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**Dear readers,
 partners and friends,**



Many of you have been receiving regularly over the years this digest publication in English, summarizing the most interesting and representative information from our monthly newsletter „The Local Self-Government Reform“. We invite those of you, who come across the English Digest for the first time, to join a community of international partners, genuinely interested in the development of local democracy in Bulgaria.

In this bi-annual issue of our newsletter digest, covering the first half of the year 2002, we have chosen to introduce you to hot topics and latest tendencies in Bulgarian local self-government concerning: international cooperation best practices, European integration initiatives, municipal marketing for investment attraction, improvement of municipal services to citizens, as well as up-to-date information about our own activities and events.

We hope this newsletter would encourage you to explore opportunities for future cooperation and partnership with the Foundation for Local Government Reform. FLGR's team will be glad to let you know more about our programs, goals and capacities as an independent resource center, supporting local democracy in Bulgaria.

Please, do not hesitate to contact us for assistance with further information on the issues discussed in the publication. We remain open to your comments, suggestions and recommendations!

Sofia,
 August 2002

Ginka Kapitanova,
 Executive Director,
 Foundation for Local
 Government Reform

WORKING VISIT OF VELIKO TURNOVO MUNICIPAL EXPERTS TO THE CITY OF GOLDEN, COLORADO

Snejana Daneva,
Director of Financial/Economic Activities
and Property Management Department,
Veliko Turnovo Municipality

From January 5 to 12, 2002, a working group of Veliko Turnovo Municipality including the Director of Financial/Economic Activities, the Chief Accountant and the Director of the Economic Development Department participated in an exchange visit between the two twinned cities with the support of the USAID and the FLGR. The working agenda of the visit provided opportunities for exchange of information and ideas in the areas of budgeting, finance, economic development, municipal property management (including the legal framework in the US). The main objectives that were set and accomplished during the period of the visit were:

- ◆ final draft of the financial plan of the project on Veliko Turnovo's infrastructure;
- ◆ coordination of the final report on the two joint projects of the two cities;
- ◆ drafting proposals for funding of the project on Veliko Turnovo's infrastructure;
- ◆ agreement on the ways, forms and marketing approaches for sales of sites of the old military school terrain.

New ideas came up in the work process to be proposed for discussion in the Veliko Turnovo Municipal Council with regard to taking a decision on changing its Work Plan and for improving the management of the municipality in the next five years. Some of the new proposals include:

1. Designating a budget for an advertising campaign targeting larger circle of investors with the purpose of presenting the detailed spatial plan and promoting the forthcoming action of Veliko Turnovo Municipality to prepare sales of sites of the old military school terrain. One of these initiatives could be developing a website that would raise initial interest and would be updated regularly with new data and information.

2. Taking a decision on whether the selling of sites of the old military school would be done by a municipal agency or a joint stock company to be registered for that purpose. With regard to this issue the legal opportunities were discussed for using European or US real estate agencies as intermediaries again with the purpose of reaching larger circle of potential investors.

3. Including an additional set of conditions in bid and competition announcements that would give opportunities for post-privatization control with regard to:

- ◆ The number of new jobs;
- ◆ The security of investment — including an option for preferential purchasing of a second site by an investor, after the purchasing procedure for the first site is finalized, with the purpose of ensuring sustainability of the project;
- ◆ The price of the site should not be announced as the only priority, but should be viewed in combination with the architectural and spatial solutions, since the outlook of the downtown area is very important for the entire population of the city.

4. Propose to the Municipal Council to approve using the revenues from sales of downtown area sites only for renovation and reconstruction of the Veliko Turnovo streets and not for other purposes. This would mean creating an unofficial special fund for infrastructure financing, following the US budgeting model, since the formal legal base in Bulgaria does not allow that through out-of-budget accounts, but only by a decision of the Municipal Council.

Apart from the working meetings with the team of the City of Golden, the Bulgarian delegation from Veliko Turnovo attended several other meetings outside of the city administration. The meeting with the Jefferson County Economic Development Council was very useful to us, since we were presented the basic concepts for attraction, support and assistance to investors aiming to position their business in the region. We got acquainted with the American notion of local economic development, which was provided to us both in written form and on a compact disc. A comparison was drawn between the legislative framework in Bulgaria and in the US concerning the development of private business.

In the City of Denver we visited the George K. Baum & Company Investment Bank, which had carried out the emission of bonds for the City of Golden. We were introduced to very interesting details about the realization of the bonds emission with a buy-off period of 20 years and with the funds of which the city started building a golf-course, according to the will and interest of the citizens.

In summing up the results of the visit I would like to underline that all meetings were extremely beneficial for our team. This was an incredible time spent in our twin city and we thank everyone, who made it happen! ◆



REGIONAL COUNCIL FOR EUROPEAN INTEGRATION

On January 23, 2002, the first Regional Council for European Integration in Bulgaria was created on the initiative of the Gabrovo Regional Governor and the municipal mayors and chairpersons of Gabrovo, Sevlievo, Tryavna and Dryanovo. The inauguration ceremony was attended by Mr. Christoff Stock, Secretary on Political Affairs at the Delegation of the European Commission in Bulgaria, who expressed high appreciation of this initiative and declared his and the Delegation's support. This is the first such council in Bulgaria and its founders hope to create a successful regional model that could be replicated by other regions of the country.

TZVETAN NANOV,

REGIONAL GOVERNOR OF GABROVO REGION:

EU membership is a major priority of Bulgaria, for which there is full political consensus in the country. It is not necessary now to list the numerous advantages of membership, but rather we need to clearly realize and take on our own responsibilities in the process of negotiations and preparation for accession. The purpose of the Regional Council for Euro-integration in Gabrovo is to make the region of Gabrovo an active participant in the accession process. Whether we shall succeed, depends on us and on our targeted efforts.

