

**Ralitsa Veleva**

*Chief Assistant, PhD*

Department of Public  
administration, Faculty of  
Management and Administration,  
UNWE, Sofia, Bulgaria

Corresponding author:

e-mail: [ralitsa.veleva@unwe.bg](mailto:ralitsa.veleva@unwe.bg)

ORCID: <https://orcid.org/0000-0002-2736-9401>

Published First Online: 30.06.2023

Pages: 45-57

DOI:

<https://doi.org/10.37075/JOMSA.2023.1.04>

# DEVELOPMENT OF LOCAL GOVERNMENT AND DECENTRALIZATION IN BULGARIA (1879-2023): A COMPREHENSIVE ANALYSIS

## ABSTRACT

The present article aims to provide a comprehensive analysis of the development of local governance and decentralization in Bulgaria from 1879 to 2023. By tracing normative changes, institutional transformations, and issues related to local governance, the article focusses on fiscal decentralization as a challenging area for the advancement of local self-government.

The analysis encompasses key aspects such as state status quo and administrative-territorial autonomy, cooperation between central and local authorities, municipal administrative capacity, and the involvement of civil society in local decision-making processes. Throughout the period examined, Bulgaria has experienced significant progress in establishing good practices of local self-government, striving to promote greater autonomy and responsibility among local bodies.

Based on the analysis of the regulatory framework and empirical data, it is evident that the highest level of development lies in political decentralization, while the most unresolved problems exist in the financial sphere. Although increased financial autonomy of municipalities has been observed, including their independent determination of tax revenues, administrative procedures for tax collection, and others, Bulgarian municipalities still heavily depend on the central government in terms of transfers, which constitute the main portion of their budgets.

**KEYWORDS:** local government, local self-government, fiscal decentralization

**JEL:** H7, H70, H72

## INTRODUCTION

The development of local governance and decentralisation in Bulgaria during the period 1879 to 2023 has been a subject of significant interest and research. Over time, numerous normative changes and institutional transformations have shaped the landscape of local governance in the country. The aim of this scientific article is to provide a comprehensive analysis of these processes and shed light on fiscal decentralization as a key area for the advancement of local self-government.

The analysis conducted in this article focusses on several crucial aspects of the development of local governance. One of them is the state status quo and administrative-territorial autonomy, which reflects the framework and powers granted to municipalities. Additionally, the study

delves into the cooperation between central and local authorities, which is vital for the effective functioning of local bodies.

Throughout the examined period, Bulgaria has made significant progress in the development of local self-government, striving to promote greater autonomy and responsibility among local bodies. However, challenges persist in the financial sector, where unresolved issues continue to exist. This aspect is closely related to the financial autonomy of municipalities and their dependence on the central government.

By examining these important aspects, the article aims to provide a detailed and objective overview of the development of local governance and decentralization in Bulgaria during the reference period. Such analysis is essential for understanding the challenges and achievements in this field and can contribute to the further advancement of local governance in the future.

## **1. Development of local government in Bulgaria**

The administrative-territorial structure of Bulgaria has undergone significant transformations throughout its history, resulting in the existing framework. The evolution of local self-government in Bulgaria can be delineated into distinct stages, characterised by changes in the political, economic and social landscape of the country. These stages are intricately tied to normative documents that outline the regulatory framework and introduce novel reforms in response to prevailing circumstances.

The initial stage of local self-government in Bulgaria was shaped by the establishment of the modern state following the country's liberation in 1878. During this period, administrative structures were introduced, and the foundations of local governance were laid. The subsequent stages witnessed the progression of local self-government as the country underwent political and societal changes.

The interwar period marked a significant phase in the development of local self-government in Bulgaria. It was characterized by the consolidation of democratic institutions and the establishment of municipalities as important actors in local governance. Normative acts and regulations were enacted to delineate the responsibilities and competencies of local authorities, ensuring the effective provision of public services and the participation of citizens in decision-making processes.

