



Welcome to UNWE

Genesis and development of local
government in Bulgaria

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Historical genesis and development of local government in Bulgaria

The existing administrative-territorial structure of Bulgaria is the result of numerous changes undertaken during different periods of the country's history.

Several main stages of the development of local self-government in Bulgaria can be highlighted.


1878	• 5 provinces and 33 districts
1879	• 21 counties and 58 districts (Principality of Bulgaria) and 6 departments (Eastern Rumelia)
1886	• 23 counties and 84 districts
1901	• 12 counties, 71 districts and 1,890 municipalities
1920	• 15 counties, 82 districts and 2391 municipalities
1926	• 16 counties, 91 districts and 2,650 municipalities
1934	• 7 regions, 89 districts and 921 municipalities
1944	• 9 regions, 95 districts
1949	• 14 counties and 101 districts
1987	• 9 districts, 278 municipalities
1999	• 28 regions, 262 municipalities
2022	• 28 regions, 265 municipalities

Legislative prerequisites for the changes

1879	The Constitution of the Principality of Bulgaria (Constitution of Tarnovo)	Principality of Bulgaria, Kingdom of Bulgaria
	The territory is administratively divided into regions, districts and municipalities.	
1947	The Constitution of the People's Republic of Bulgaria (Dimitrov's Constitution)	People's Republic of Bulgaria
	The territory of the country is divided into municipalities and districts, and other administrative units can be created by law.	
1971	The Constitution of the People's Republic of Bulgaria (Zhivkov's Constitution)	People's Republic of Bulgaria
	The territory of the country is divided into municipalities and regions. Sofia (the capital) is divided into administrative-territorial parts.	
1991	The Constitution of the Republic of Bulgaria	Republic of Bulgaria
	Bulgaria is a unitary state with local self-government. The country's territory is divided into municipalities and regions. The municipality is the main administrative-territorial unit in which local self-government takes place. The region is an administrative-territorial unit for the implementation of regional policy, for the implementation of local government and for ensuring compliance between national and local interests.	

Legislative framework of local self-government in Bulgaria

The Constitution of the Republic of Bulgaria	Local Government and Local Administration Act	European Charter of Local Self-Government	Administrative and Territorial Structure of the Republic of Bulgaria Act	Municipal Property Act	Local Taxes and Fees Act	Municipal Budget Procedures Act	Administration Act	Territory Arrangement Act	Municipal Debt Act	Strategy for Decentralisation	Direct Citizen Participation in State and Local Government Act	Public Finance Act
1991	1991	1995	1995	1996	1997	1998	1998	2001	2005	2006	2009	2013
Republic of Bulgaria												

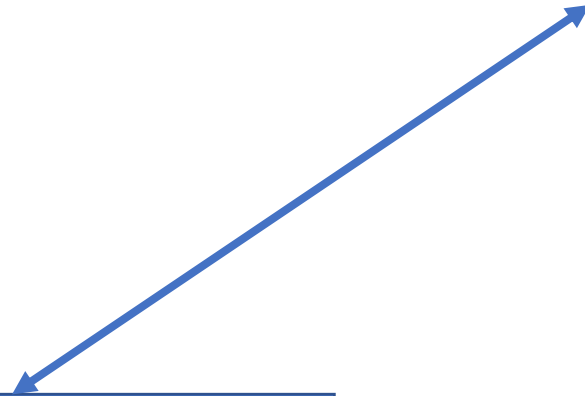


Some principles:

~~Autonomy~~

Decentralization
(moderate)

Local Government



The national spending policy is carried out in three basic directions:

- **Funding of government priorities** implemented through state bodies' budgets and funding of the independent and autonomous budgets. Evaluation and coordination of the budget proposals and alternatives concerning state expenditure by evaluating the effect of their possible funding.
- Drawing up, implementation and reporting of the **state budget** in its part related to municipalities, based on division of **activities funded through municipal budgets** into local and state mandates in organizing and providing **public services**. Thus, the state provides equal access of the population to a minimum level of public services for all municipalities.
- **Effective management of financial resources** during the implementation of public support measures in accordance with the state aid rules and regime.

The main budgetary relationships between the central budget and the budgets of the municipalities

$$C1 + C2 + C3 + C4 = C$$

C1 is the amount of the total subsidy for the activities delegated by the state from the central budget for the specific municipality. It is calculated as the sum of all costs for the activities delegated by the state, determined by standards.

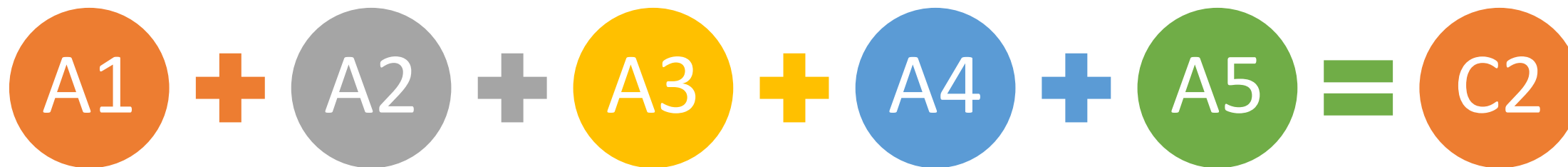
C2 is the amount of the total equalization subsidy from the central budget for the specific municipality.

C3 is the amount of the transfer for winter maintenance and snow removal of municipal roads for the specific municipality.

C4 is the amount of the targeted capital expenditure subsidy for the specific municipality.

C is the size of the main budget relationship between the central budget and the budget of the specific municipality in the form of subsidies/ transfers.

The general equalization subsidy for municipalities



A1 is the first part of the amount of the total compensatory subsidy from the central budget for the specific municipality. The right to receive this part of the subsidy belongs to the municipalities with the specified access in depending on the permanent tax receipts of a resident, the equalization being in the amount of the difference between 120% of the national level and the permanent tax revenue per resident for the specific municipality multiplied by the number of its inhabitants.

A2 is the second part of the amount of the total compensatory subsidy from the central budget for the specific one municipality with access. The distribution of the amount from component A2 by municipalities is based on the share of expenditure needs for the specific municipality with access.

