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Strengthening Sub-municipal Governance in Bulgaria: Demand for Further Reforms?

by Nadezhda Bobcheva
Municipality of Silistra
Bulgaria

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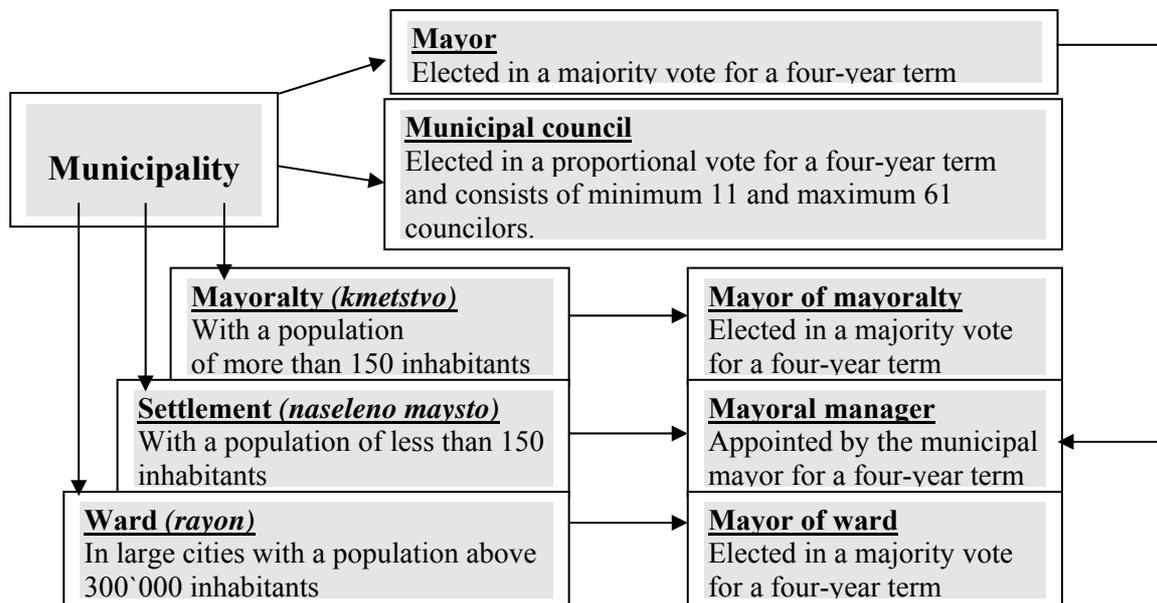
0. Abstract

Bulgaria is a country with large-size local governments and, as such, it has developed a sub-municipal form of governance. Those community-based governments have long historical traditions in the country. Sub-municipal governments have various functions. They ensure the legitimacy of government representation and accountability. As the lowest level of formal government, they guarantee inclusion in public decision-making and ensure transparency and obeisance of rules and procedures. Often, they ensure participation in local government decisions in various areas: urban planning, budgeting, social welfare services, etc. The prime purpose of this paper is to analyse the existing practices regarding sub-municipal governance in Bulgaria.

1. Introduction

Local government in Bulgaria has its basis in the Constitution, enacted in 1991. Article 2 of Chapter 1 of the Constitution states that the Republic of Bulgaria shall be a unitary state with local self-government. At the same time, it forbids formation of autonomous regions. The Bulgarian Local Self-government and Local Administration Act (LSLAA) echoes the Constitution and reaffirms *the municipalities (obshtini)* as the only tier of local self-government in Bulgaria. They are legal entities with property rights and have their own budget. Municipalities hold a statutory mandate to render affordable and effective services to their citizens, and to create economic development opportunities through the optimal and sustainable use of resources, while applying sound environmental management principles. Administrative structure of the Bulgarian municipality is presented in Figure 1.