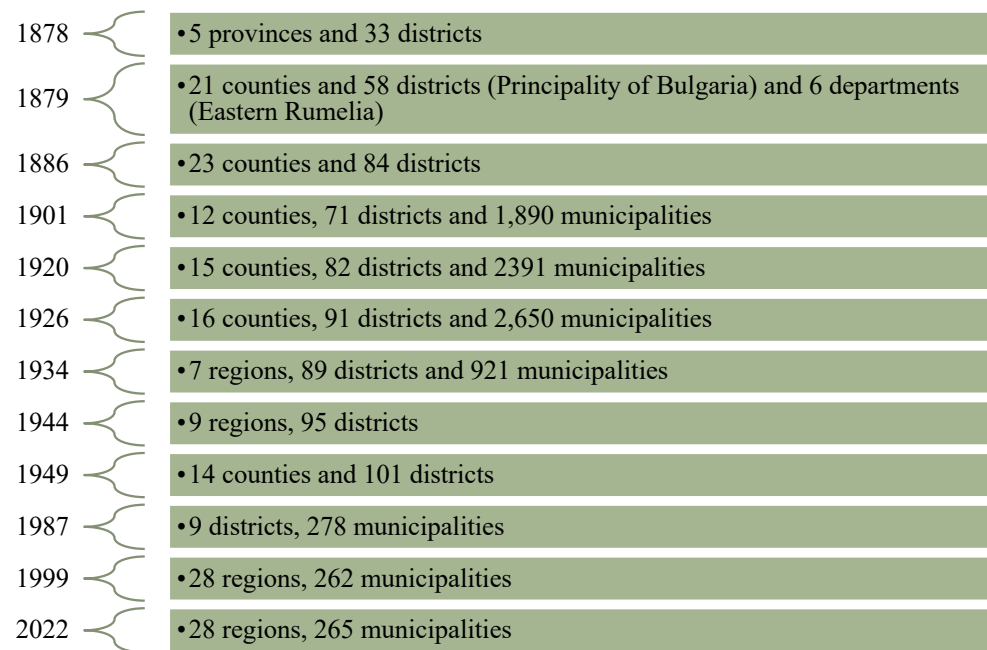
The socialist era brought about a centralized model of governance, with local self-government functioning within the framework of the socialist system. During this period, the focus shifted towards central planning and the implementation of national policies, leading to a more uniform administrative structure throughout the country.

Following the political changes in 1989, Bulgaria embarked on a path of decentralization and local governance reforms. This era witnessed the emergence of a more participatory and democratic model of local self-government, with an emphasis on subsidiarity, citizen engagement, and local autonomy. Normative acts were introduced to redefine the roles and responsibilities of local authorities, promoting the effective management of local affairs and the empowerment of local communities.

Therefore, the development of local self-government in Bulgaria has undergone various stages, shaped by political, economic, and social dynamics. Normative documents have played a crucial role in instituting reforms and adapting the administrative-territorial structure to the evolving needs of the country. These changes reflect the country's endeavor to foster effective

local governance, citizen participation, and sustainable development at the local level. (See Figure 1)

**Figure 1.** Administrative-territorial units on the territory of Bulgaria from 1878 to 2022



*Source: Author's interpretation based on data from NAMRB (National Association of Municipalities in the Republic of Bulgaria) and Population by regions, municipalities and settlements (2012). Volume 1. Population. Book 1, National Statistical Institute (NSI), Sofia, p. 11-12*

Based on the depicted data, it becomes evident that the country has employed either a three-tier or a two-tier administrative-territorial division during the examined timeframe. However, the quantity and typology of administrative-territorial units display minimal fluctuations, thereby posing challenges to the effective governance of the state.

The legislative foundations for the alterations in the administrative-territorial relationship in Bulgaria can be traced within the four Constitutions that have profoundly influenced the governance of the country from 1879 to 1991. These Constitutions assume paramount significance as indispensable legal instruments that lay down the structural framework and operational mechanisms of the state. The Constitutions, as supreme normative acts, provided the legal framework for the changes in the administrative-territorial relationship. They set out the principles and rules governing the establishment, powers, and functioning of local self-government bodies. These constitutional provisions aimed to ensure effective delivery of public services, participation of citizens in decision-making processes, and preservation of local autonomy within the broader governance structure of the state.

The initial Constitution of Bulgaria, enacted in 1879, played a pivotal role in configuring the administrative structure of the newly established modern state. It introduced a decentralized system of governance, featuring provisions for the establishment of local self-government bodies and the devolution of specific powers to them. This marked the inception of the developmental trajectory of local self-governance in Bulgaria.