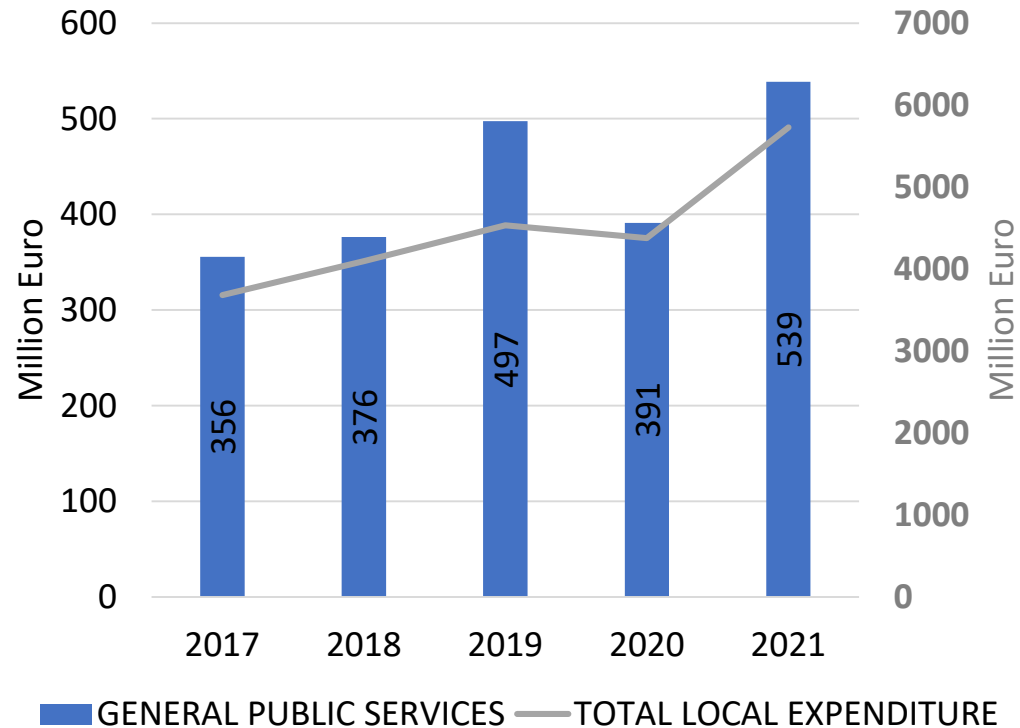
A3 is the third part of the amount of the total compensatory subsidy from the central budget for the specific one municipality with access. The municipalities with access have the right to receive this part of the subsidy, whose share of the revenues relative to f total receipts (according to the latest reported annual data for 2020) is less than 25 percent.

A4 is an additional component of the general equalization subsidy from the central budget for the specific municipality that provides the amount of the general equalization subsidy determined in the Law on the state budget of the Republic of Bulgaria for 2021 for municipalities with access. This part of the subsidy is received from the municipalities with access, which have a negative difference between the received from the sum of components A1, A2 and A3 ($A1+A2+A3$) and the amount of the total compensatory subsidy.

A5 is an additional component of the general equalization subsidy from the central budget for the specific municipality with access. Municipalities with an average tax effort above the average have the right to receive this part of the subsidy amount of the limits determined by the Law on Local Taxes and Fees (ZMDT) for the relevant taxes ($DU_{avg1} > 1$), and the distribution is based on the relative share of the difference above 1.

LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: GENERAL PUBLIC SERVICES

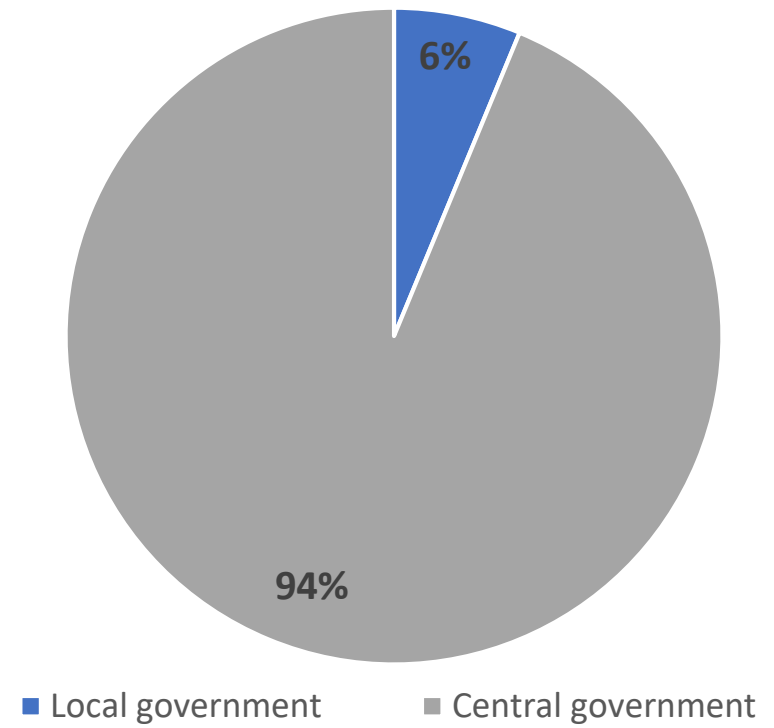
Proportion between expenditure for local general public services and total local expenditures