How was the idea for creating the Gabrovo Regional Council for EU Integration born? The first question me and my team asked ourselves was: To what extent is the European Union known and understood here and how are we able to react adequately to the dynamically changing circumstances of European integration? We are aware that the European Union itself is in constant development. We can not stay away from Bulgaria's overall development as a European country. We can not require from the citizens full and unconditional support to European integration, if we do not provide them complete and comprehensive information about the EU. However, we should not build a perception of the EU as „a European super state or European institutions that penetrate every aspect of our lives“, to quote the Declaration of Laaken on the Future of the European Union. Sometimes even the officials of certain institutions are not well acquainted with the process of European integration of Bulgaria. Thus, we came up with the idea to direct our efforts towards establishing the Council in Gabrovo. The administrative capacity of no single institution is sufficient enough to form units on the issues of European integration. On the other hand, if regional administration and municipalities work separately, that would lead us to a situation where „the right hand is ignorant of what the left hand is doing“. This is unacceptable nowadays, because it is only by joint efforts that we can achieve the mission of this Council that **the Region of Gabrovo becomes a European region in the heart of Bulgaria.**

It is clear that the realization of this initiative would help us to be progressively democratic, to have more transparent activities and be more effective. We also face a huge challenge — together with building true civil society, to bring citizens and especially young people closer to the European project.



Through accomplishing the mission of the Gabrovo Regional Council for European Integration we would contribute to the achievement of specific items from our national government's program such as:

1. Intensive efforts for informing constantly and consistently the general public in the country, including non-governmental organizations and business organizations, about the progress of negotiations, about rights and responsibilities, following from full membership to the European Union, with the aim of their more active involvement in the accession process;
2. Active participation in the mechanism for regular dialogue and consultations at all levels;
3. Active participation in the various agencies and programs of the European Union open to candidate countries with the purpose of effectively using the opportunities they provide for cooperation and exchange;
4. Using the opportunities for twinning between administrations for expanding the network of cooperation with the administration from EU member countries, in order to quickly and effectively implement the model of work of national administration in the context of EU membership;
5. Strengthening the administrative capacity for effective use of the pre-accession funds (PHARE, ISPA, SAPARD) and, in the case of membership, the structural funds of the European Union;
6. Developing additional forms and programs for training with the purpose of strengthening the human resource potential of administration for participating in the different EU institutions.

The main activities of the Gabrovo Regional Council for European Integration will be a product of our cooperation and of the future work of our expert unit that has the task to prepare the Program of the council and to draft projects, through which its objectives will be achieved. Today we plant the seeds of something positive and whether or not we will collect good harvest depends only on our consistent and focused efforts. ◆

JOINT ACTION PLAN BETWEEN THE PARLIAMENTARY COMMITTEE ON LOCAL SELF-GOVERNMENT AND FLGR



As a result of the continuous successful cooperation between the Committee on Local Self-Government, Regional Policy and Public Works at the 39th National Assembly of the Republic of Bulgaria and the Foundation for Local Government Reform and with the aim of building on the well-established good partnership relations, on 22

May, 2002, Committee Chairman, Remzi Osman, and FLGR's Executive Director, Ginka Kapitanova, signed a joint **Action Plan**. The plan outlines the major directions, priorities and areas, in which the Committee and the Foundation will work together during the year 2002.

The **main program areas** of the action plan include:

- cooperation for the successful process of reforming Bulgarian local self-government;
- joint efforts in creating favorable conditions for the establishment of a second level (tier) of self-government in the country;
- joint initiatives in the area of Bulgaria's regional policy, according to the Bulgarian government's legislative priorities.

Some of the specific activities agreed in the plan include organizing public policy forums, aiming to encourage action in favor of strengthening local self-government and legislation concerning it. Another aspect of this activity is conducting public forums and discussions on draft laws in order to improve the legislative framework by taking into account the interests and contribution of all stakeholders, as well as monitoring the effect of the implementation of newly adopted legislation.

FLGR and the Committee will work together for improving the exchange of information concerning local governments and will develop and implement joint projects, aiming to refine specific institutional environment or strengthen the partnership between different levels of government.

On February 14 and 15, 2002, the Foundation for Local Government Reform organized in Sofia a seminar on Municipal Marketing, aiming to set clarity in the process of the practical development and implementation of municipal marketing policies.

Within the framework of the Bulgarian Technical Twinning Program and the Danube River Initiative Program of FLGR nine municipalities have developed marketing practices. These are the cities of Rousse, Montana, Razgrad, Silistra, Haskovo, Blagoevgrad, Vidin, Pazardjik and Gabrovo. In turn, some of those cities have further replicated their experience in other Bulgarian cities. Thus, the municipalities of Sliven, Novi Pazar and Harmanli also developed their marketing strategies.

FLGR's goal through this seminar was to provide an opportunity for open discussion on the mechanisms, ways of interaction and coordination between central government and municipalities that have to be created in order to achieve better effect of municipal marketing for attracting more investments in the future. FLGR's seminar on Municipal Marketing gathered more than 50 participants, including municipal mayors, economic development experts and specialists in international cooperation, representatives of the Foreign Investment Agency, business organizations, investors and international partners. Precious practical experience was shared from different points of view in the area of marketing and promotion of municipal potential for business attraction and retention. At the closing of the meeting participants adopted the idea to create a working group of innovators, coordinated by FLGR, that would in the future develop and disseminate best practices in the sphere of municipal marketing.

During the seminar the municipalities of Haskovo and Silistra were announced winners in the competition for the FLGR Award for Innovation in municipal marketing. Haskovo Municipality won the award by its comprehensive program for business attraction. It includes a municipal marketing profile, an orientation program for investors, a business catalogue, a tourism catalogue, and a corporate office-center. Silistra Municipality received the prize for its business profile and marketing kit, presenting the economic potential of the municipality. Thirteen innovative practices, submitted by Bulgarian municipalities, competed for the FLGR Award for Innovation.



MUNICIPAL MARKETING SEMINAR

PAVLINA PASSEVA, HEAD OF PROTOCOL AND INTERNATIONAL COOPERATION DEPARTMENT, HASKOVO MUNICIPALITY:

Ever since 2000 the team of the Municipality of Haskovo directed its efforts to the development of a comprehensive program for supporting businesses and attracting investments in the region. We have worked with a lot of passion and enthusiasm on this idea together with our US partners from Abington, Pennsylvania, to whom I would like to thank very much. We hosted two Abington delegations and all activities within our joint



IVO ANDONOV, MAYOR OF SILISTRA MUNICIPALITY:

We received the FLGR Award for municipal marketing thanks to our invested efforts and outstanding work and above all thanks to the team I work with. People were highly motivated; they worked extremely well and jointly contributed with all we can in order to prepare a really modern marketing, aggressively targeted at investors. The medium age of my team members is 35 years.