Subsequent constitutional reforms, exemplified by the second Constitution of 1947 and the third Constitution of 1971, mirrored the evolving political, economic, and social landscapes of the country. These constitutional instruments introduced amendments and refinements to the

administrative-territorial framework, addressing issues concerning the organization of local governance, the delineation of powers between central and local authorities, and the allocation of resources.

The Constitutions of Bulgaria, as preeminent normative acts, furnished the legal underpinnings for the transformations in the administrative-territorial relationship. They enshrined the principles and regulations that govern the establishment, powers, and functioning of local self-government bodies. These constitutional provisions aimed to ensure effective public service provision, promote citizen participation in decision-making processes, and protect local autonomy within the broader governance structure of the state.

The Bulgarian constitutions have played an instrumental role in shaping the administrative-territorial relationship within the country. Serving as indispensable legal frameworks, they have laid the legislative groundwork for the establishment and evolution of local self-government bodies, delineating their roles, powers, and responsibilities. These constitutional instruments have been pivotal in guiding the metamorphosis of the administrative-territorial structure and governance of Bulgaria throughout its historical trajectory. (See Figure 2)

**Figure 2.** Legislative prerequisites for the changes

|      |   |  |
|------|---|--|
| 1879 | <b>The Constitution of the Principality of Bulgaria (Constitution of Tarnovo)</b>   | Principality of Bulgaria,<br>Kingdom of Bulgaria |
|      | The territory is administratively divided into regions, districts and municipalities.   |  |
| 1947 | <b>The Constitution of the People's Republic of Bulgaria (Dimitrov's Constitution)</b>  | 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 | <b>The Constitution of the People's Republic of Bulgaria (Zhivkov's Constitution)</b>   | 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 | <b>The Constitution of the Republic of Bulgaria</b>   | 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. |  |

*Source: Author's interpretation based on supreme normative acts in Bulgaria (1879-1991)*

The first Constitution of Bulgaria - **The Constitution of the Principality of Bulgaria** (Constitution of Tarnovo), adopted in 1879, played a crucial role in shaping the administrative structure of the newly established modern state. It introduced a decentralized system of governance, with provisions for the establishment of local self-government bodies and the delegation of certain powers to them. This marked the beginning of the development of local self-government in Bulgaria. The territorial jurisdiction of Bulgaria is characterized by a

hierarchical administrative division encompassing regions, districts, and municipalities. This multi-tiered structure serves as the foundation for the allocation of administrative responsibilities, governance mechanisms, and the provision of public services at various levels of government. Regions represent the highest level of territorial subdivision, encompassing a broader geographic scope and typically comprising several districts. Districts, in turn, constitute intermediate administrative units that exercise administrative authority over a specific geographic area, often encompassing multiple municipalities. Municipalities constitute the lowest level of administrative division and are responsible for local governance, service delivery, and addressing the needs of specific communities within their designated boundaries. The administrative division into regions, districts, and municipalities facilitates the effective management of public affairs, fosters regional development, and promotes decentralized decision-making and citizen participation in local governance processes.

Subsequent constitutional reforms, such as the second Constitution of 1947 – **The Constitution of the People's Republic of Bulgaria** (Dimitrov's Constitution) and the third Constitution of 1971 – **The Constitution of the People's Republic of Bulgaria** (Zhivkov's Constitution), reflected evolving political, economic and social changes in the country. During this period the local government became centralized, with limited autonomy.

The Constitution of the Republic of Bulgaria (1991) establishes Bulgaria as a unitary state with a structured framework for local self-government. Within this constitutional arrangement, the country's territory is divided into distinct administrative units known as municipalities and regions. The municipality assumes a primary role as the fundamental administrative-territorial entity where local self-governance is manifested. It serves as a locus for local governance, decision-making processes, and the provision of essential public services. The municipality bears the responsibility of addressing the specific needs of its residents, promoting local development, and safeguarding the welfare of the community.

Concurrently, the region operates as an administrative-territorial unit designed to implement regional policies, facilitate local governance, and foster alignment between national and local interests. With a broader geographic scope than municipalities, the region serves as a vital intermediary level of administration. It promotes cooperation, coordination, and synergies among multiple municipalities within its purview, thus fostering efficient management of resources, cohesive development strategies, and the resolution of shared challenges.