Source: [NSJ](#), 2023

Interrelation between local budgets' and central budget expenditures

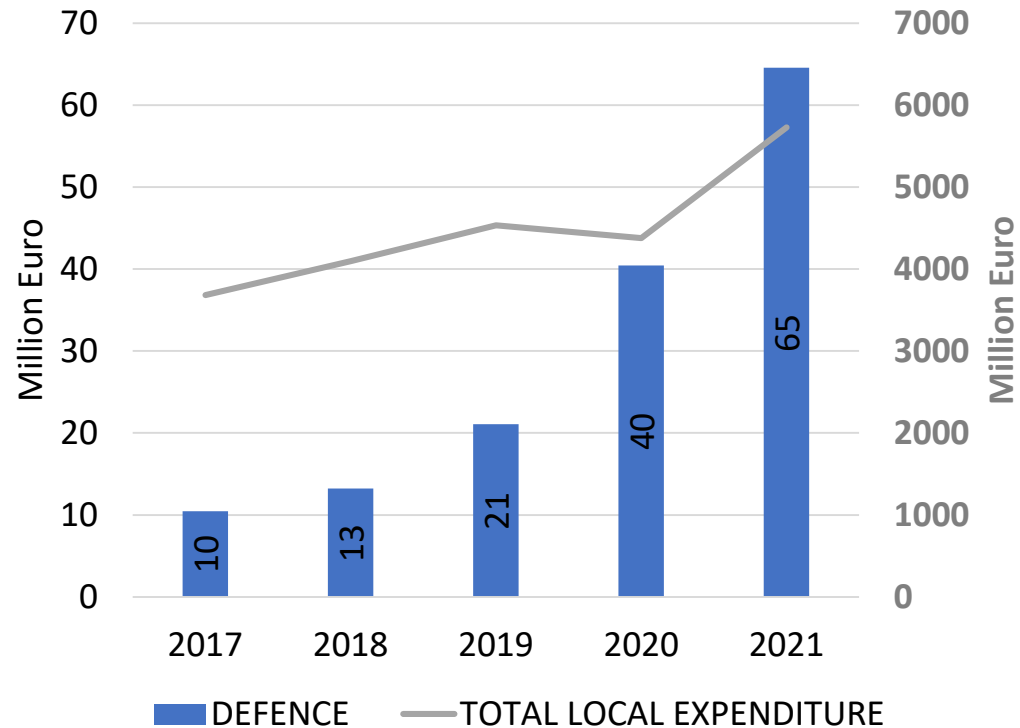
2021



Source: [Eurostat](#), 2023

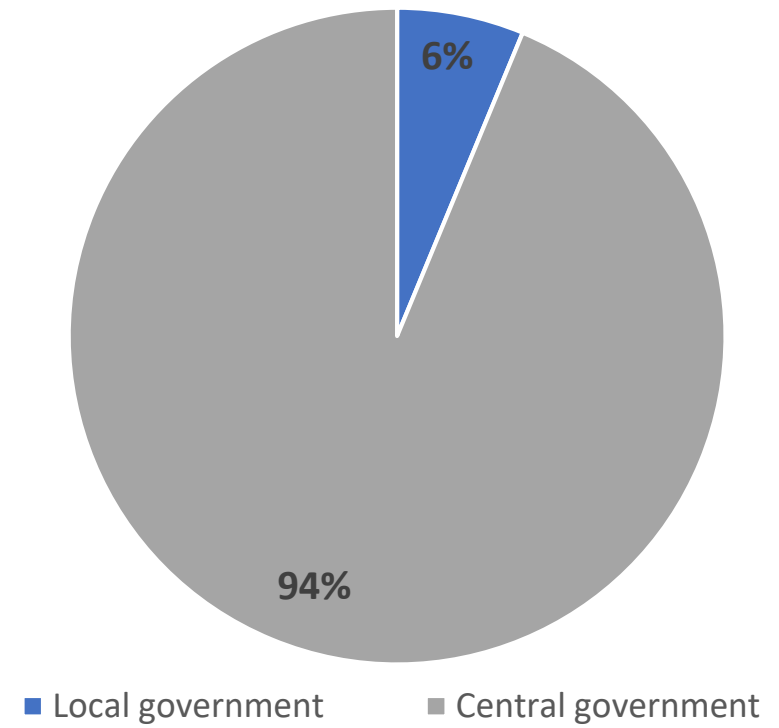
LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: DEFENCE

Proportion between expenditure for local defence and total local expenditures



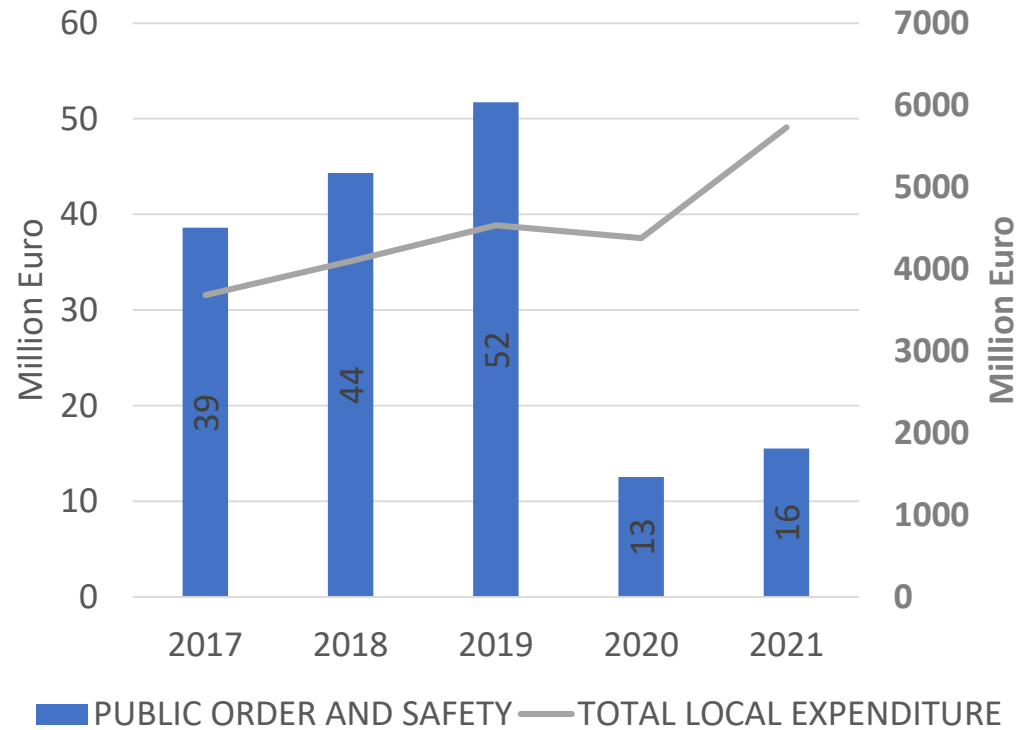
Interrelation between local budgets' and central budget expenditures