We studied international experience and were assisted mainly by our US friends of Kettering, Ohio, where we saw how a relatively small city manages to attract home and foreign investors by opening its opportunities and potential. Thus, we developed our municipal marketing so that, if two and a half years ago not much was known about Silistra Municipality even throughout Bulgaria, today we are known also beyond the country's borders.

What we did was targeting mainly foreign investors and we are already glad to have them. Those are Greek companies producing clothes, as well as Turkish companies producing textiles, cloth, and ceramic ware. We are also oriented towards high technologies and we would like to redevelop the potential that was established in past by the „Orgtehnika“ enterprise in our city.

Our partners from Ohio are doing their best to attract US interest to Silistra Municipality and to Bulgaria by and large, although they themselves are not able to invest, because they are a city management structure. They promote our opportunities through the assistance of their chambers of commerce. They helped us very much in creating our business-center and business-incubator, which started functioning recently but extremely effectively. We draw on US experience, because it is leading, but we target our neighboring countries. It is there that potential for investments is as huge and as unexplored at the moment. ◆



project were implemented with their exclusive assistance. With the purpose of general presentation of the region, we developed a practice consisting of five steps, each of them encompassing a different area. Two of them are at the basis of all. One is a marketing profile of Haskovo Municipality, and the other — a kit (called by its creators an orientation program for attracting potential investors), containing guidelines for potential investors and providing them with clear and complete impression of all aspects of life in the Municipality of Haskovo.

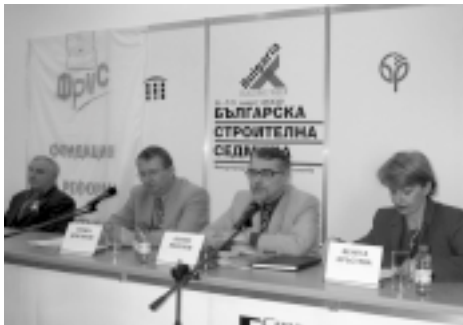
The other unique practice, which is innovative for a Bulgarian municipality, is our so-called corporate office-center, where free office space is to be provided to any potential investor, who has demonstrated interest towards our region and has decided to get acquainted with our orientation program. In April 2002, according to the extension of our project approved by FLGR last week, we are expecting a delegation of US businessmen headed by Mr. Carmen Italia, Chairperson of the Industrial Development Corporation of Montgomery County, Pennsylvania, with which we already have well-established links.



BULGARIAN MUNICIPALITIES — TRUE PARTNER AND PARTICIPANT IN THE INVESTMENT PROCESS

On March 6, 2002, the Foundation for Local Government Reform and „Construction & the City“ weekly newspaper, organized a joint conference titled „Bulgarian Municipalities — True Partner and Participant in the Investment Process“. The conference was a parallel event to the Annual International Specialized Exhibition „Bulgarian Building Week“ in Sofia.

„Bulgarian municipalities are well aware of their important role in the area of economic development, „ said at the official conference opening Deputy Minister of Regional Development and Public Works, Mr. Belin Mollov. „The goal of this forum is to create better opportunities for contacts and more active



linkages of municipalities with businesses,“ emphasized at the very beginning Ms. Veneta Krusteva, Editor-In-Chief of „Construction & the City“ weekly newspaper and Mr. Roumen Draganov, FLGR Board Member and

facilitator of the conference.

The over 100 participants of the conference included representatives of municipalities from all over Bulgaria, the Ministry of Regional Development and Public Works, the Ministry of Agriculture, the Foreign Investment Agency, the Agency for Small and Medium Enterprises, the National Center for Territorial Development, the Italian Institute of International Commerce, as well as other visitors to the BBW exhibition.

The working agenda of the conference started with a presentation by Mr. Ventzislav Kojuharov, Chief Secretary of Blagoevgrad Municipality, on the practice and technology of creating the Blagoevgrad Municipal Center for Services and Information to Citizens and Businesses. Next, Ms. Diana Bebenova, Chief Expert on International Programs of Silistra Municipality, introduced participants to the experience of Silistra in presenting and promoting the municipality as an investment-friendly place. Participants were then provided with the point of view of the investors and their expectations from the municipalities by a presentation of Mr. Valentin Tzenez from the Botevgrad Epique Electronic Assembly Company (rated the second largest investment in Bulgaria for 2001). During the discussion session of the conference participants raised numerous questions, issues and comments. ◆

*Alexandar Mihailov,
Chief Expert in Analysis and Forecasts,
Sofia Municipality*

From March 16 to 25, 2002, two consecutive seminars on Economic Development of Communities were held in Georgia, organized by the International City/County Management Association within the Cities Matter Program. Participants in the seminars were representatives of the US Agency for International Development, working on various programs in the Caucasian region, including Azerbaijan, Armenia and Georgia. The objective of the seminars was to provide guidance and assistance to local governments of the three countries towards active work for improving the lives of their citizens through the use of public-private partnership mechanisms. In my capacity as a trainer I did my best to share not just my theoretical knowledge, but also Bulgarian best practices.

It is difficult to give an assessment of another country, especially when it is based on short-term impressions. On the other hand, though, first impressions are most precise, because they are accumulated before the start of the natural process of adaptation and getting accustomed to new things. Apart from what can be seen and felt directly by the observer, it is important to have in mind the stories of local people, their emotions and interpretations about what is happening and about the possibilities for development. That is why, it is probably best to try to describe Caucasus and its people by making a direct comparison with Bulgaria, because along many indicators **Caucasus is our recent past.**

The first thing that meets the eye of the observer, apart from the incredibly beautiful landscape, is the bad condition of the small settlements and their buildings. There is much in common between the average Georgian village and some of the peripheral Bulgarian villages not only by the way they look like. At both places people are not willing (are not able) to pay for quality services (electricity, water supply, communications). In Georgia these services are of very low quality (if at all available). The condition of the roads is also unsatisfactory. One of the main arguments against not paying is the lack of income or the low income of the population. Right after poverty people, with whom I spoke, pointed corruption in the Caucasian countries as a main obstacle to development.

