

# MANAGEMENT OF MUNICIPAL REAL ESTATES IN FOREST TERRITORIES

*Common practice of local governments in Bulgaria.  
Results from compliance audits on management of  
municipal properties in forest territories*

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# Statistical data on agricultural land and forest properties

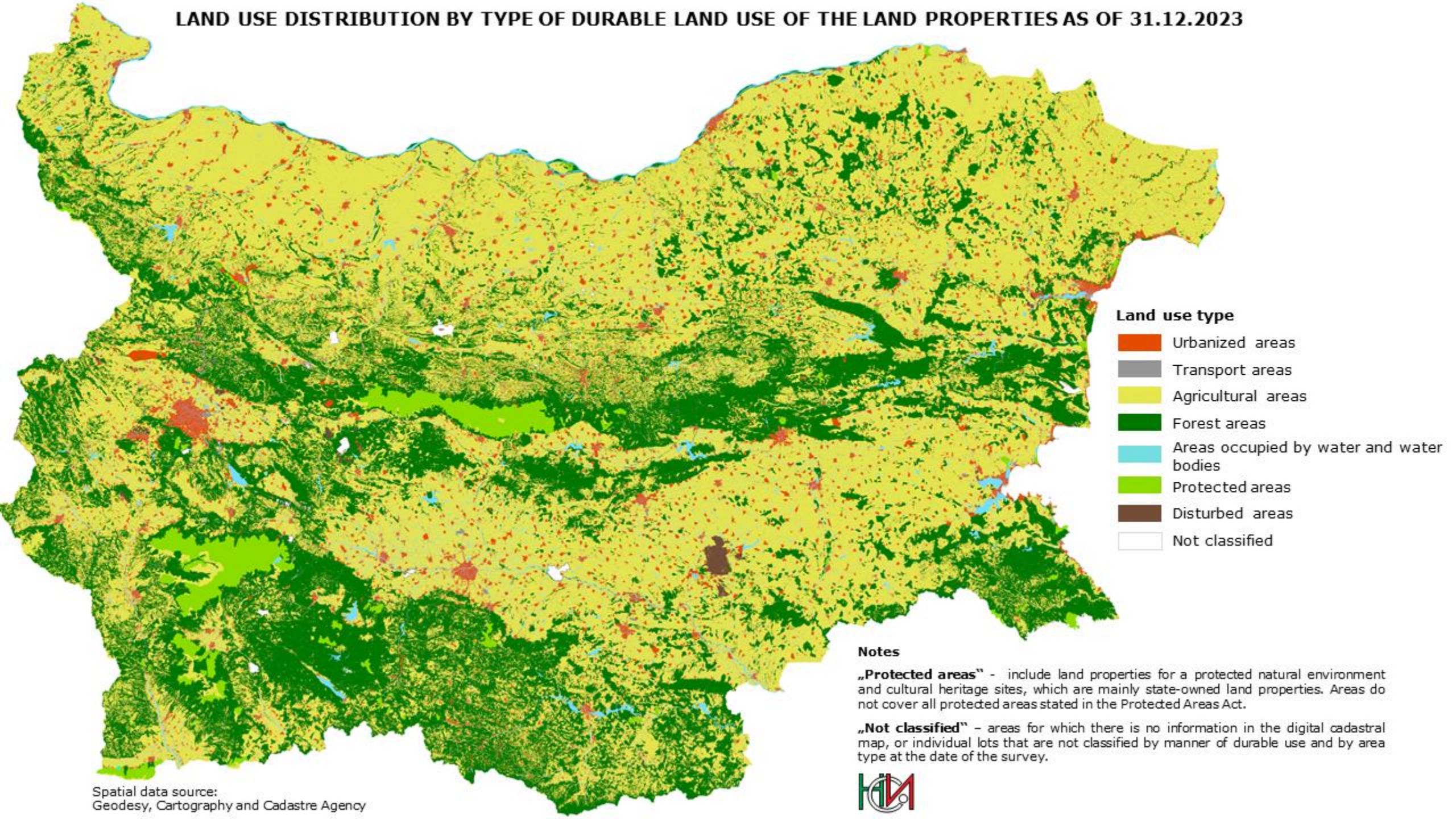
## BALANCE OF THE TERRITORY BY TYPE OF DURABLE LAND USE OF THE LAND PROPERTIES AS OF 31.12.2023