This constitutional framework underscores the significance of decentralized governance, wherein local communities actively participate in decision-making processes and exercise a measure of autonomy over their own affairs. It reflects the commitment to a balanced governance system that acknowledges the importance of both national and local interests. The recognition of municipalities and regions as integral components of the administrative structure of Bulgaria epitomizes the dedication to fostering effective local governance, citizen empowerment, and the equitable provision of public services.

Embracing the principles of local self-governance within its constitutional framework, Bulgaria endeavours to stimulate a system that fosters the embodiment of local interests, stimulates community participation, and endows local authorities with the capacity to proficiently address the diverse requirements and aspirations of their constituents. In this context, the competencies and capabilities of municipal personnel assume paramount significance, as the competency approach emerges as the bedrock of human resource management within the realm of state administration. It serves as a manifestation of the strategic positioning of labor therein, serving as a catalyst in generating a spectrum of services for the populace and business enterprises, as

well as in the development of regulatory documentation and expert consultancy deliverables. (Krasteva, 2022)

## **2. The actual legislative framework of local self-government in Bulgaria**

The legislative framework governing local self-government in Bulgaria represents a progressive and iterative process characterized by the adoption of various aspects and principles of sound local governance. This process has unfolded over time, guided by the recognition of the significance of effective local governance in promoting democratic practices, citizen participation, and sustainable development.

In line with this trajectory, legislative measures have been introduced to establish the legal foundations and mechanisms necessary for empowering local self-government bodies and ensuring their autonomy and accountability. These measures aim to enhance local decision-making processes, foster local development initiatives, and address the specific needs and aspirations of local communities.

The legislative framework encompasses a range of elements that encapsulate the principles of good local governance. These include, but are not limited to, provisions for citizen participation, transparency, accountability, and the decentralization of power. These principles recognise the importance of engaging citizens in local decision-making, promoting open and accessible governance structures, and holding local authorities accountable for their actions and policies.

Furthermore, the legislative framework has embraced the concept of subsidiarity, emphasizing the transfer of powers and responsibilities from the central government to local self-government bodies. This approach recognizes that decisions should be made at the most appropriate level, taking into account the unique circumstances and specificities of local communities.

Additionally, efforts have been made to align the legislative framework with international standards and best practices in local governance. These include incorporating principles and guidelines outlined by organizations such as the European Union, which emphasize the importance of participatory democracy, efficient public administration, and the protection of citizens' rights at the local level.

Overall, the legislative framework for local self-government in Bulgaria reflects an ongoing commitment to fostering good local governance principles and practices. It represents a dynamic and evolving process that continually adapts to the changing needs and aspirations of local communities and incorporates lessons learnt from domestic and international experiences in local governance.

**The actual legislative framework of local self-government in Bulgaria can be presented as a long process of adopting different aspects and principles of good local governance. (See Figure 3)**

**Figure 3. Actual legislative framework of local self-government in Bulgaria**

|   |  |  |   |                               |                                 |  |                           |                                  |                            |  |   |                           |
|---|--|--|---|-------------------------------|---------------------------------|--|---------------------------|----------------------------------|----------------------------|--|---|---------------------------|
| <u>The Constitution of the Republic of Bulgaria</u> | <u>Local Government and Local Administration Act</u> | <u>European Charter of Local Self-Government</u> | <u>Administrative and Territorial Structure of the Republic of Bulgaria Act</u> | <u>Municipal Property Act</u> | <u>Local Taxes and Fees Act</u> | <u>Municipal Budget Procedures Act</u> | <u>Administration Act</u> | <u>Territory Arrangement Act</u> | <u>Government Debt Act</u> | <u>Strategy for Decentralization (2006-2015)</u><br><u>Strategy for Decentralization (2016-2025)</u> | <u>Direct Citizen Participation in State and Local Government Act</u> | <u>Public Finance Act</u> |
| 1991  | 1991   | 1995   | 1995  | 1996                          | 1997                            | 1998                                   | 1998                      | 2001                             | 2005                       | 2006   | 2009  | 2013                      |
| <b>Republic of Bulgaria</b>                         |  |  |   |                               |                                 |  |                           |                                  |                            |  |   |                           |

Source: Author's interpretation based on normative acts in Bulgaria (1991-2013)

### 3. Illuminating Fiscal Decentralization in Bulgaria: Basic Directions

The Bulgarian 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 budget proposals and alternatives regarding 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 for 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 budgetary relationships between the central budget and the municipal budgets encompass a complex interplay of financial interactions aimed at facilitating the allocation and distribution of resources. These relationships are guided by a framework of principles and regulations designed to ensure an equitable and transparent distribution of funds across different levels of government.