Figure 1 - Administrative Structure of the Bulgarian Municipality



Source: National Association of Municipalities in the Republic of Bulgaria (NAMRB) (2004), p.5

The municipality is comprised of one or more towns and villages and its territory comprises of the territories of the component towns and villages. The municipality is then named after its administrative centre. On average, a Bulgarian municipality includes 25 towns and villages, its population is around 30'000 inhabitants, and stretches on a territory of 422 sq. km (NAMRB, 2004:5).

There are three groups of sub-municipal governments in Bulgaria – *mayoralty (kmetstvo)*, *settlement (naseleno myasto)*, and *ward (rayon)*. The mayoralties can be established with the permission of the municipal council and they comprise of one or more neighbouring towns and villages, hence inhabitants must outnumber 150. Smaller villages with less than 150 inhabitants are considered settlements. Large cities with population above 300'000 inhabitants - Sofia, Plovdiv, and Varna, are divided into wards.

A sub-basic local government called *kmetstvo* is an administrative-territorial unit within a basic local government. It is a diluted municipal administration (located in a settlement) governed by an elected mayor (Ivanov et al., 2002:177). It consists of one or more settlements. The mayoralty is then named after its administrative centre. Administration of mayoralty is under a mayor of *kmetstvo*, directly elected by the people for a term of four years (Kimura, 2000: 349).

There is an important distinction between settlements and mayoralties – while mayoralty is considered an administrative territorial unit and, as such, it can constitute own administration, mayoral managers who govern settlements are part of the municipal administration. The rationale is that mayors of mayoralties are elected, while mayoral managers are appointed. Usually, mayoral manager is the only municipal representative, working on the territory of the settlement. At the same time, it is possible one mayoral manager to be responsible for more than one settlement. Settlements do not have real self-governing functions; the powers of their managers are specified by the municipal council.

Article 46 of the LSLAA grants the following rights to the mayor of mayoralty and the mayor of ward:

- Implementing the part of the budget of the municipality assigned to the mayoralty;
- Enforcing public utilities;
- Running the part of the property of the municipality located on the territory of *kmetstvo* and/or ward assigned by the municipal council;
- Appointment and dismissal of staff of the mayoralty/ward;
- Environmental protection;
- Residents' registration;
- Various administrative service;
- Keeping public order;
- Organising safeguarding measures of the local people in case of disasters and incidents;
- Representing the mayoralty/ward before other social and political organisations, other sub-municipal units and the population;
- Implementing decisions of the municipal council concerning the local population and territory of the mayoralty;
- Performing functions, delegated by the municipal mayor.

The mayors are entitled to join discussions in the municipal councils, to which their mayoralty belongs, as observers. Indeed, the role and functions entrusted to the sub-municipal mayors are similar to those of a branch office of municipality (Kimura, 2000: 350). Perhaps this is one of the reasons why they are not appointed by municipal councils but elected directly by the people.

2. Background

Many villages in Bulgaria do not enjoy their own local government but they are part of a municipality, meaning that the municipal “capital” is a town or a larger village. Many local politicians argue that such an arrangement violates the right to local autonomy, destroying village identity, and they may lead to disregarding the needs of small local communities (Swianiewicz, 2002:315). However, the country provides an example to consider whether such fears are well-grounded, under what circumstances and how to offset negative consequences.

2.1. Problem statement

The functions that mayoralties perform and their financial resources are not clearly regulated by law (Ivanov et al., 2002:197). Indeed, mayors are entitled to spend the part of the municipal budget and to manage the municipal property assigned to their sub-municipal governments but it is difficult for sub-local units to improve local infrastructure only by the means allocated to them. Therefore, for sub-municipal governments the most urgent problem has been derived from the lack of those appropriations with which the municipalities are provided: independent budgets and property of their own (Kimura, 2000: 350).