2021

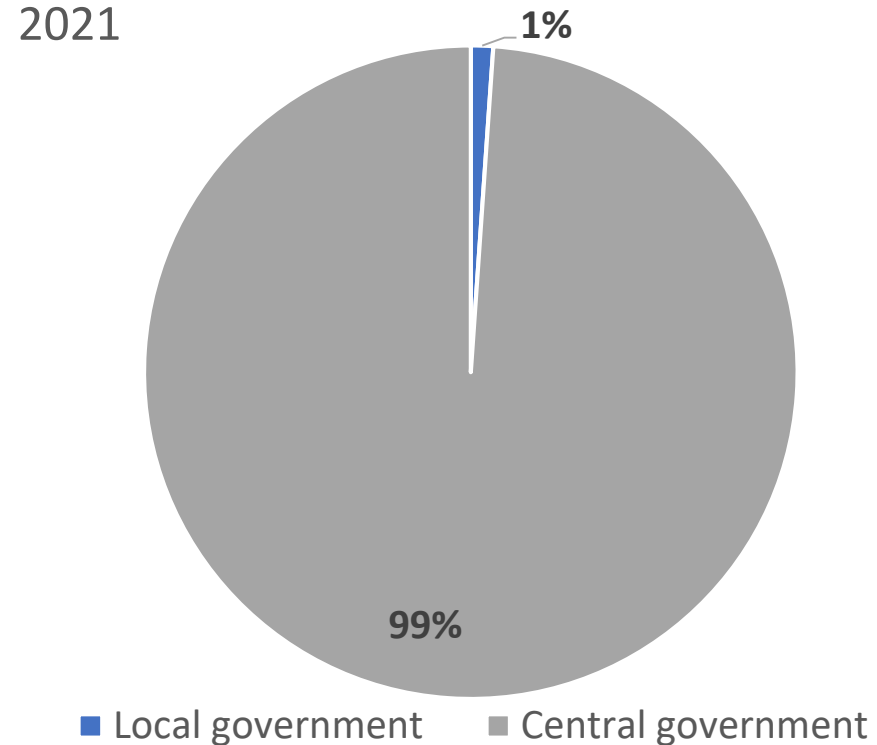


LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: PUBLIC ORDER AND SAFETY

Proportion between expenditure for public order and safety and total local expenditures

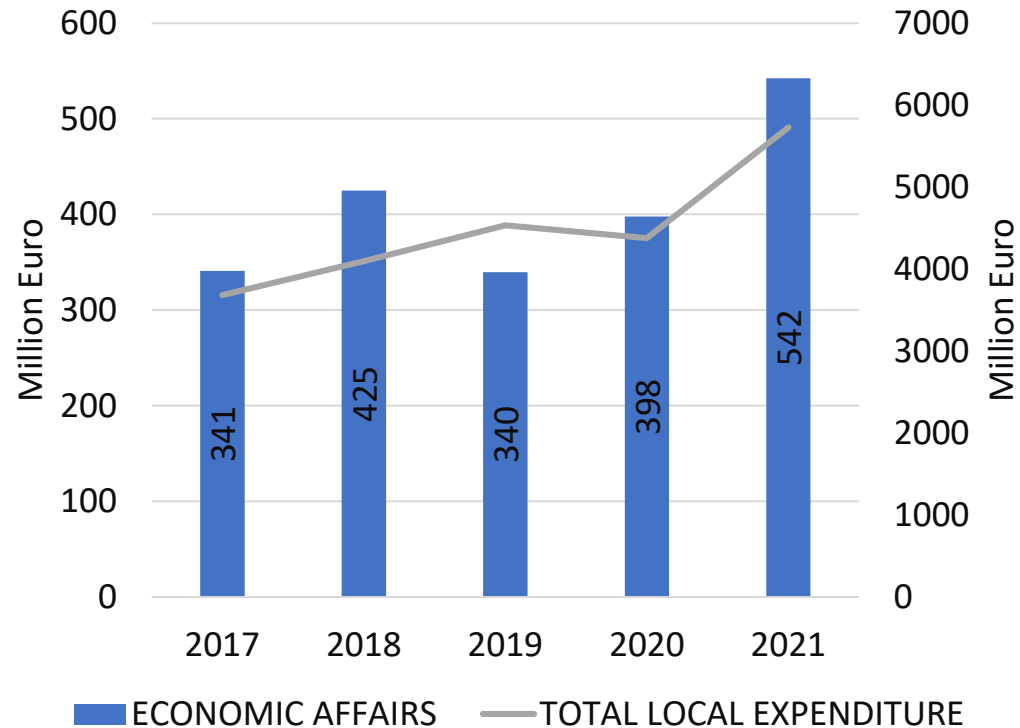


Interrelation between local budgets' and central budget expenditures



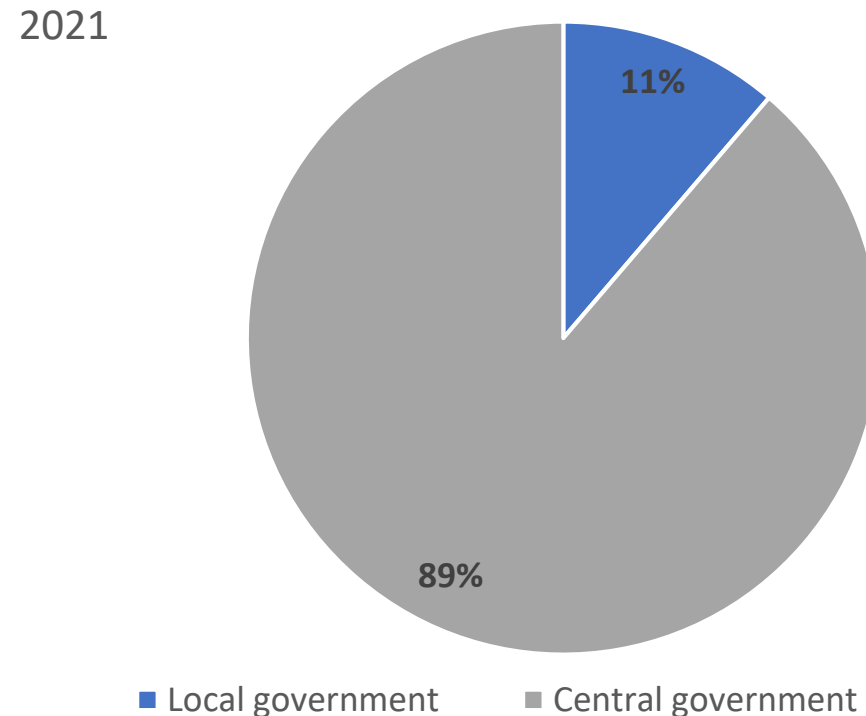
LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: ECONOMIC AFFAIRS

