve balanced sustainable development of the regions; to reduce the disproportions in the country; and the further social and economic cohesion with the European Union. In the implementation of its regional development policy, UDF will aspire to





match public investments with private ones (both foreign and Bulgarian) by utilizing different funding methods for projects. The effective multi-year planning of public investments and resources from the EU accession funds will be a priority in UDF's regional policy. More specifically, the efforts will be focused on:

- ◆ completing the preparations for the management and the utilization of the EU structural funds;
- ◆ development of a reliable information system for regional planning and management, which means that an EUROSTAT-comparable system of indicators for monitoring and evaluation of regional development will be developed;
- ◆ multi-year planning and establishment of a regional development fund;
- ◆ gradual decentralization: regional policy oriented to the end user (regions, municipalities, private entrepreneurs). This will provide the municipalities more freedom in allocating their resources, as well as in selecting those projects that support business most;
- ◆ expansion of the application of the principles of partnership: involvement of representatives of the unions, the employers and the non-governmental organizations in the decision-making process;
- ◆ aspiration to reduce the differences between the individual regions, by means of entrepreneurship support programs, development of alternative employment, support for family businesses, SMEs and tourism;
- ◆ actions in support of the development of the border regions, to equalize the transport and the environmental infrastructure in the neighboring countries, to increase the socio-economic potential of the border areas.

UDF will also work to establish a business-friendly environment and to improve the infrastructure. The most important programs will be related to water-supply and the rehabilitation of roads. The implementation of the national program for solving water-supply problems will mark the beginning of a long-term solution of an important national problem. The measures that will be taken will stimulate the production of Bulgarian hydro construction companies and of producing equipment for water-supply and sewer networks, which will result in the creation of new jobs.

In the area of local self-government, UDF has set the goal to increase the awareness of the individual citizen, of the government as a whole and of the public for the role and the importance of local government, as the national policy is backed, supported and implemented to a great extent by the local self-government bodies. On the other hand, there is an aspiration to generate public understanding that the citizen should not be regarded as an applicant and a subordinated subject, but as a client who has the right to require relevant services from the local or national government bodies. The UDF define their priorities in this area as follows:

- ◆ have the national and the local legislation oriented towards improving the quality and the effectiveness of local government bodies, at low cost and under democratic control;

- ◆ rethink the relations between local government and citizens;

- ◆ adapt local government and local administrations to local economic development needs (find the optimal balance between public and private sector at local level).

UDF intend to also work for an increased involvement of local self-government in the EU accession process. They believe that there are two interrelated trends related to the more active participation of regional and local authorities in the integration processes: on one hand, the local and regional authorities realize that the decisions they make have effect and have to reflect in their style of governance; on the other, the regional and local authorities represented in the Committee of the Regions incessantly face the necessity to have preliminary information, in order to be able to submit proposals on European Commission decisions or proposals.



#### Movement for Rights and Freedoms (MRF)

The Movement for Rights and Freedoms believe that Bulgaria needs a new regional policy that would provide for the balanced developed of the individual regions. It is necessary to change the regional development priorities in such a way, as to allow for a more just balance between the growth policy and the policy of support for disadvantaged regions and municipalities, in order to reduce the interregional differences in employment and income. The MRF insists on the development of a national strategy for support to economically backward regions and municipalities by attraction of foreign and domestic investments. The strategy calls for: adoption of a Mountainous Areas Act; development of new programs for the areas with ethnically mixed population, to be funded by the EU accession funds; state guarantees for the jobs and tax-free investments in the border and mountainous areas; border areas' development by encouraging cross-border cooperation; and an increased number of medical practices in the remote areas. MRF will work for the establishment of a regional development fund as an analogue of the European Regional Development Fund. The idea is, by a concentration of some of the existing off-budget funds, to create conditions for more effective management of budget resources, as well as better conditions for coordination with the EU accession programs and other donors. The money in the fund will be used in areas with specific problems - rural, mountainous and border areas and areas in industrial decline.