Land use type	Area (Sq. km)	Hectares	Relative share (%)
Total	110 996.76	11 099 675.82	100
Urbanized areas	5 279.37	527 936.99	4.76
Transport areas	3 055.51	305 550.77	2.75
<b>Agricultural areas</b>	60 524.12	6 052 412.28	<b>54.53</b>
<b>Forest areas</b>	36 910.09	3 691 009.08	<b>33.25</b>
Areas occupied by water and water bodies	2 093.00	209 300.29	1.89
Protected areas <sup>3</sup>	2 275.74	227 573.57	2.05
Disturbed areas	464.20	46 419.99	0.42
Not classified <sup>4</sup>	394.73	39 472.86	0.36

*Durable land use* - specific purpose of use of the land properties shall be determined by the relevant detailed development plan. In territories without development plans, the purpose of the landed properties until the plans come into force is determined by their actual use, unless the use contradicts any National Act.

*Source: National Statistical Institute of Bulgaria*

# LAND USE DISTRIBUTION BY TYPE OF DURABLE LAND USE OF THE LAND PROPERTIES AS OF 31.12.2023



# General characteristics of forests owned by municipalities

## **Municipalities in the Republic of Bulgaria own:**

- ❑ forests the ownership of which has been restituted to municipalities;
- ❑ acquired by way of a legal transaction (purchase, donation, will, division, exchange of properties in forest areas) or by other means of acquisition (afforestation) and are not state or private property.

## **The following forests in municipal ownership are public municipal property:**

- ❑ those assigned to be managed by entities in the discharge of their functions or in connection with the national security and defense, or for the performance of health care, educational and humanitarian activities;
- ❑ those falling within the innermost ring of sanitary protection zones around water sources and potable water supply facilities, as well as around mineral water sources as per the Waters Act;
- ❑ those falling within protected areas in the sense of the Protected Areas Act;
- ❑ those included within designated zones for protection of immovable cultural heritage as per the Cultural Heritage Act.

# Applicable statutory framework

*(containing responsibilities for municipalities)*

## **National legislation:**

- ❑ Forestry Act
- ❑ Regulations for Application of the Forestry Act
- ❑ Ordinance to define the terms and procedure of commissioning of activities within forests in state or municipal ownership, and utilization of timber and non-timber forest products
- ❑ Ordinance No. 18 of 07.10.2015 for inventory and planning in forest areas

## **Acts of the Municipal Councils:**

- ❑ Ordinance of the procedure for acquisition, management and disposal of municipal property
- ❑ Ordinance of the terms and procedure for management of forest areas in municipal ownership
- ❑ Municipal Strategy for property management (*covered period = mandate*)
- ❑ Annual Program for management and disposal of municipal property

# Statutory framework - specificity

<b>National legislation:</b>	<b>Acts of the Municipal Councils:</b>
Categorization of the properties	Assignment of forest management and management activities to persons with proven professional competence
Allowed activities	Procedure for conducting tenders/competitions
Requirements for the legal capacity of the persons responsible for the management activities	Lease/disposal order without conducting tender
Order and deadlines for reporting the results of performed activities (including control)	Contracting of lease, disposal or timber harvesting agreements
	Gathering of the revenues from the activity

# Organizations involved in the process



**Executive Forestry Agency  
(Ministry of Agriculture  
and Food)**

Contract

Contract



**28 regions/ 265 municipalities**



**State  
Forestry/Hunting  
enterprises**



**ЮЖНОЦЕНТРАЛНО ДЪРЖАВНО  
ПРЕДПРИЯТИЕ  
гр. Смолян**



**Forester** - natural person listed in a public register with the Executive Forestry Agency and holding a certificate of registration

**Performs:**

- planning and organization of afforestation activities;
- marking of forest plantations envisioned to be felled;
- the development of terms of reference for forestry plans and programs and for inventorying forest areas

# Property management in forest areas

**Municipally owned estates in forest territories shall be managed by:**

- ❑ **A municipal forestry authority** organized in one of the following forms:
  - **a structural unit within the municipal administration;**
  - **a commercial company the capital of which is wholly owned by the municipality;**
  - **a municipal enterprise in the sense as per the Municipal Property Act.**
  
- ❑ **State forestry enterprises or state hunting enterprises** - on a contract
  
- ❑ **Professionals (individuals) or merchant entities** listed in the public registers as per the Forestry Act - on a contract.