Proportion between expenditure for economic affairs and total local expenditures



Source: [NSJ](#), 2023

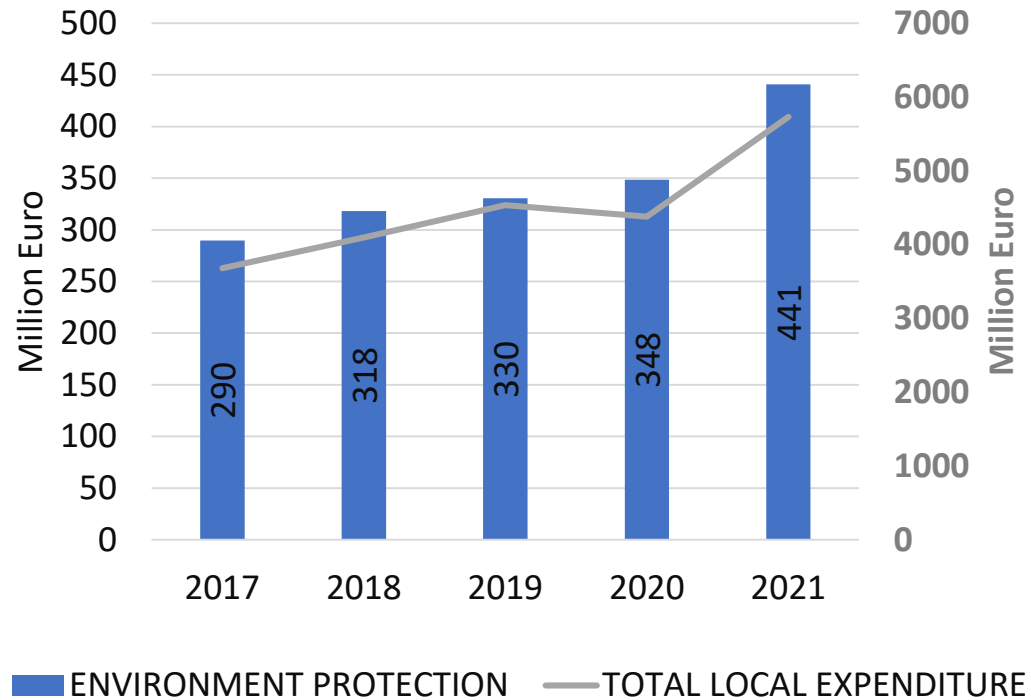
Interrelation between local budgets' and central budget expenditures



Source: [Eurostat](#), 2023

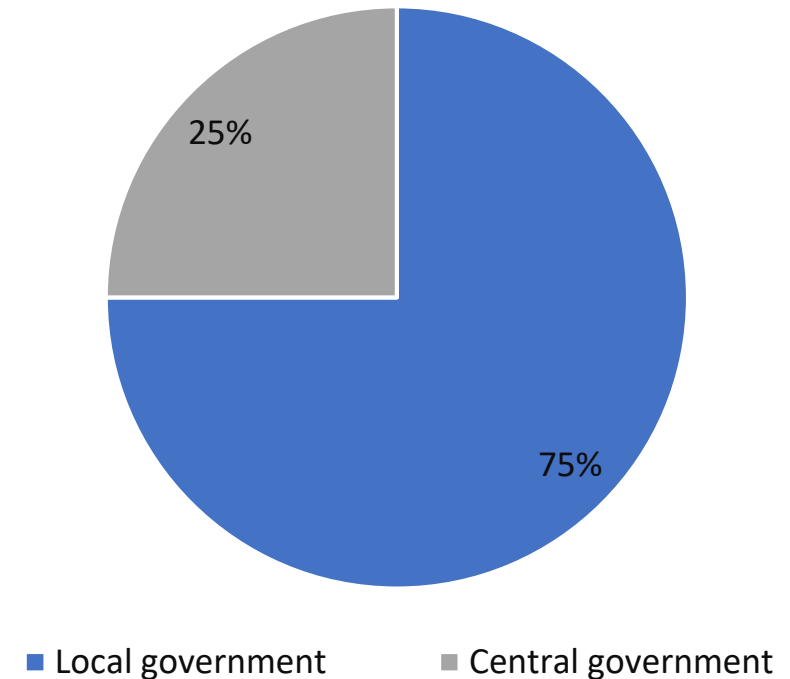
LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: ENVIRONMENT PROTECTION

Proportion between expenditure for environment protection and total local expenditures



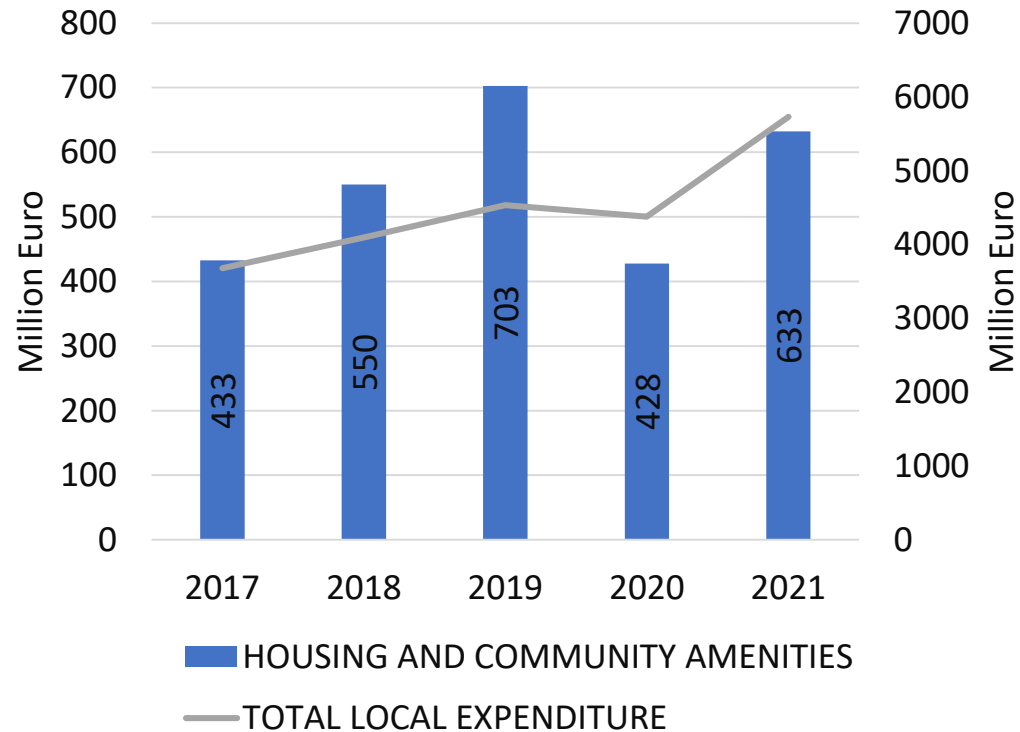
Interrelation between local budgets' and central budget expenditures