MRF intends to submit to the next National Assembly proposals for changes in the acts governing regional development, municipal budgets and local self-government and local administration. Its election program states that the excessive centralization of government and concentration of resources within the national government, the decision-making and the delivery of many



services that should be provided by the lower tiers of government, are serious obstacles to the country's development and European integration. MRF insists for greater decentralization including strengthening civil society's rights and freedoms. The goal is to have elected officials at all levels, also by means of establishing a second tier of self-government by electing regional governors and regional councils, in consistency with the principles of the European Charter on Local Self-Government and the recommendations of Council of Europe's Resolution 1211/2000 on establishing directly elected councils in the existing 28 regions. MRF will work for stronger citizen participation in finding solutions to especially significant local issues, as well as for the development of a mechanism that will allow the citizens to exercise control on municipal councils' operations. The Movement offers to grant more authority to local self-government bodies by means of: guarantees for the economic and financial independence of the municipalities; stopping the practice of delegating unfunded mandates to the municipalities; granting the municipalities decision power in hiring the managers of services and units funded by the municipal budgets (such as school principals, the managers of social care centers, hospitals, area police departments); continuation of the transfer of state property to the municipalities; tax exemption from certain taxes for the smaller municipalities. MRF insists on the continuation of dialogue with the National Association of Municipalities in the Republic of Bulgaria, as its very existence is one of the achievements in the area of local self-government. The Association must remain pro-active in protecting municipalities' interests and in strengthening local self-government. The Movement proposes to adopt legislation that would give representatives of the Association the right to participate in different public committees and work groups, as well as in the activities of the parliamentary committees. For improvement of the delivery of services to the citizens, MRF proposes the adoption of the one-stop shop model.

With regard to territorial development, MRF will try to find a comprehensive solution for the problems related to illegal construction, including legalization of illegal buildings in neighborhoods with predominantly minority population, inclusion of such buildings in the master plans and development of the infrastructure. The Movement insists on removal of existing obstacles to the official religions in the country for building of cemetery parks.

#### „For Bulgaria“ Coalition

In their draft contract with the voters, the For Bulgaria Coalition states that its intent is to subordinate the administration

to the citizens, to develop local self-government, the financial resources and the independence of municipalities. The socialists' evaluation is that at present the reform in Bulgarian local self-government is halted, municipalities are in a financial collapse and some of them even had to stop performing certain basic functions.

The coalition's approach to local self-government will be defined by certain new conditions in the country and will be focused on the following:

- ◆ granting the municipalities the rights and the status of an active factor in the EU accession processes;
- ◆ application of the subsidiarity principle;
- ◆ practical application of the principles and the stipulations of the European Charter on Local Self-Government;
- ◆ transforming the municipalities into subjects of investment activities;
- ◆ strengthening municipalities' role in the social area;
- ◆ overall change of the legislation and the adoption of several sets of new laws, related mostly to decentralization, public services and local finances.

The main point in the coalition's position is the intent to complete the local self-government reforms, including the decentralization of local finances. The socialists will work for decentralization and granting more authority to local governments. This will be the basis for the development of a system of self-government bodies also at the level of regions.

A new territorial structure will be developed that would be consistent with integration, sector economy development, regional resources, supranational and supraregional communications. The socialists intend to optimize the administrative and territorial division of the country by considering the integration processes, the presence of a system of local government bodies and the strengthening of municipalities' economic power and financial independence. The idea is to establish regions that would have the authority to establish business contacts with European regions, effective administration with a great capacity at low cost, proactive municipalities, a new type of mayoralities, intermunicipal and supramunicipal organizations and projects.

The „For Bulgaria“ Coalition is developing a set of new legislative acts, as well as certain amendments to existing acts, which will be experimented within the municipalities, under a contract between them and the national government. The reforms are intended to be completed by 2003, i.e. prior to the next local elections. ◆

# INFORMATION DESK FOR ENTREPRENEURS

**Ralitsa Petrova,**  
**Bannock Consulting,**  
**Sofia**

On May 31, the Municipality of Vidin opened an information desk for the entrepreneur within its municipal customer service center. Similar desks were opened at the regional bureau of the Small and Medium-size Enterprises Agency, the Vidin business incubator and the Regional Development Agency and Business Center. The main task of the newly opened desks for entrepreneurs is to provide information services on the procedures and the requirements for starting businesses.