The issue of relationship between the municipal centre and individual villages seems to be the prime assignment of sub-municipal leaders. However, without an independent budget even elected mayors of mayoralties do not have real policy-making power. Their role is confined to represent the village in municipal meetings and to suggest solutions to any problems or needs in their locality. Observation confirms highly centralised structure of Bulgarian municipalities (Ivanov et al., 2002:197). **The major problem is that Bulgarian local governments have a clearly distinguished fringe, composed of villages (mayoralties and settlements), whose problems are overlooked.**

2.2. Scheme of analysis

The below-depicted scheme will be used to guide the paper analysis.

Table 1 – Scheme of analysis

Research question	Hypothesis	Variables	Indicators
Do election rules support sub-municipal governments to influence municipal decisions?	The existing election rules limit involvement of sub-municipal governments in municipal decision-making.	Political representation	<ul style="list-style-type: none"> • Number of elected officials of composite mayoralties and settlements in the municipal council.
What is the level of satisfaction of public services delivered at sub-municipal level?	The public services delivered by sub-municipal units do not meet citizens' demand.	Discretionary powers of sub-municipal units	<ul style="list-style-type: none"> • Number of public services delivered by sub-municipal governments; • Autonomy and competences in local strategy design.
What is the level of financial independence of sub-municipal units?	The municipal centre holds the financial power and allocates a small percentage of its budget (below 5%) to sub-municipal units.	Financial autonomy	<ul style="list-style-type: none"> • Percent of budgets controlled by sub-municipal units; • Autonomy in spending sub-municipal budgets; • Revenues levied and collected at sub-municipal level.

Source: author

3. Political representation

Municipal council is the local decision-making body that determines the development policies, adopts the municipal budget, and takes decision concerning the management of municipal property. The municipal council comprises of the elected municipal councillors. Article 19 of the LSLAA stipulates the number of municipal councillors depending on the population of the particular municipality – from 11 to 61 persons.

The procedure for electing municipal councillors is determined by the Local Elections Act. Municipal councillors are elected on the basis of proportionate representation. The registered political parties, or coalitions, register their candidates on independent lists. These are blocked lists, they cannot be changed during the vote. Independent candidates not linked to any party may also participate. The distribution of the position depends on the number of votes and it is based on the Hear-Niemeyer method at the local level. The mandate of the municipal council is 4 years.

The existing election system does not guarantee representation of sub-municipal units in the municipal council. Commonly, the municipal centre is overrepresented in terms of number of municipal councillors. Ivanov et al. (2002:197) exemplifies this statement with the municipality of Razgrad after the local elections in 1999 – the municipal council of Razgrad was composed of 33 councillors – 30 from the city of Razgrad and 3 from the villages. At that time, the population of the city of Razgrad constituted 68% from the total population of the municipality, while its councillors total 91% of all municipal councillors. Similar situation is observed in the municipality of Silistra after the local elections in 2007. The municipal council consists of 33 councillors – 32 are from the city of Silistra and only 1 from the constituent settlements. In 2008, the population of the city of Silistra constituted 71% from the total population of the municipality, while its councillors total 97% of all municipal councillors. The only councillor is from the largest village within the territory of the municipality.

As a general rule, village mayors and mayoral managers do not have “legislative initiative”, meaning that they cannot submit a report to the municipal council. However, they can attend sessions of the municipal council. The municipality of Silistra obliges village mayors to attend session of the municipal council when issues and problems of the certain village are discussed.

Indeed, some internal contradictions in the municipality are provoked by the electoral system, which leaves some villages un-presented in the municipal council and causes mayoralties to have reduced powers. One possible solution is to change the electoral system – changing from proportionate to majority system for the election of municipal councillors. This requires formation of electoral districts within the municipality in order to guarantee the representation of constituent settlements.

4. Discretionary powers of sub-municipal units

The public services and functions that mayoralties perform are not clearly defined by law. Such issues are resolved by the municipal council, meaning that different municipalities have different experience. Furthermore, the scope of public services performed may vary even within sub-municipal governments of the same municipality. For example, the municipality of Silistra has delegated different functions to its constituents – the largest mayoralties Kalipetrovo and Aidemir provide more public services than the others. Such an example is provided in Box 1.