2021



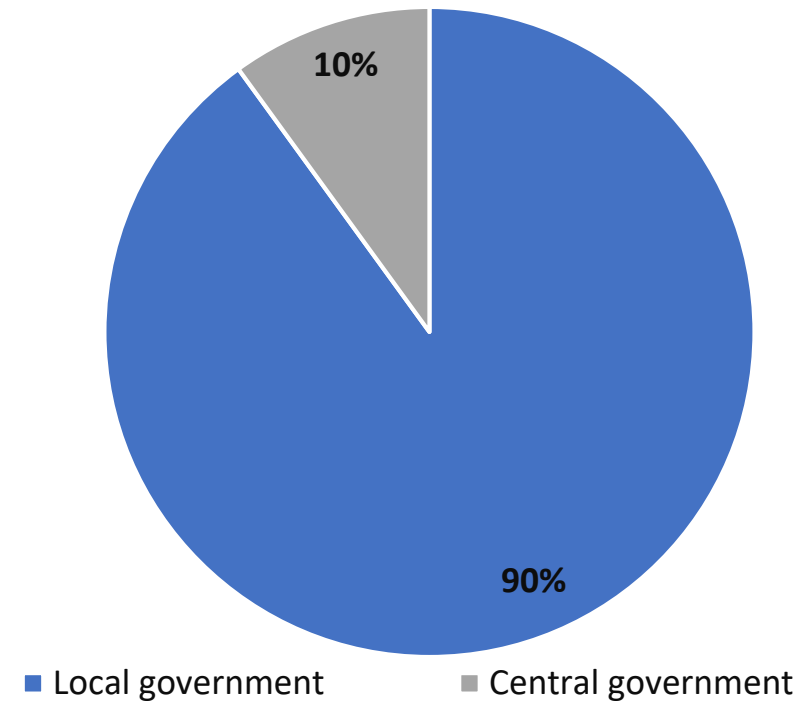
LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: HOUSING AND COMMUNITY AMENITIES

Proportion between expenditure for housing and community amenities and total local expenditures



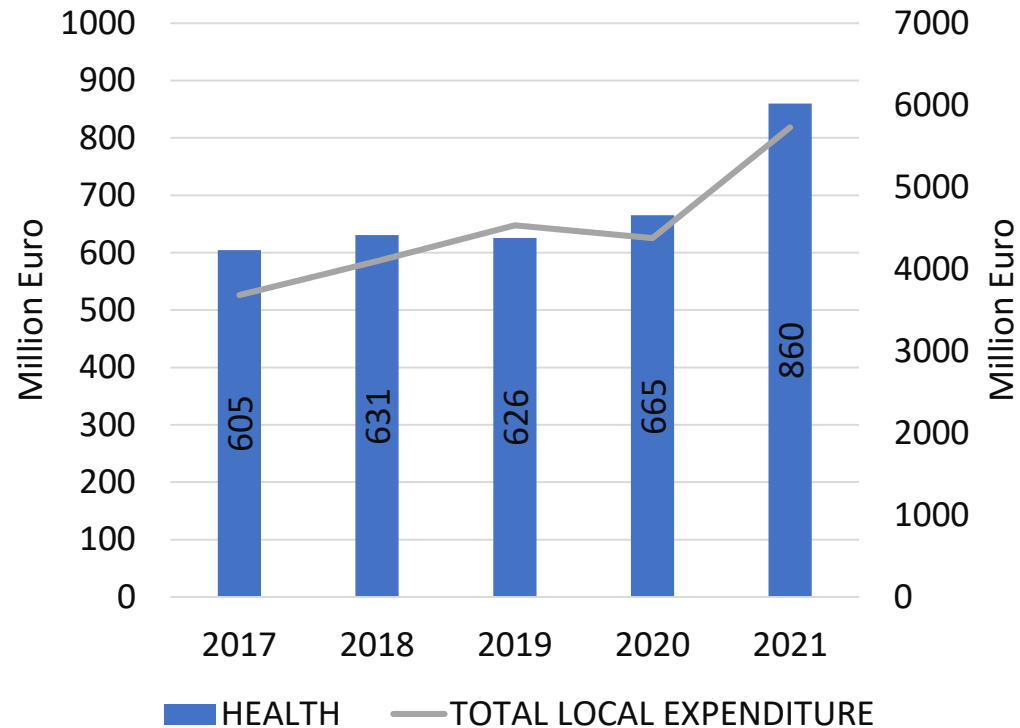
Interrelation between local budgets' and central budget expenditures