Obviously, although the different stages of development (let us say 5 to 7 years in favor of Bulgaria), the resemblance between Bulgaria and Caucasus is bigger than the difference. In our country too for many people the period after 1989 is seen as period of decline. It is a common argument that we live worse than before, that the accumulated wealth is lost, that nothing good has happened ever since. In fact, we are developing. Our own development, however, could be most easily noticed and

CHANGE IS POSSIBLE

(THOUGHTS PROVOKED BY ONE VOYAGE TO CAUCASUS)

felt when visiting other countries in transition.

Reality is complex and that is why, instead of explaining it, many people prefer to accept it as it is. Myth links people to reality, giving them an opportunity to participate in it even without understanding it. The most common myths related to Bulgaria's economic development are described as follows:

1. Extremely beneficial geographic position. This myth is significant not just for Bulgaria as whole, but for every municipality, city or village. Every city is either a capital of some kind (sea, river, mountain, grain treasury, etc.) or a center of some region. Svishtov is a classical example. The extremely beneficial geographic position of the city of Svishtov is in its being the most southern point of the Danube River (!?). Agreement with this myth leads to the conclusion that „since we are in the center, everyone else will have to pass through us.“ This in turn leads to the next myth.

2. The customs' office. If we come up with a solution that will „channel“ the transportation flow passing through our city (or country), all we have to do next is collect the fees. How we would earn this money is unimportant as long as „they have to pay in order to pass“. The result is that everywhere the perception of development is not being connected with producing something, doing something, but rather with an infrastructure solution usually funded from abroad. Examples of that are: a bridge over the Danube in Vidin, a ferryboat across the Danube River at Silistra, mountain passage tunnels at Shipka, customs' offices all over the country's southern border, highways. I do not by any means consider that it is bad having a well-developed infrastructure. The issue, however, is that its existence should not replace the real direction of development, namely the production of goods and services.

3. Investment. In most cases in Bulgaria this is understood as spending money for purchasing long-term assets. Only in few cases it is necessarily connected with the return of investment. As a result, no distinction is made between capital expenditures and investing. The obvious outcomes of that are all around us — wrong private investing is a common case: we witness huge massive houses in the villages that are poorly furnished and used under their capacity, whereas the money put into their construction could be really invested, so as to bear revenue. The same is the case with public investing — a huge number of poorly furnished and badly organized social facilities including hospitals, schools, and child-care facilities.

4. Highly qualified and cheap labor. This is one of the most widely spread and reiterated myth. According to it, most



people do not need additional qualification and the problem is that the state has not provided sufficient number of well-paid jobs.

5. Lack of money. This is the most malignant myth of all. It is very rarely that we pose the question of „What do we lack money FOR?“ Concern about transparency of how money is spent occurs even less often and almost never — about chosen priorities and the impact over the final customer of municipal services. After all, the lack of money is one symptom that shows the entire lack of consistency and information with regards to the services municipalities deliver to their citizens, to the mechanisms for fundraising, as well as to the willingness and readiness of citizens to pay for the services they receive.

6. Poor legislation. Beyond any doubt, the legislation of countries in transition is unsatisfactory. It is wrong, however, to blame any problem we can think of on the existing legal base. This approach dooms us to passive acceptance, bearing in mind that changes in legislation and in the Constitution is a slow process taking into account the interests (in many cases conflicting) of all stakeholders. It is better to work following the principle that everything that is not absolutely forbidden, is permitted.

The poor economic development and the insufficient development of business activity are si-



multaneously a result from and a reason for the current condition of countries in transition. The question is who bears the responsibility about this and how to overcome mythology when talking on the topic of Economic Development of Communities. According to theory, the successful implementation of economic development policy can not be responsibility only of central government. It is necessary to work at all levels of government with the purpose of creating a favorable environment for investment that:

- ◆ is accessible and transparent;
- ◆ ensures to private businesses an acceptable level of return (profit);
- ◆ corresponds to and develops the national resources (labor, capital and natural resources);

The process of successful economic development of a community requires going through the following steps:

- ◆ establishing a public (civic) council to guide the process;
- ◆ participation of objective external experts, especially at the stage of collecting the necessary information;
- ◆ active citizen participation in defining the main directions of development;
- ◆ municipal administration supportive of the efforts of citizens for achieving tangible results;
- ◆ municipal council adopting the necessary regulations and plans in support of the citizens' action.

Regardless of the specific strategy, the level of globalization requires taking into account the role of the market — local, regional, national and international. In addition to the application of the basic market economy principles, it should be noted that the strategy would be successful provided that it has a clear vision and that its focus targets the zones for investment.

The key elements of success are: the existence of active public participation by citizens, reaching consensus at every stage and adequate support from central government.

In my conversation with people in Caucasus it became clear to me, that the biggest problem is lack of confidence between governments and citizens. On the one hand, there is a common sentiment that authorities are alienated and not interested in the problems of the people. On the other hand, authorities consider that people do not get actively involved in the decision-making process concerning their own problems. That is why, all participants in the seminars emphasized that the most important factor for successful development is **the existence of a leader**, who has a vision and will for starting and keeping the process, while involving in it citizens and political powers for the common good of the community. I could do nothing else but agree with this idea, because the number of mayors (regardless of small towns or of the capital city of Sofia), who are supported by the community and work successfully for economic development, constantly increases. And since leaders are part of the most precious public capital, we have to help them in order to achieve investment with the biggest return — high living standard of the citizens. ◆

On April 10, 2002, in Sofia the US Agency for International Development (USAID) and the Foundation for Local Government Reform (FLGR) held a meeting with the mayors of 32 Bulgarian municipalities, approved on a competitive basis to receive support within the Improving Services to Citizens Program amounting to 550 000 USD. With the signing of funding agreements between the municipalities, USAID and FLGR, the meeting marked the official start of the implementation of the municipal projects, of which 25 will create new municipal centers for services and information to citizens and 8 will build on the capacity of existing centers. The municipalities participating in the program have committed their own contribution to the projects totaling 505 000 USD.