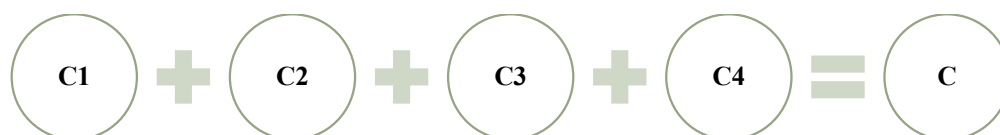
Central to these budgetary relationships is the transfer of financial resources from the central budget to the municipalities. This transfer mechanism serves as a means of providing fiscal support to local governments, enabling them to fulfill their responsibilities and address the diverse needs of their respective communities. The determination of the transfer amount typically hinges upon a formula or predetermined criteria, which take into account factors such as population size, socio-economic indicators, and specific local requirements.

In addition, there are often shared revenue sources between the central government and municipalities. These shared revenues may include various forms of taxes, fees, and other income generated at the local level. The allocation of these shared revenues is often governed by revenue-sharing agreements or established formulas that stipulate the proportion of revenue directed towards the central budget and the municipalities.

In addition, mechanisms are established to ensure accountability and transparency within budgetary relationships. Municipalities are typically required to submit budget proposals and financial reports to central authorities, while monitoring and oversight mechanisms monitor budget execution to ensure compliance with the stipulated guidelines.

The budgetary relationships between the central budget and municipalities play a pivotal role in facilitating effective local governance and the provision of public services. Striving for a balance between centralized control and local autonomy, these relationships foster collaboration and cooperation in the pursuit of fiscal stability and sustainable development at the municipal level. (Figure 4)

**Figure 4.** The main budgetary relationships between the central budget and the budgets of the municipalities in Bulgaria



*Source: Mechanism for determining the primary budgetary relationships between the central budget and the budgets of municipalities in the form of subsidies for the year 2022. ([https://www.minfin.bg/upload/51335/Prilozenie\\_chl.51\\_2022.pdf](https://www.minfin.bg/upload/51335/Prilozenie_chl.51_2022.pdf))*

The adopted formula within Bulgarian practice encompasses several key components:

**C1:** This component represents the aggregate amount of the total subsidy allocated from the central budget to the respective municipality. The subsidy is specifically designated for activities delegated by the state, and its determination relies on standardized criteria and cost evaluations.

**C2:** The second component encompasses the total equalization subsidy disbursed from the central budget to the specific municipality. This subsidy aims to mitigate regional disparities and promote a more equitable distribution of financial resources across municipalities.

**C3:** This component designates the transfer allocated specifically intended for winter maintenance and snow removal of municipal roads within the given municipality. The transfer



serves to support the local administration in effectively managing the challenges associated with inclement weather conditions and maintaining the functionality and safety of the road infrastructure.

C4: The fourth component represents the targeted capital expenditure subsidy allocated to the specific municipality. This subsidy is specifically earmarked to facilitate capital projects and investments aimed at fostering local development and improving infrastructure.

The formula outlined above illustrates the main budgetary relationships between the central budget and the budgets of municipalities in Bulgaria. By incorporating these components, the formula endeavors to determine the size and magnitude of subsidies and transfers as integral elements of the budgetary relationship between the central budget and the respective municipality.

The General Equalization Subsidy for Municipalities is a financial mechanism implemented to address disparities in fiscal capacities among municipalities (Bird & Smart, 2002). It aims to ensure an equitable distribution of resources and provide additional financial support to municipalities with lower revenue-generating potential (Boadway & Shah, 2007). The subsidy recognizes the diverse economic and demographic characteristics of municipalities, which can lead to variations in their ability to generate revenue (Rodriguez-Pose & Garcilazo, 2015). By allocating additional funds, the subsidy bridges the gap between revenue potential and the resources required to fulfil public service obligations. The allocation formula considers factors such as tax receipts per resident, expenditure needs, revenue shares, and legal limits. The subsidy promotes territorial cohesion, reduces regional disparities, and fosters sustainable development across municipalities (Martinez-Vazquez & Timofeev, 2005). It serves as a tool for fiscal equalization, promoting social and economic equity by supporting less prosperous municipalities in delivering essential services and contributing to overall societal well-being. (See Figure 2)