The desks have an electronic database and printed materials that assist entrepreneurs. These have been developed on the basis of an in-depth survey of existing procedures for starting a business. The databases include information on the following procedures:

- ◆ registration of a company at the Vidin County Court;
- ◆ registration at the Territorial Statistical Office;
- ◆ registration at the Social Security Area Office;
- ◆ registration at the territorial Tax Directorate (general tax registration, registration under the Excise Duties Act, the Value Added Tax Act and registration of an electronic cash register);
- ◆ administrative procedures related to construction or reconstruction of commercial sites (from the beginning of construction to the final approval of the building);
- ◆ most often demanded licenses, registrations and permits.

Besides a general description of the procedure, the database also includes information on the stages that the entrepreneurs have to pass, their sequence, the necessary documents and fees, the addresses and open hours of the relevant agencies. If necessary, the desk staff can assist the entrepreneurs in filling out the forms.

The purpose of the new desks is to enhance entrepreneurs' contact with the public administration, to increase the transparency of the administration's work, to shorten the time and costs for the entrepreneur. The information

available at the desks was collected with the assistance of the municipal and the regional administration and is a result of cooperation between all national institutions represented in the municipality.

Hopefully, the successful model of cooperation between the institutions will be replicated by other Bulgarian municipalities which have already achieved significant successes in improving the delivery of municipal services. The new desks for entrepreneurs could become a valuable addition to the municipal customer service centers, established with the support of the Foundation for Local Government Reform and the Local Government Initiative Program.

The information desks for entrepreneurs in Vidin were established under the Reduction of Administrative Barriers Faced by Small and Medium-size Businesses Project, funded by the British Department of International Development. The project was implemented by the Small and Medium-size Enterprises Agency of the Council of Ministers, with the assistance of Bannock Consulting, UK, and Unilob, Poland. The goal of the project is to reduce the administrative obstacles for starting a business and to encourage entrepreneurship in Bulgaria.

The activities under the project began at the end of March, 2000. In the beginning, upon consultations with key actors, two major areas of work were selected where political will for change existed, allowing for practical solutions to existing problems. The first area was the improvement of the collection of statistical information from SMEs. The second one was the improvement of the registration and licensing procedures for start-up businesses. Activities in the second area are implemented both at national and local level. Apart from the information desks established locally, project experts are in the process of developing a concept for new licensing legislation that would guarantee equal treatment of all economic agents, will unify the requirements, reduce the opportunities for unmotivated and subjective denials and decrease state control to a minimum, in consistency with the European Union directives. ◆

## Recent Feedback From FLGR's International Partners:

„I would first like to acknowledge receipt of the Foundation's Annual Report and to congratulate you and your staff on another productive year. The breadth of your activities and the depth of your accomplishments are exceptional and are true indicators of the commitment to your organizational mission. Congratulations.“

*Henry P. Minis, Jr., Local Government Initiative, Program Director, Sofia, July 11, 2001*

„Thank you very much for sending the annual newsletter 2000, already some weeks ago. Please, receive my compliments for the rich information it contains. Also various of my colleagues here reacted enthusiastically. I am proud to have been given the opportunity to contribute some words from my perspective.“

*Arthur Wiggers, Deputy Director, International Project Unit, Association of Netherlands Municipalities, June 19, 2001*

„Thank you for sending your annual newsletter. It was very informative and exciting to see so much action to improve all aspects of your local and national government. I enjoyed reading it and wish for additional copies to share with our with our sister city committee. My best wishes for your continued success and you move ahead on behalf of the people.“

*David Henke, Elkhart City Council, Elkhart, Indiana, USA, June 14, 2001*