2021



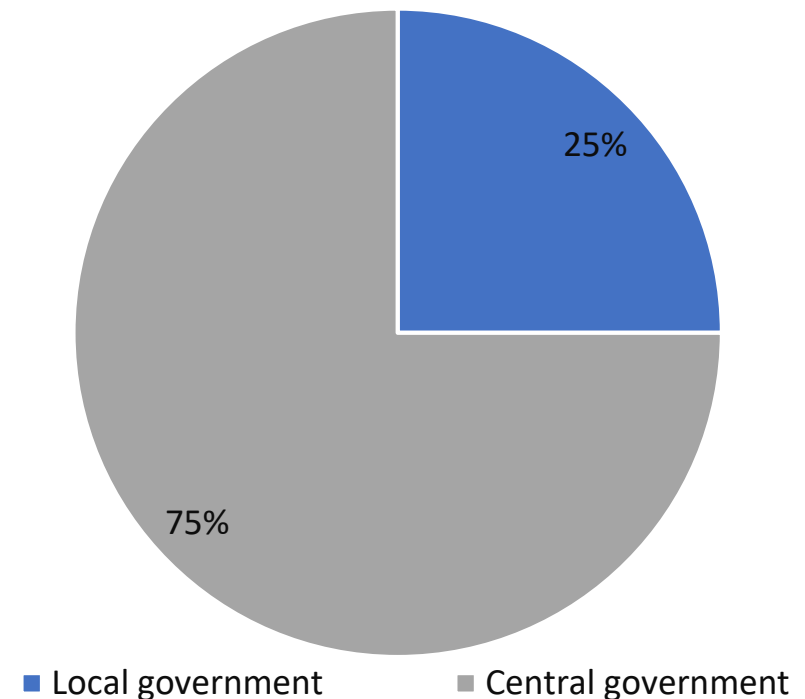
LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: HEALTH

Proportion between expenditure for health and total local expenditures



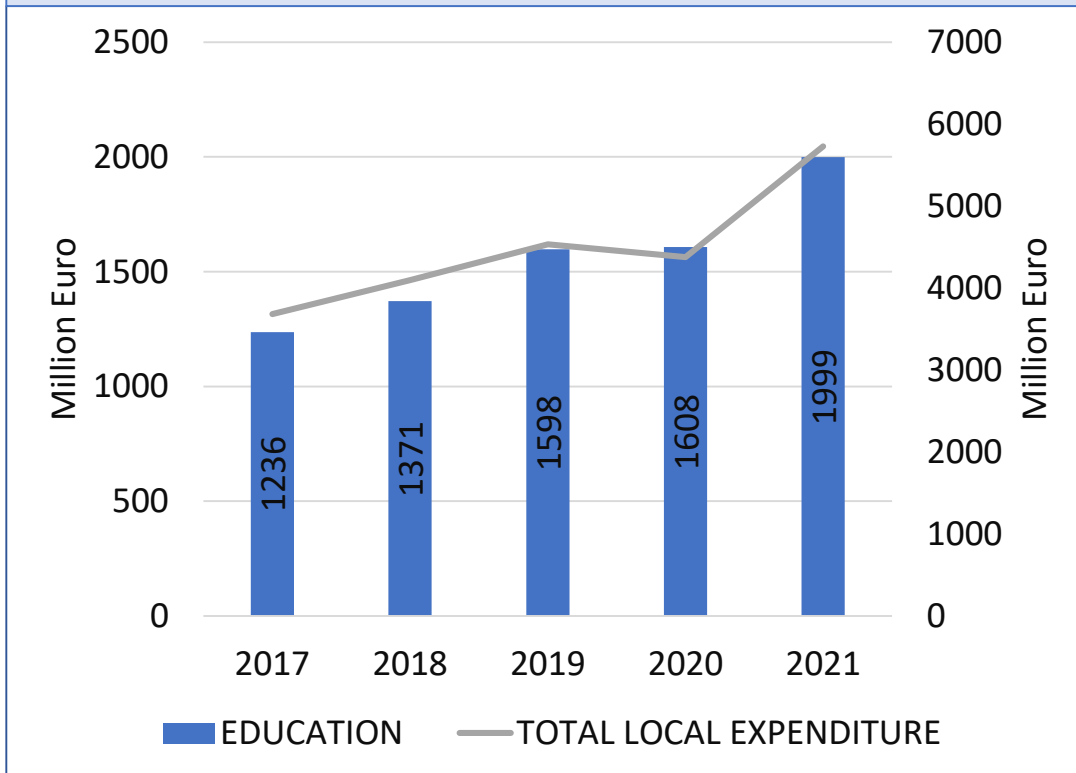
Interrelation between local budgets' and central budget expenditures

2021



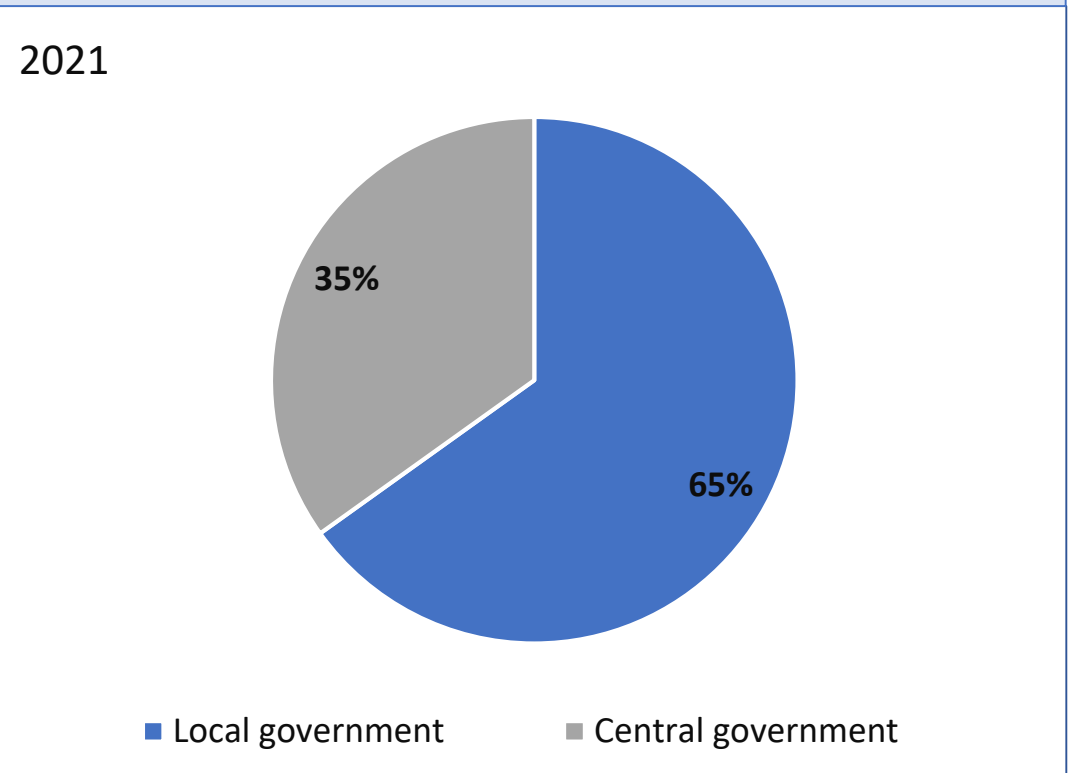
LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: EDUCATION