At the meeting's opening Ginka Kapitanova, Executive Director of the FLGR, presented the main aspects of the Improving Services to Citizens Program, the background and the principles of the municipal customer service center model, the combination of information, expert and financial support, available from FLGR to the municipalities in the process of project implementation, as well expected results. Debra Macfarland, USAID/Bulgaria Mission Director, addressed meeting participants on behalf of the USAID. Then, mayors of municipalities and other guests had the opportunity to share ideas about the usefulness of the program and the future challenges of the customer service center projects' implementation.

DEBRA MCFARLAND, USAID/BULGARIA MISSION DIRECTOR:

I am very happy to learn that the municipal „one-stop shop“ model has been widely recognized to be one of the best innovations in Bulgaria's public administration. This model has sparked tremendous interest by the central government administration, other donors, and businesses. I must mention here that the Foundation for Local Government Reform deserves a lot of credit for its enthusiasm in promoting, disseminating, replicating and implementing these innovations over the last four years.

USAID appreciates the commitment of all your municipalities, which have undertaken to improve customer service and combat corruption at the local level.

As you know, almost 50% of all Bulgarian municipalities applied for this program. The competition was very rigorous, involv-



START OF MUNICIPAL CUSTOMER SERVICE IMPROVEMENT PROJECTS

ing several levels of evaluation, and it is certain that the quality of the projects and the level of municipal commitment are very high.

In this regard, I would like to congratulate all of you representing the 33 nominated municipalities on your successful performance to date. At the same time, I strongly encourage you to dedicate your efforts to turning your project concept into a responsive and transparent mechanism for interaction with citizens.

I would like to emphasize particularly the anti-corruption effect, which these centers demonstrate. Transparency and accountability in public service delivery will be a critical element of the new USAID assistance strategy in Bulgaria. The establishment of municipal customer service centers is entirely consistent with our understanding of the way city administrations can contribute to combating corruption at the local level.

I hope that you will be able to improve considerably the quality of service delivery in your municipalities through your active commitment to building the centers and to increasing the volume of services delivered at one at the same location.

In closing, I would like to wish you the best of luck in your efforts to modernize your administrations and to accountably and responsively serve your citizens. I strongly hope that very soon I would be able to visit your municipalities and see the work of the centers.

**IVO ANDONOV,
MAYOR OF SILISTRA MUNICIPALITY:**

New organization of work, better quality and transparency of service provision — all of this we call a municipal customer service center. Of course, the new style will bring you new challenges, for which you better be prepared. I will mention just a few. It is clear that since you are here today, you have realized the necessity for applying new appropriate technologies in organizing bureaucratic procedures. That is why building a local computer network of the municipality should be the first strategic solution in your projects. If you plan step-by-step training of staff, you will not only succeed in creating the center, but will also ensure its effective functioning. In addition, if you seek feedback from your citizens about how to change the style of the work of municipal administration and what exactly needs to be changed, then you will respectively have their support.

The commitment of the municipality to good quality services and effective operation of the center should definitely continue after its establishment. The improvement of services to citizens by separating administrative operations from management operations, as well as the transition to and strengthening of an open and customer-friendly style of work of municipal administration, are priorities that we have all realized and personally embraced.



**EMIL DICHEV,
MAYOR OF BELOSLAV MUNICIPALITY:**

I hope that namely through a customer service center we shall improve the speed and quality of service delivery, secure opportunities for better municipal staff performance, eliminate possibilities for corruption and, in the future, extend the one-stop-shop services also to village communities.

**RUMEN RASHEV,
MAYOR OF VELIKO TURNOVO MUNICIPALITY:**

The opportunity to receive funding gives us the possibility to add new workstations at the entrance of the city hall in a comfortable

working environment that will also facilitate better service delivery to citizens with disabilities.


**EKATERINA KEHAIOVA,
MAYOR OF VUZRAJDANE DISTRICT, SOFIA MUNICIPALITY:**

I hope that in Sofia we, who are a little behind with this type of services delivery, will be able to catch up with the help of our colleagues that have already established municipal customer service centers.

**DILYAN ENKIN,
MAYOR OF TROYAN MUNICIPALITY:**

We have sufficient motivation and ambition to improve services to citizens and will also rely on the assistance of USAID and FLGR.

**TZVETAN NANOV,
REGIONAL GOVERNOR OF GABROVO REGION:**

I am glad that in 1998 there were only three municipalities that started this model and now here are 32, of which eight will build on the capacity of their already existing centers. I hope for success of your centers. This is only the beginning of improved services in your municipalities. I assure you that the government is working on an e-governance project and that by 2006 it will be implemented, so that our country can become part of the Pan-European network, which is one of the conditions for our accession. 



THE LEARNING ORGANIZATION IS FOCUSED ON ITS CUSTOMERS

On April 3 and 4, 2002, the Foundation for Local Government Reform held a retreat of its team facilitated by Camille Barnett, a US expert in organizational development with long-standing experience in city management. We present you an interview with Ms. Barnett, whose main principle is: „You can not change and organization without changing yourself.“

The professional background of Camille Barnett is in local government management. She has managed several cities in the United States, including most recently the City of Austin, Texas, and the City of Washington D.C. She has spent about thirty years managing cities and a number of years consulting with state, local and federal governments in the US, as well as various governments internationally, while working with the Public Strategies Group.



Ms. Barnett has been to Bulgaria several times and has been working with the Foundation for Local Government Reform for about five years.

What is the purpose of your visit in Bulgaria now?

I am working with the Foundation for Local Government Reform on their strategic plan. The Foundation annually reviews its strategic plan, its vision, what it's trying to achieve, its mission, its various activities, and then its strategic objectives, what results it's trying to produce. So, each year they have a review of what the current situation is, what changes may be needed, so they can produce the best results.

What does „a learning organization“ mean?

The way that the Foundation is working is as a learning organization. That's an organization that constantly renews itself and responds to the changed environmental conditions. It is a very different type of philosophy than a typical hierarchical bureaucratic organization. It is very much oriented to its customers and very much oriented to producing good results and being a high performing organization.

Organizations that are high performing have to be flexible. It does not mean that they are less formally organized or that they do not have rules and procedures. What it means is that they think differently about their organization, so that they have enough stability that they can actually respond. So, they are

flexible, but stable.