**Figure 5.** The general equalization subsidy for municipalities



*Source: Mechanism for determining the primary budgetary relationships between the central budget and the budgets of municipalities in the form of subsidies for the year 2022. ([https://www.minfin.bg/upload/51335/Prilojenie\\_chl.51\\_2022.pdf](https://www.minfin.bg/upload/51335/Prilojenie_chl.51_2022.pdf))*

In order to elucidate the concept of the general equalization subsidy for municipalities, a formula incorporating various components can be employed:

A1: The first part of the total compensatory subsidy, allocated from the central budget to the specific municipality, can be denoted as A1. This portion of the subsidy is designated for municipalities with specified access, based on their permanent tax receipts per resident. The equalization amount is calculated as 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: The second part of the total compensatory subsidy from the central budget for the specific municipality with access is represented by A2. The distribution of this component among municipalities is determined by the proportion of expenditure needs specific to each municipality with access.

A3: A3 signifies the third part of the total compensatory subsidy from the central budget for the specific municipality with access. This segment is allocated to municipalities whose share of revenues relative to their total receipts, based on the latest reported annual data for 2020, is less than 25%.

A4: A4 constitutes an additional component of the general equalization subsidy from the central budget for the specific municipality. It corresponds to the amount of the general equalization subsidy determined in the Law on the State Budget of the Republic of Bulgaria for 2021. This part of the subsidy is received by municipalities with access that exhibit a negative difference between the sum of components A1, A2, and A3 ( $A1 + A2 + A3$ ) and the total compensatory subsidy amount.

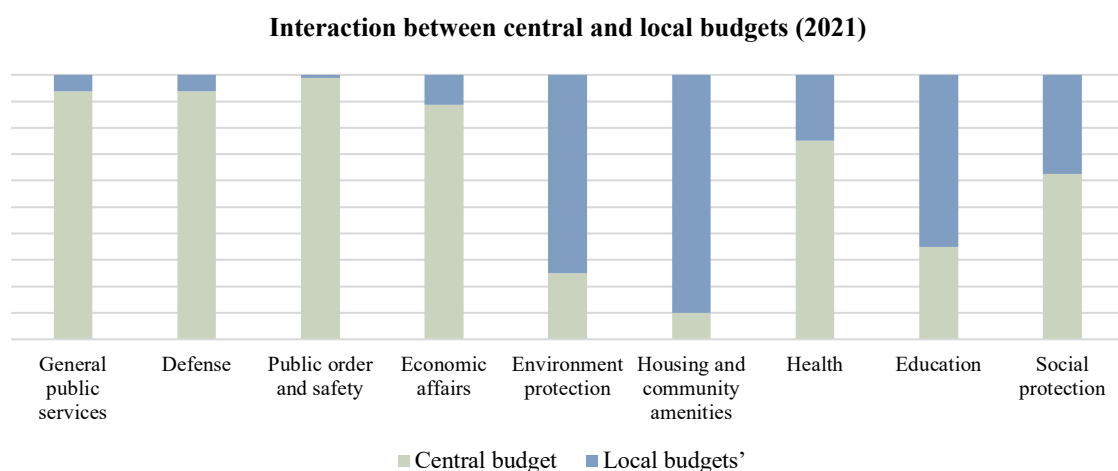
A5: The final component, denoted as A5, represents an additional portion of the general equalization subsidy from the central budget for the specific municipality with access. Municipalities with an average tax effort exceeding the average are entitled to receive this subsidy. The amount is determined by the limits specified in the Law on Local Taxes and Fees (ZMDT) for the relevant taxes ( $DU_{avg1} > 1$ ). The distribution of this subsidy is based on the relative share of the difference above 1.

By incorporating these components into the formula, the concept of a general equalisation subsidy for municipalities in Bulgaria is comprehensively captured, with the aim of ensuring fiscal equity and addressing varying financial needs among municipalities.