Box 1 – Differences in the number of public services delivered to the citizens

Mayorality of Babuk (municipality of Silistra) delivers full scope of civic status services, except issuance of documents to be used in foreign countries. Services, stipulated in the Apiculture Act together with limited number of administrative and clerk services are also provided. Population of the village travels to the Centre for Information and Public Services, located in the municipal centre – the city of Silistra, for receiving public services related to municipal property, city planning, agriculture, commerce, tourism, transport, and environment protection. At the same time, the mayorality of Kalipetrovo (municipality of Silistra) delivers all services delivered by Babuk plus city planning services.

Source: Bobcheva, 2007

There was an attempt to unify the number of municipal services in Bulgaria. As a result, municipalities deliver about 110 public services. At the same time, mayoralties directly deliver up to 35 public services to their citizens, i.e. no more than 31.8% of the total number of local services. Apart from that, mayoralties do not have any powers concerning water supply and sewage, street lighting, garbage collection and disposal, housing, and environment protection.

Practices observed in other Central and Eastern European Countries is different. For example, there is a governmental tier in Romania called rural municipality (*comuna*) that is similar to Bulgarian mayorality. *The comuna* has its own budget and provides various public services to local population, including protection of the public peace. The structure of *the comuna* of Grădiştea (region of Calaraşi, Romania) is presented in Appendix 1. Grădiştea has also designed a Development Plan for the period 2007-2013 that defines its priorities and lays down specific measures to be undertaken.

In contrast to Romania, mayoralties in Bulgaria do not draw up development plans. Village mayors do not use such documents to programme local development. Development at sub-municipal level is an ad-hoc process that depends on the energy of mayor, his/her subjective judgement of local needs, and mayor's ability to raise funds. Village mayors stay aside from the planning of local development and their role is confined to propose certain projects. However, their proposal could be disregarded by the municipal administration and they do not have a say in the planning process.

5. Financial autonomy

Local governments are public institutions, relying on their budget. Budgets are the quantitative expression of municipal plans for public service delivery. Usually, local governments are faced with budget constraints, preventing them to allocate money to all the projects they want. Municipalities hold the power to decide on the budget allocations to mayoralties. Legislation provides two options (Vladkov, 2005):

- (i) Mayoralties have their own budget approved by the municipal council as an integral part of municipal budget. The municipal mayor specifies all the rights and obligations of mayors of mayoralties for budget spending.
- (ii) There is no delegated budget to mayoralties. In such a case, all budget expenses linked to a particular sub-municipal government are approved by the financial inspector of municipalities.

The latter case is more often exercised and, typically, mayoralties do not have separate budgets. So, the mayoralties have limited financial resources for operating needs. Ivanov et al. (2002:197) reports the case of the municipality of Razgrad that 97% of the total municipal budget are managed centrally and go to the municipal centre, while only 3% are allocated to mayoralties. Another example provides the municipality of Silistra. Starting 2008 it has

introduced a “sub-municipal allocation” from the municipal budget. The allocation equals 15 leva for a citizen of a particular village. The municipality will allocate all constituent settlements the amount of 291’375 leva. The population of constituent villages is 29% from the total population of the municipality, while the village funds amount 1.12% of the municipal budget. However, mayoralties enjoy autonomy to decide how to spend those allocations.

There are no local taxes or fees at sub-municipal level. Legislation does not allow sub-municipal units to levy local taxes or fees. Local taxes and fees are levied by the municipal council.

Revenue side of the municipal budget consists of revenues from municipal sources, transfers from the state (subsidies and shared taxes), and borrowed funds. Municipal sources might be further subdivided into following categories:

- Local taxes and other taxes imposed on behalf of local government;
- Local fees charged for services;
- Proceeds from concession granting and sales of municipal property;
- Rents, paid for using municipal property;
- Fines and pecuniary penalties imposed by a local administrative body; and
- Other municipal revenues.