Proportion between expenditure for education and total local expenditures



Source: [NSJ](#), 2023

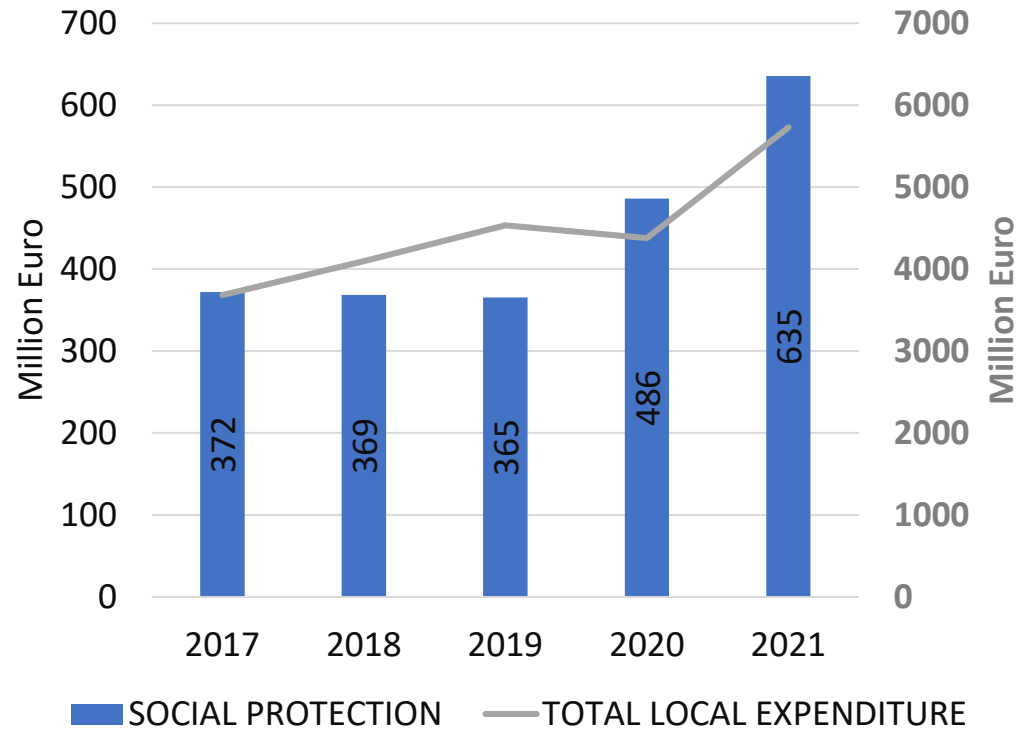
Interrelation between local budgets' and central budget expenditures



Source: [Eurostat](#), 2023

LOCAL GOVERNMENT'S EXPENDITURES BY FUNCTION: SOCIAL PROTECTION

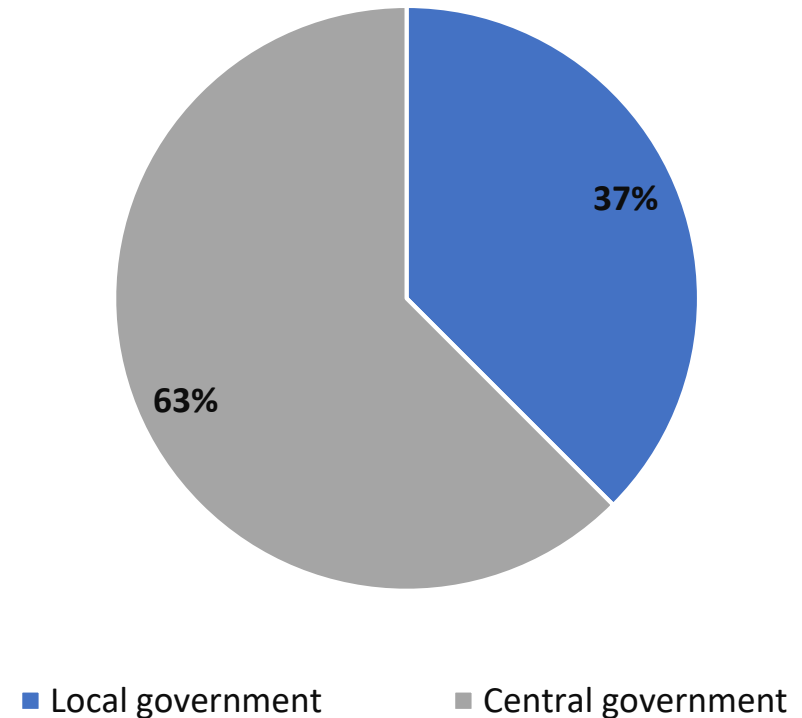
Proportion between expenditure for social protection and total local expenditures



Source: [NSJ](#), 2023

Interrelation between local budgets' and central budget expenditures

2021



Source: [Eurostat](#), 2023

Electronic administrative services provided by municipalities through the Unified Model



Administrative services, provided by:

- Central Administrations
- Specialized territorial administrations
- Regional administrations
- **Municipal administrations**
- All administrations

... the last 30 years in Bulgaria

- So far, the highest degree of **development is in the political decentralization area**, and the most **unresolved problems are in the financial sphere**.
- **Increased financial independence of municipalities**, including in relation to: the independent determination of the amount of tax revenues, the administrative procedure for the collection of taxes, etc. At the same time, Bulgarian municipalities are highly dependent on the central government in terms of the transfer, which forms the main part of the their budgets.
- **Difficulties in the interaction between local and central authorities**, regional governments and civil organizations. Common problems are solved apart from the principles of good governance and the construction of public networks.