In the context of the fiscal framework for the year 2022, the magnitudes of the fundamental budgetary interactions between the central budget and the municipalities' budgets have been established through the provision of subsidies. These subsidies, as delineated in the accompanying appendix, encompass various categories, namely: a general subsidy intended for the facilitation of delegated state activities, amounting to 2,497,904.93 euros; transfers allocated for local undertakings, inclusive of a general equalization subsidy totaling 193,899.91 euros; a transfer designated for the purpose of winter maintenance and snow clearance activities pertaining to municipal roads, totaling 24,632.29 euros; and a targeted subsidy specifically allocated for capital expenditures amounting to 151,398.85 euros. (Law on the State Budget of the Republic of Bulgaria for 2022)

#### 4. Selection of thought-provoking data

**Figure 6.** Budgetary interaction between the central budget and local budgets in Bulgaria by functions (2021)



The data provided offer a comprehensive overview of the distribution of budgetary resources among diverse sectors within Bulgaria, covering a range of crucial functions including general public services, defense, public order and safety, economic affairs, environment protection, housing and community amenities, health, education, and social protection.

**Upon analyzing the data, several notable observations emerge:**

First, there is a substantial difference in resource allocation between local budgets and the central budget for the function of general public services. Local budgets assign a mere 0.8% of their resources to this sector, while the central budget allocates a significantly higher proportion of 12%. This suggests a greater emphasis on the financing of general public services by the central government.

Second, the allocation to defense exhibits a contrasting pattern between local and central budgets. Local budgets dedicate a minimal 0.1% of their resources to defense, indicating a relatively lower priority placed on this sector at the local level. In contrast, the central budget designates 1.5% for defense, reflecting a greater commitment by the central government in terms of defense funding.

Furthermore, the allocation for public order and safety is absent within local budgets, while the central budget designates 2.7% of its resources to this function. This discrepancy suggests that the responsibility for maintaining public order and safety falls primarily under the purview of the central government.

In terms of economic affairs, local budgets allocate 0.8% of their resources to this sector, indicating a notable emphasis on supporting local economic development initiatives. In contrast, the central budget designates a higher proportion of 6.3% to economic affairs, implying a more prominent role played by the central government in driving economic activities.

Regarding environment protection, local budgets assign 0.6% of their resources to this sector, signifying a relatively greater focus on environmental initiatives at the local level. In contrast, the central budget allocates a smaller percentage of 0.2%, indicating a comparatively lower priority placed on environmental protection at the central level.

Housing and community amenities receive the highest proportion of allocation within local budgets, at 0.9%. This allocation highlights the importance of providing adequate housing and community facilities in local contexts. In contrast, the central budget designates a relatively smaller percentage of 0.1% to this sector.

Health expenditures are divided between the local and central budgets, with the local budgets allocating 0.8% and the central budget designating a higher proportion of 2.4%. This distinction suggests a more pronounced role for the central government in financing healthcare services.

Education receives the highest percentage of allocation within local budgets, at 2.8%. This allocation underscores the paramount importance ascribed to educational initiatives at the local level. In comparison, the central budget designates 1.5% for this sector.

Lastly, both local and central budgets allocate 0.9% of their resources to social protection, indicating a mutual recognition of the significance of providing social support and welfare programs.

The higher proportions allocated within the central budget for certain sectors, such as defense and public order and safety, reflect the centralized nature of funding and the responsibility of the central government to provide essential services. On the other hand, local budgets exhibit a greater emphasis on sectors like housing and community amenities, education, and social protection, aligning with the focus on addressing local needs and catering to specific community concerns.

### **Something like a CONCLUSION: ... what about the last 30 years in Bulgaria?**

In the current state of affairs, the progress achieved in Bulgaria's local governance is most notable in the realm of political decentralization, while the financial domain continues to present unresolved challenges. The pursuit of increased financial autonomy for municipalities remains a key objective, encompassing areas such as independent determination of tax revenues and the establishment of streamlined administrative procedures for tax collection. However, the overarching reality is that Bulgarian municipalities are heavily reliant on transfers from the central government, which constitute a significant portion of their budgets.

Complications persist in the interaction between local and central authorities, regional governments, and civil organizations, hindering the effective functioning of the governance system. Issues arise from a departure from the principles of good governance and the establishment of robust public networks. These difficulties impede the establishment of cooperative relationships, hinder the efficient exchange of information and resources, and hamper the collaborative resolution of shared problems.

The challenges faced in the financial sphere and the complexities surrounding intergovernmental and interorganizational interactions underscore the need for comprehensive reforms that prioritize the principles of good governance. This entails further empowering municipalities in financial matters, allowing for greater financial independence, and establishing transparent mechanisms for fiscal decision-making. Furthermore, it is essential to promote improved cooperation and coordination among local and central authorities, regional governments, and civil organizations to address common concerns and promote more effective governance practices.