# Property management in forest areas

- ▶ **The form of management** (and its change) - by a decision of the Municipal Council.

Where municipally owned forests have a **total area of over 1,500 hectares**, they shall be managed by **a municipal forestry authority or by state forest enterprises or state game reserves**, under contract.

- ▶ **Head of a municipal forestry authority** - persons who satisfy the requirements for director of a state forest enterprise and are listed in the public register as qualified for forester practice.
- ▶ **Terms and procedure for management of forest areas in municipal ownership** - by ordinance of the Municipal Council.

# Legally permissible activities in forest areas

- ▶ extraction of wood and non-wood forest products
- ▶ loading, transportation and unloading of wood and non-wood forest products
- ▶ cleaning areas and preparing the soil for afforestation
- ▶ supporting natural regeneration
- ▶ afforestation, replenishment and cultivation of forest crops
- ▶ marking plantations and trees for logging and others

**The activities in the forest territories are awarded by conducting an open tender, electronic tender or negotiation, in cases defined by law.**

# Sale of wood from the forest territories

(process included in the scope of the audits)

## Types:

- ▶ sale of standing wood per root
- ▶ sale of cut wood

## Execution upon one of the following methods:

- ▶ open bidding tender
- ▶ secret bidding tender
- ▶ electronic tender with bidding
- ▶ electronic secret tender with one bid
- ▶ competition
- ▶ electronic tender for sale
- ▶ pricelist

**Depending on the chosen form of management of the forest territories, the method of sale is determined by:**

- ▶ the mayor of the municipality or an official authorized by him
- ▶ the head of the municipal forest structure, organized in a municipal enterprise under the Law on Municipal Property

OR

- ▶ the head of a commercial company in which the municipality is the sole owner of the capital.

# Criteria applied by the audit team for selecting the subject of audit/verification

**Information from the annual reports of budget implementation** – specific budget accounts for incomes from leasing of estates, sale of products and services, leasing of agricultural land, disposal of non-financial assets, disposal of land

**Information from the municipal administration on contracts concluded during the audited period:**

- ❑ by conducting a tender
- ❑ without tender (special legal grounds)

Formulation of processes and sub-processes:

**Process “Municipal property management”**

**Sub-process** „Management of municipal estates in forest territories“

**Sub-sub-processes:** - *renting by the means of tender;*  
- *renting without tender procedures;*

**Process „Disposal of municipal estates“**

**Sub-process** „Sale of municipal estates in forest territories“

**Sub-processes:** - *sale of estates by the means of tender;*  
- *sale of estates without tender procedures;*

**Sub-process** „Establishment of real rights on forest properties “

*(right of use, right of construction)*

**Sub-process** „Sale of wood“

**Sub-sub-processes:** - *sale of cut wood*  
- *sale of standing wood on root*

# Common steps for conducting tender procedures

## I. Renting/Disposal of forest estates *(extracted from municipal council regulations)*

<b>Tender procedure:</b>	<b>Compulsory actions/contents</b>
Order of the mayor for conducting a tender	
Tender documentation	
Order of the mayor to appoint a commission	issuance - 1 day before the auction date; members - from 3 to 5 members, incl. 2 reserve members (competent lawyer and the mayor/deputy of the relevant settlement)
Actual conduct of the tender	
Report of the committee meeting	
Order of the mayor to determine the winning participant	
Signing a contract	Requirement for a minimum lease term; Approval by certain officials