I really enjoy people who are committed to changing the way we govern our cities, our countries. I think the world has changed substantially and all of our ways of governing all over the world are really designed for an industrial age, when we are in an information age. So, the people who are engaged in reforming government are some of the most interesting people doing some of the most interesting and important work. That gives me a lot of energy.

What does it mean to change an organization?

One of the things that I like to say to the people, who are trying to change their organizations, is that **you can not change an organization, without changing yourself**. The change begins with each individual. That is why it is so difficult, because people like to do things that are safe and comfortable with. It takes courage to be able to change and you have to be willing to reflect on how you are behaving, as well as how the organization functions. So, it is a challenge to be able to change an organization, because at first you have to be willing to change yourself.

What is the approach, the methodology you use? What did you actually do at the retreat?

We do a lot of group exercises, so there are questions asked and the group talks about them in small groups. If you walked into the room you would see paper hanging all over the walls with the ideas that people have. We try to make it fun and enjoyable. There is lots of movement, lots of activity, lots of writing and thinking and changing groups. We use specific methodology or what we call „team tools“. These are ways of working in groups and the Foundation has a training workbook that has descriptions of these tools. They practice using the tools to work on their own issues and concerns about the organization. It is a lot of fun, it is very different from a normal workday and that is why we are able to produce different ways of thinking. It is a combination of being very creative and very analytical. The end result is to get a better atmosphere within the team and a better sense of where you are going and that you are all going together.

The part that I enjoyed most was reviewing the current situation in the Foundation and then imagining what the organization would look like five years from now. Of course, no one really knows that. But what we talked about was what the financial situation will be, the diversity of the revenue sources, the clients, the customers, that FLGR will be serving, the various strategies to achieve those results and what new things might me on the horizon. It was exciting to think about the future! 

LESSONS OF DIRECT DEMOCRACY IN SWITZERLAND

From April 27 to May 4, 2002, the Swiss Helsinki Union organized a seminar on Public Administration for representatives of Bulgarian local authorities. Mayors and council chairpersons of 21 Bulgarian municipalities and Ginka Kapitanova, Executive Director of the Foundation for Local Government Reform, visited the Swiss cantons of Appenzel Ausserroden and Innerroden. Within seven days the Bulgarian delegation had the opportunity to get acquainted in detail with governance in Switzerland and the role of Swiss local authorities.

DILYAN MLAZEV, MAYOR OF ELENA MUNICIPALITY:

There are several things that really impressed me. The very first day I saw direct democracy enacted as the citizens of the Appenzel Innerroden canton (the smallest in Switzerland) voted on the city square for their elected officials for the cantonal government, cantonal parliament and cantonal judges.

I may sound a little biased, but I think the nature of Switzerland and Bulgaria has many things in common, meaning mainly the mountain regions. The difference, however, is that Swiss order and rationality has found an expression also in nature there.

Agriculture in Switzerland is supported by subsidies, however not as subsidies for separate products (like it had been in the past; nowadays this is considered an obstacle for free competition), but on the basis of the total volume of agricultural production. Subsidies vary from 20 to 25 percent and may reach 50 percent for farms in mountain regions. Needless to say, I saw no abandoned pastures and lawns in Switzerland. The land pieces, where cattle graze calmly, reach to the roads and are separated by electric „shepherds“.

On the territory of the Appenzel cantons there is no network of Swiss national railways, but the cantonal railways are of high quality, beginning with famous Swiss precision to also include comfort and tidiness. That is why the Swiss use extensively railway transport and prefer to travel by train. Our group did so, too, in a special panoramic-trip wagon, where dinner was served to us. While we were enjoying the view of the glorious Mount Sentis through the window, we were thinking that it would be good to do something like that in our country — especially having in mind the unclear future of the railways connecting Gorna Oriahovitza, Elena, Levski and Troyan. However, train and bus transportation in Switzerland is seriously subsidized — sometimes up to the full amount of the difference between expenditures and revenues.

Now - a little bit about municipal services. Waste-collection, that we saw in Herisau, is organized by the municipality

and the rule is that citizens pay according to the amount of garbage they throw away. The municipi-



ality sells to citizens special plastic bags, whose price includes all expenses for waste-collection,

transportation and processing. There are special stickers for large-size garbage and citizens buy them at a price set in the same way as already described. There are also containers for separate waste-collection of paper, glass, plastics and metal. The collection and processing of waste from these containers is done free of charge by the municipality, which then owns and finds use of the processed materials. We immediately asked ourselves a question: „What would happen, if we decide to apply Swiss experience in Bulgaria?“ The answers to that were various, but, overall, we considered that very few people would buy the special waste-bags and stickers. Some of us suggested that probably certain „entrepreneurs“ would start producing false waste-bags...

In the two cantons we visited, with a population of little over 60 000 people and a territory equal to that of an average-sized Bulgarian municipality, there are tourist roads and tracks of overall 1 200 kilometers. The tracks and their signs are excellently maintained and recreation areas are built. Even though the true Alps and big tourism are away to the south, large part of the population is employed in the tourism business and services. The people of Appenzel target mainly tourists beyond young age, who look for peaceful recreation without noisy entertainment. Thus, the locals guarantee their own peacefulness. Untraditional tourist attractions have been produced, like the „tack of anecdotes“, along which there are plates with written jokes that are regularly updated. Almost on every mountain top there is a restaurant or a hut offering food and accommodation.

In conclusion, I would like to thank all the people that made this seminar happen — our hosts and organizers from the Swiss Helsinki Union and the FLGR for the organization on the Bulgarian side. ◆



OPENING OF THE FIRST MUNICIPAL CENTERS WITHIN THE IMPROVING SERVICES TO CITIZENS PROGRAM

Two months after the official start of the municipal customer service center projects within the Improving Services to Citizens Program of the Foundation for Local Government Reform (FLGR), supported by the US Agency for International Development (USAID), the first centers were inaugurated in the municipalities of Elena, Valchedrum and Popovo. Top officials and important guests participated in the opening ceremonies of the three centers that received wide publicity in the media and among local citizens.

On May 20, 2002, the municipal center in Elena, called Center for Services and Information to Citizens, was inaugurated.