To address these issues, it is imperative to focus on the formulation and implementation of policies and practices grounded in the principles of good governance, aiming to enhance transparency, accountability, and citizen participation at all levels of governance. Emphasizing the establishment of robust public networks, promoting effective communication channels, and fostering collaboration among relevant stakeholders will contribute to overcoming the existing challenges and advancing the overall development of Bulgaria's local governance system.

### **REFERENCES**

- The Constitution of the Principality of Bulgaria. (1879). <https://www.parliament.bg/bg/17>
- The Constitution of the People's Republic of Bulgaria. (1947). <https://www.parliament.bg/bg/18>
- The Constitution of the People's Republic of Bulgaria. (1971). <https://www.parliament.bg/bg/19>
- The Constitution of the Republic of Bulgaria. (1991). <https://www.parliament.bg/bg/const>
- Administration Act. (1998). <https://www.me.government.bg/en/library/administration-act-382-c25-m1515-1.html>
- Administrative and Territorial Structure of the Republic of Bulgaria Act. (1995). <https://www.mrrb.bg/en/administrative-and-territorial-structure-of-the-republic-of-bulgaria-act/>
- Direct Citizen Participation in State and Local Government Act. (2009). <https://www.cik.bg/upload/56758/Direct+Citizen+Participation+in+State+and+Local+Government+Act.pdf>

European Charter of Local Self-Government. (1988). <https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treatyid=122>

Government Debt Act. (2002). <https://lex.bg/bg/laws/ldoc/2135458339>

Krasteva, D. (2022). The multifaceted nature and institutional presence of competence in public administration. *Strategies of educational and scientific policy*, 30(6), 627-641 [In Bulgarian]

Law on the State Budget of the Republic of Bulgaria for 2022. (2022). [https://www.mh.government.bg/media/filer\\_public/2022/08/11/zakon\\_za\\_dyrjavniq\\_budjet\\_na\\_republika\\_bylgariq\\_za\\_2022\\_g.pdf](https://www.mh.government.bg/media/filer_public/2022/08/11/zakon_za_dyrjavniq_budjet_na_republika_bylgariq_za_2022_g.pdf)

Local Government and Local Administration Act. (1991). <https://www.mrrb.bg/en/local-government-and-local-administration-act/>

Local Taxes and Fees Act. (1997). [https://www.minfin.bg/upload/36665/Local\\_Taxes\\_and\\_Fees\\_Act.pdf](https://www.minfin.bg/upload/36665/Local_Taxes_and_Fees_Act.pdf)

Martinez-Vazquez, J., & Timofeev, A. (2005). Choosing between Centralized and Decentralized Models of Tax Administration. Andrew Young School of Policy Studies Research Paper Series No. 06-49. Retrieved from SSRN: <https://ssrn.com/abstract=901821> or <http://dx.doi.org/10.2139/ssrn.901821>

Mechanism for determining the primary budgetary relationships between the central budget and the budgets of municipalities in the form of subsidies for the year 2022. (Retrieved from [[https://www.minfin.bg/upload/51335/Prilojenie\\_chl.51\\_2022.pdf](https://www.minfin.bg/upload/51335/Prilojenie_chl.51_2022.pdf)])

Municipal Budget Procedures Act. (1996). [https://www.minfin.bg/upload/12586/State\\_Budget\\_Procedures\\_Act.pdf](https://www.minfin.bg/upload/12586/State_Budget_Procedures_Act.pdf)

Municipal Property Act. (1996). <https://www.mrrb.bg/en/state-property-act/>

Population by regions, municipalities and settlements (2012). Volume 1. Population. Book 1, National Statistical Institute (NSI), Sofia

Public Finance Act. (2013). [https://www.minfin.bg/upload/12587/Public\\_Finance\\_Act-EN.pdf](https://www.minfin.bg/upload/12587/Public_Finance_Act-EN.pdf)

Strategy for Decentralization (2006-2015). <https://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=616>

Strategy for Decentralization (2016-2025). <https://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=1155>

Territory Arrangement Act. (2001). <https://cpcp.mrrb.government.bg/cms/assets/Laws/SPATIAL%20DEVELOPMENT%20ACT.pdf>