# Common steps for conducting tender procedures

## II. Logging/Sale of wood

<b>Tender procedure:</b>	<b>Compulsory actions/contents</b>
Annual Plan for the use of wood, approved by the Municipal Council	Public disclosure (on the website of the Municipality)
Decision of the Municipal Council on the manner of using the wood	
Schedule for carrying out procedures for the use of wood (approved by the mayor)	
<b>... similar steps like tenders for renting/disposal of estates</b>	

# Results from compliance audits on the management of public funds and municipal activities

## **Compliance Audit Reports:**

- ❑ Ivanovo Municipality, Ruse District (2021-2022)
- ❑ Omurtag Municipality, Targovishte District (2021-2022)
- ❑ Dryanovo Municipality, Gabrovo District (2020-2021)
- ❑ Ispernih Municipality, Razgrad District (2021 – 30.06.2022)

## General information of the audited tender procedures and contracts:

5 open bidding tenders  
for sale of standing wood on root

6 contracts,  
Total price: EUR 197 949, without VAT

1 open bidding tender for renting of meadows  
in forest territory, Total area: 13 acres (52,5 decare)

Total rent price/year: EUR 236,50  
Contract duration: 5 years

## **During the audits have been verified:**

- ❑ the normative acts stipulating activities within the forest territory management (adopted ordinances by the municipal councils, plans, programs, schedules, etc.);
- ❑ the chosen form of management and its organization (incl. administrative structure and capacity, responsibilities and duties of the administration staff);
- ❑ conducted procedures for wood extraction and sale of root wood from the Municipal Forestry Fund;
- ❑ contracts concluded within the audited period and their implementation.

## Good practices and incompliances

Good practices	Common incompliances
<p>The <b>chosen forms of management</b> of the forest territories are in accordance with the legally established ones.</p>	<p>The Municipal Council has not determined the manner of usage of the wood (shall it be used by logging or for sale of standing wood on root).</p>
<p>The <b>documentation for participation</b> in the tenders has the required contents.</p>	<p>No schedule has been developed for conducting the procedures for the use of wood from the municipally owned forest territories.</p>
<p>Forms and amounts of <b>participation guarantees, performance guarantees and bidding steps</b> are correctly and lawfully determined.</p>	<p>The regulations and procedure for using wood from the municipal forest fund are not defined</p>
<p>Bodies (firms/companies/etc.) meeting <b>the pre-announced conditions</b> are allowed to participate in the tender procedures.</p>	<p>The mayor's orders for conducting the tenders do not contain the minimum required information.</p>
<p>The tender procedures were conducted in accordance with legal requirements.</p>	<p>The price for the tender documentations was determined without documenting the type and size of the costs included in it.</p>
<p>The contracts are concluded after the documents required by the buyers have been submitted and payments have been made.</p>	<p>Publicity is not ensured, as the protocols of the commissions for conducting the tenders and contracts for the sale of wood are not published on the website of the Municipality</p>

# Inventory of forest properties

- ▶ **By order of the Minister of Agriculture and Food** - separate forest territorial units that cover the territory of one or more municipalities within the boundaries of one district
- ▶ **All forest territories are subject to inventory**, regardless of their ownership (state, municipal, private). An inventory of the forest territories in the individual forest territorial units is carried out **every 10 years** and is valid until the approval of the next one.
- ▶ The Forestry Executive Agency entrusts traders with the inventory of forest territories. Traders must meet conditions set out in the Forestry Act. The activities are financed from the state budget.
- ▶ **Special inventory** - in cases of natural disasters, of the entire forest territorial unit or part of it, at the expense of the state budget
- ▶ **Additional inventory** - in separate forest territorial units or for parts of them; upon request and at the expense of the owner of the forest territory or the body to whom the forest territory is provided for management; the inventory data is provided free of charge to the Forestry Executive Agency

# Inventory of forest properties

- ❑ **The control of carrying out an inventory** - by the Forestry Executive Agency
  
- ❑ **Data from an inventory** of forest territories:
  - subject to public discussion;
  - are checked by an expert commission appointed by the executive director of the agency
  - are published on the agency's official website
  
- ❑ **Information system for the forest territories** (in the country) and for the activities carried out in them - on the official website of the agency:

<https://www.iag.bg/lang/2/index>

**THANK YOU FOR YOUR ATTENTION!**