It was the first municipal center out of a total of 32 centers that will be established or renovated in Bulgaria through the Improving Services to Citizens Program until October 2002. Immediately after the



official ribbon-cutting ceremony, performed by Elena's Mayor, Dilyan Mlazev, and FLGR's Executive Director, Ginka Kapitanova, the center started working with citizens. It is situated in an easily accessible space in the city hall with a staff of three public servants, who provide municipal services in the areas of civil

status, business activities and finance, municipal property and privatization, spatial planning and construction. Two days after the official opening ceremony, the center's staff together with their colleagues from various municipal departments, responsible for the actual execution of services, participated in a training workshop on Customer-Friendly Service Delivery, organized by the FLGR. It gave them an opportunity to up-

grade their individual skills in customer service, teamwork, problem resolution, effective communication and constant service improvement in favor of citizens. The training is part of the technical and expert assistance, granted by the FLGR to all municipalities participating in the Improving Services to Citizens Program.

On June 6, 2002, the Municipality of Valchedrum inaugurated its Center for Services and Information to Citizens.

Frederick Scheck, USAID/Washington D.C. Assistant Administrator visiting Bulgaria, and

Debra Macfarland, USAID/Bulgaria Mission Director, were guests at the official opening ceremony. Mr. Scheck, and Ms. Kapitanova, Executive Director of FLGR, addressed ceremony guests, participants and local citizens with speeches on the occasion of the opening. The Valchedrum municipal customer service center was created with USAID's assistance amounting to 18 500 USD through FLGR's Improving Survives to Citizens Program. The municipality's own contribution to the establishment of the



center is worth 10 000 USD. It is staffed with six public servants that deliver all administrative services, stipulated by the law, in the following sectors: (1) general documents filing; (2) civil status and registration; (3) construction; (4) municipal property and environment; (5) business activity; (6) general information. In addition to information about local regulations and ordinances, the information desk of the center in Valchedrum is meant to deliver consultations and assistance with specific information to private businesses and agriculture producers from the region.

On June 10, 2002, the Day of Popovo, the Municipality of Popovo inaugurated its Center for Administrative Services and Information.

The President of Bulgaria, Mr. Georgi Parvanov, personally cut the ribbon of the new center and spoke at the opening ceremony.

„There is no other more convincing way of celebrating the Day of Popovo, than the opening of new facilities like the center for administrative services to citizens. This is a wonderful occasion to congratulate the team of Mayor Vesselinov and to thank our friends from the US Agency for International Development and their partner, the Bulgarian Foundation for Local Government Reform, for supporting, initiating and implementing this remarkable project,“ said President Parvanov.

The Municipal Center for Administrative Services and Information to Citizens in Popovo received assistance of 26 500 USD from the USAID. The funding was used mainly for purchasing computer equipment and software and for training municipal staff in effective customer service. The Municipality of Popovo matched donor support for the center with own funding worth 28 000 USD.

Debra Macfarland, USAID/Bulgaria Mission Director, and Ginka Kapitanova, Executive Director of FLGR, also addressed ceremony participants, guests and citizens at the opening.

„It is a great pleasure to be here today on the Day of Popovo. On behalf of the US Agency for International Development I am glad to have the opportunity to be present at the opening of the new customer service center. The US government is happy to support this significant project. This center will facilitate the access of citizens to many municipal services, improve the speed of service delivery and strengthen the links between the municipality and its citizens. It is our joint commitment to guarantee that citizen will receive effective services in an open and friendly manner and that the center will eliminate the existing gap between citizens and the administration. I would also like to recognize the hard work and contribution of the Foundation for Local Government Reform in bringing local governments all over the country closer to citizens. We are honored to have here today the President of Bulgaria. On behalf of the government of the United States, I wish you success in all of your efforts in Popovo and economic growth and prosperity,“ said Ms. Macfarland.

Lyudmil Vesselinov, Mayor of Popovo thanked USAID for the assistance with which the center was equipped for the citizens of Popovo and said that this could not have happened without the active participation of the FLGR and its Executive Director.



„I believe that very soon the citizens of Popovo will feel the change and will be pleased with better and timely service delivery. Municipal staff will be content by the improved coordination of work and more effective management decisions, thus, increasing the number of supporters of the idea that public administration should be transparent and serving the citizens. I would like to thank the US Agency for International Development and its Director for Bulgaria, Ms. Debra Macfarland, for the exceptional confidence and support to us - a Bulgarian non-governmental organization and Bulgarian municipalities - in the implementation of this significant for our society program,“ said Ginka Kapitanova, Executive Director of FLGR. ◆

MUNICIPAL RADIO-FORUM

The Foundation for Local Government Reform has always been looking for new vehicles and methods to support Bulgarian local self-government development. One of the ways is giving an opportunity for a regular forum, through which representatives of local authorities, media and citizens can openly discuss local governance issues in order to reach better public understanding. That is why, led by its efforts for stimulating more democratic and effective local self-government, FLGR in partnership with the Bulgarian National Radio initiated the Municipal Radio-Forum monthly program.

The one-hour program series on different topics are aired to a nation-wide audience every last Thursday of the month. Topics so far have been on: municipal budget and citizens (Feb. 2002), quality and efficiency of municipal services (March 2002), how citizens participate in local self-government (April 2002), municipal cultural policy and activities (May 2002) and international cooperation of cities (June 2002). Participants in the program include local government officials and experts, who comment and explain the issues, present examples, best practices, problems and points of view, as well as respond to questions from radio listeners.

Comprehensive records of the Municipal Radio-Forum discussions are published monthly in FLGR's newsletter, whereas each topical discussion continues after the radio program in the electronic forum on FLGR's website.

Here we present you with a few extracts (quotes) from the first four broadcasts of the program that continues throughout 2002.

MUNICIPAL BUDGET AND CITIZENS

**NADKA KOLEVA,
BUDGET DEPARTMENT DIRECTOR,
TROYAN MUNICIPALITY:**

During the last several years, we, the municipal administration staff and councils in Bulgaria, more often have to explain to citizens why we are unable to deliver quality services up to the needed volume, rather than involve them in discussion about what should be priorities of the budget. We use all possible ways to inform the citizens about our problems and in turn to hear about their problems.