As a general rule, mayors of mayoralties are delegated the right to collect local taxes and local fees on the territory of their village. They issue payment documents and, later on, they deposit the amount collected in the municipal budget. It is not clear whether municipal administration reimburses fully or partially mayoralties.

Given the limited room for maneuver the most appealing choice for sub-municipal mayors is more efficient use of municipal property, located on the territory of their village. The sale of local assets creates one-time capital revenues, and local property can also contribute to current budgets through operating revenues collected as fees, rent, dividends, etc. (Péteri, 2003). The scope of powers delegated to sub-municipal mayors is determined by the municipal council. Often, the municipal council holds the decision-making powers and is reluctant to share with other actors. The municipality of Silistra has taken the decision to share out 20% of the revenues from municipal property with its sub-local units.

Sub-municipal units charge local fees for services delivered to the citizens. Examples are charges for notarial services, issuance of permits, etc. As far as the budget of sub-municipal units is a part of consolidated municipal budget, the amount collected from those services goes to the “central” municipal budget. Consequently, constituent villages do not enjoy financial autonomy and they are heavily dependent on the transfers from the municipal budget.

Scarce financial resources have forced some mayoralties to ask local business to sponsor community initiatives. Typically, those sponsors are agricultural co-operatives growing in particular cereals, but also vegetables, grapes, and fruit orchards on the territory of the village. These co-operatives work the land of hundreds of their members and pay their members a fair rent. They support their community through subsidies for the local school/kindergarten, the library, and village ceremonies. It is not an exception such co-operatives to take care of community public services. For example, in the village of Babuk (municipality of Silistra) the co-operative subsidises funeral service provided by the mayoralty. The cost of the service is 65 leva and is fully covered by the co-operative.

6. Democracy at sub-municipal level

Sub-municipal governments have been forced to network with various actors for better meeting local needs. In order to ensure pluralism and to strengthen democracy at community level some mayoralties have introduced a village council - a structure similar to the public council of the municipality. Such a practice exists in the mayoralty of Vasil Levski (municipality of Alfatar) and in the village of Topoli (municipality of Varna) (Bentvelsen, 2005). Members of the village council are usually appointed by the mayor of mayoralty. The village council is a voluntary structure discussing the local problems and needs, and the management decisions related to the village. Similar role have advisors to the mayor of the village of Tsenovich (municipality of Silistra) – they provide advice on socio-economic and cultural development of the village.

As above examples show village leaders are accountable to their voters, i.e. the issue of social control seems to be very strong in small rural communities.

7. Conclusions and Recommendations

Ivanov et al (2002) reports decline in support for “municipal capital” decentralisation. However, the idea to establish municipal service centres within each village is not new. Many municipalities have discussed it but the practice indicates unwillingness to implement it. Reasons are various but the major one seems to be reluctance of municipal centre to give up powers to villages.

The major recommendations are the following:

- Change in the voting rules – formation of electoral districts that ensure representation of villages in the municipal council;
- Increase of the powers of village mayors, especially in the field of municipal property, located on the territory of the village. The revenues generated by the property is recommended to be reimbursed to the sub-municipal unit;
- Establishment of independent sub-municipal budgets and delegation of rights and obligations to the mayor of mayoralty as a secondary manager of budget funds.

The first recommendation requires legislative changes. The latter suggestions need to be addressed by the municipal council, so, the change efforts should be focused on them.

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11. *Local Elections Act,* promulgated in issue #66/25.07.1995 of the State Gazette, last amendment – issue #63/03.08.2007 of the State Gazette.
12. *Local Taxes and Local Fees Act,* promulgated in issue #117/10.12.1997 of the State Gazette, last amendment - issue #36/02.05.2006 of the State Gazette

Appendix 1

Structure of the rural municipality of Grădiștea (region of Calarași, Romania)