Unfortunately, the legal base provides only a few opportunities for local authorities to define the revenues in municipal

budgets. Municipalities have almost no influence on the prognosis for tax revenue, given by the Central Tax Office. I want to emphasize the fact that for two consecutive years already the prognosis for those revenues is kept low artificially, while their excess is redistributed to the central budget.

QUALITY AND EFFICIENCY OF MUNICIPAL SERVICES

**ASSEN DYULGEROV,
CHIEF SECRETARY,
SOFIA MUNICIPALITY:**

It is time for municipal administration to stop perceiving itself as an institution that stands above or aside from the citizens and start thinking of itself as a participant in a contract between the two sides. 90 percent of the work of municipal administration comprises of services — from waste collection to the most ordinary procedures for issuing a document. Citizens pay for that „abstractly“ by paying taxes and fees, but receive the service concretely.

Services, delivered by municipalities, are regulated by the law and specific legislative acts, adopted not by the municipality, but by somebody else. This means that service regulations are decided from above and the city administration has to follow their requirements while performing its activities. The services, in which corruption is least possible, are those that municipal administration performs in certain areas, where a specific economic interest can not be defined. Those, for example, are administrative services like issuing of documents or civil status services (e.g. birth or marriage certificates). In these sectors there is usually the least number of complaints from citizens or almost no signals for corruption.



HOW CITIZENS PARTICIPATE IN LOCAL SELF-GOVERNMENT

**YOVKO YOVKOV,
MAYOR OF SEVLIEVO MUNICIPALITY:**

The Municipal Forum is a new form of relationship. Some people call it a way for understanding the problems of the citizens, others call it a forum for discussing the future of the city. According to me, however, the forum was a mechanism, a tool, thanks to which people started communicating normally, respecting the opinion of the other person. The municipality succeeded to take a position a bit on the side without imposing itself, without direct intervention in the conversation, and to understand public opinion. I think the forum had a very positive role. Here we learned to speak and to listen to each other. At these forums we not only understood many things we did not know, but also saw the issues from a different perspective. By sitting around the table, citizens themselves little by little start to think in one and the same direction. And this is the most important. People acquire a goal, while discussing an issue.

The forum gave birth to several civic organizations. We ourselves together with citizens created and prepared ten very significant projects. When their implementation began, citizens saw for themselves that it is possible to achieve something on the basis of their proposals and with their participation.

MUNICIPAL CULTURAL POLICY AND ACTIVITIES

**ATANAS POPDIMITROV,
DEPUTY MAYOR OF CULTURAL POLICY,
VRATZA MUNICIPALITY:**

Within the National Association of Municipalities we created a contact group for negotiations with the Ministry of Culture with the task of discussing the problems related on the one hand to municipal financing of culture institutions and on the other - to property issues. These negotiations are extremely complex, because municipalities ask for clear definition and regulations concerning their obligations in that sphere. In the area of theater institutions, for example, the extra money of municipal funds is redistributed by the Ministry of Culture. So, funding of one municipality goes to another and there is disagreement with this practice on behalf of the National Association. Municipalities agree to support culture only on their own territory. The situation of budget deficit, in which municipalities in Bulgaria work, allows them to allocate funding only for the needs of their own local cultural institutions.

The problems with regard to property are also grave. In many municipalities the property of cultural institutions belongs to the state, but practically the state has withdrawn from its maintenance.





✉ „For the last one year the Ministry of Regional Development and Public Works, the Foundation for Local Government Reform and the National Association of Municipalities in the Republic of Bulgaria succeeded in creating a real and working cooperation with visible results in the search for joint problem solutions of municipalities. A good mechanism of partnership was developed on the Spatial Planning Act, on the changes in the Regional Development Act, on the Cadastre and Property Registrar Act, on the State Property Act, etc.“ — *Deputy Minister on Regional Development and Public Works Mr. Belin Mollov, 6 March 2002*

✉ „I regularly receive FLGR’s newsletter. I appreciate it very much to keep in touch with the Bulgarian developments. It is funny to observe we are all involved in the same kind of issues. I like to receive new editions of your newsletter and wish you a lot of success with your work.“ — *Eric Biesmeijer, Deputy Head of the Financial Organization Division, Dutch Ministry of the Interior, The Hague, 4 April 2002.*

✉ „On behalf of the Bulgarian National Assembly, I would like to thank you for the responsiveness with which FLGR provided us rich data and information. We are impressed by your initiative and the innovative tech-

nologies applied in your work.“ — *Evgeniya Popova, Student Traineeships in Parliament Program Coordinator, 11 May 2002.*

✉ „We are extremely pleased with FLGR team’s contribution to the work of the Local Government Information Network. Networking gives us the opportunity to discover the shortest way to valuable information and learn from each other’s experience.“ — *Dilyan Mlazev, Mayor of Elena Municipality, 22 January 2002.*

✉ „I thank the entire team of FLGR for the good cooperation and work with Tutrakan Municipality and hope that our joint efforts on the municipal customer service project will continue successfully.“ — *Krassimir Petrov, Mayor of Tutrakan Municipality, 18 February 2002.*

✉ „Allow me to express sincere gratitude for your beneficial partnership and active participation in our endeavors to organize a useful businesslike discussion for the participants in Botevgrad’s investment forum.“ — *Vladimir Marinov, Executive Director of Business Forum Ltd., 13 May 2002.*

✉ „I think your website is the best with regard to information about funding opportunities and best practices from projects already implemented in Bulgaria.“ — *Peter Alexiev, Yambol Regional Government Administration, 5 July 2002.*

✉ „We follow regularly your weekly electronic magazine and are pleased with the interesting information we find there.“ — *Nikolay Enchev, Executive Director of Karlovo Municipal Agency for Sustainable Development, 4 July 2002.*

✉ „With its up-to-date and useful information FLGR’s e-weekly is greatly appreciated in our administration. Your electronic publication stimulates innovative approaches and professional exchange“ — *Tanya Rangelova, Chief Customer Service Expert, Sliven Municipality, 10 April 2002.*

✉ „Your information is very valuable and allows non-governmental organizations to learn latest FLGR and NGO news.“ — *Tzveta Nenova, European Spaces Association, Rousse, 1 April 2002.*

