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# EMPOWERING LOCAL AUTHORITIES IN BULGARIA: DRIVING FISCAL MANAGEMENT FOR DEVELOPMENT

## ABSTRACT

The present study represents an attempt to provide a profoundable overview of decentralization as a process in Bulgaria, with a particular focus on its financial aspects. Regional disparities are observed, posing challenges for the current state administration. The aim is to provide a snapshot of the municipalities and their key indicators. This highlights the necessity for local authorities to prioritize financial autonomy, enhance regional capacity for delivering local public services, and invest in human capital, digitization, and attracting local and foreign investors.

**KEYWORDS:** public administration, decentralization, subsidies, municipalities, regional development

**JEL:** E62, R11, R38, R51

## INTRODUCTION

The main driving motive of any modern country is the provision of quality public services, investment in infrastructure, healthcare, education, and skills, innovation, and, of course, management that leads to economic growth. Bulgaria has advanced in its governance and socio-economic development, having two decentralized regional levels with six planning regions and 28 districts and one decentralized level with 265 municipalities. Despite its attempts at decentralization, our country still has a centralized approach to the development of regional development policies. And according to the OECD report (OECD, 2021), the only decentralized level in Bulgaria (municipal) represents a relatively small share of public spending: 20% of public expenditure (7% of GDP) against 34% of total public expenditure in the EU28 (15% of GDP).

In Bulgaria, regionalization and decentralization, together with administrative reform, place serious demands on our public administration. An integrated approach is required, which is orientated at the local level and increases the role of regional entities and municipal authorities, as the reality at the local level is scarce financial freedom, as well as a multitude of fiscal conditions that hinder investment opportunities, growth, and diversity in the services offered.

### 1. Government Structure in Bulgaria

The Republic of Bulgaria is a state with parliamentary governance, and the state structure is exercised through the doctrine of separation of powers. State power is divided into legislative, executive, and judicial and presidential institutions, which are independent but complement and control each other. Bulgaria has two decentralized regional levels with six planning regions and

28 districts and one decentralized level with 265 municipalities. Public administration comprises the set of public sector bodies formed to carry out the task of managing and managing state bodies, institutions, and entities. Every power has its own administration, which is part of the public administration. Executive activity is directly related to the practical realization of the rights and legitimate interests of citizens and organizations. This activity is carried out by the executive authorities. They are numerous in nature of the activity carried out, type of compilation, etc.

The public administration is responsible for the implementation of state policy in the country. Administrative service is carried out by the executive authorities at the central and territorial level. The administrative servicing is carried out in accordance with the Administration Act, the Law on Local Self-Government and Local Administration and the Administrative Procedure Code, the special laws, regulations issued by the Council of Ministers, ministers or municipal councils.

The executive authorities shall be central and territorial. The central bodies of the executive power are: The Council of Ministers, the Prime Minister; the Deputy Prime Ministers; ministers, presidents of state agencies, state commissions; the executive directors of the executive agencies; heads of state institutions established by law or by a decree of the Council of Ministers, which have functions in connection with the exercise of executive power. The central bodies of the executive power carry out the administrative services on the territory of the whole country. They can provide administrative services close to citizens and organizations through their territorial units.

Territorial bodies of the executive power are regional governors, mayors of municipalities, districts, mayoralities, and mayoral deputies. The territorial authorities and the executive power and territorial administrations shall carry out the administrative servicing of the territory for which they are responsible. According to Art. 136. para 1 of the Constitution of the Republic of Bulgaria (CONSTITUTION OF THE REPUBLIC OF BULGARIA, In force from 13.07.1991, amended. and add. DV. No. 100 of December 18, 2015., 2023) the municipality is the main administrative-territorial unit in which local self-government is carried out.

## 2. The Path of Decentralization

Bulgaria's efforts for decentralization and local regional development began in the 1990s and have not yet produced the desired results, as municipal spending is largely managed by central government. But decentralization is not a goal, but a way to achieve results of administrative and strategic capacity to ensure more efficient and quality service delivery.

According to the 2010 Updated Decentralization Strategy: *Decentralization* is the process of transferring rights, responsibilities and resources to exercise them from higher to lower levels of public governance. The aim of this process is to provide better and quality services to citizens and businesses. Decentralization takes 3 main forms: administrative, political, and financial. And according to Ivanov (Ivanov, 2006, p. 2), there is also *Market decentralization* means the refusal of the public authority to provide certain services and at competitive basis and prices from the business.

- Administrative decentralization has three stages: complete, delegation and deconcentration, and from the higher level of territorial management transfers two types of rights and responsibilities to the lower levels of government:
  - Decision-making powers concerning the type, scope, and quality of public services;

- Powers for management of activities related to the provision of services, opening/closure of structural units, number and structure of staff, amount of remuneration, provision of services by external contractors, ownership and management control.
- Political decentralization is the granting of decision-making powers and controlling their implementation to a wider range of interested institutions or those closer to citizens and users of services. The larger the range of people who make decisions and control their implementation and the closer they are to the local community, the higher the degree of political decentralization.
- Financial decentralization is the provision of resources, the transfer of sources of resources, the rights to determine their size, their mode of use and responsibilities for financing public services. In this sense, the degree of financial decentralization is determined by the following:
  - The types of resources available to the budget at the lower level of territorial management and its powers to determine them, i.e. from revenue types and revenue powers;
  - the ability of the lower level of territorial management to use available resources, i.e. its expenditure rights and responsibilities.

The revenue powers of local authorities are related to the availability of own revenues, to the possibility of determining their type and amount; the acquisition of financial resources from management and disposal of property; the possibility of organizing, collecting, and using financial resources from consumers/local community; the planning and administration of own revenue; the types of subsidies and other transfers from higher levels of government; the ways of determining and distributing them, the degree of freedom to use them, and the possibilities for credit. The expenditure entitlements and responsibilities of local management bodies are linked to the possibility of: planning expenditure; the right to retain the current savings and the transitional balance; reallocating funds between headings, activities, types of expenditure; availability of investment resources; delegation of funds to external contractors; financial control of the use of funds.

The main financial instrument of budgetary federalism is the budget subsidy. They are divided into two main varieties of budget subsidy:

- *Total subsidy* - This type of transfer is granted as an absolute amount for the local structure (municipality), which operates freely with the funds provided to it from the central budget, according to its specific needs;
- The targeted subsidy, which is granted from the higher budget for the realization of a specific objective (program), cannot be transferred to other activities not related to its implementation. The funds for targeted subsidies for municipalities in the central budget are a total of BGN 296 million, or an average of BGN 43 per capita. A total of 213 municipalities receive more than that per inhabitant.

The main budgetary relations between the central budget and the municipal budgets for 2022 (Ministry of Finance, 2022) are calculated according to the following formula:

$$C = C1 + C2 + C3 + C4, \text{ where}$$

**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 state-delegated activities, determined by standards.

**C2** is the amount of the total countervailable subsidy from the central budget for the specific municipality. Municipalities whose permanent tax receipts as of 31 December 2020 per inhabitant are less than 120% of their level per country per inhabitant ( $DP_{x1} < 1,2 * DP_p$ ) have the right to receive a general countervailable subsidy in 2022.

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

**C4** is the amount of the target subsidy for capital expenditures for the specific municipality for the specific municipality.

### **3. Several Key Figures and Facts about Decentralization in Bulgaria**

The investment activity of municipalities is measured by the share of capital expenditures in total expenditures. The relatively weak investment activity continues to be one of the reasons for the formation of transitional residues in the budgets of municipalities, and they retain their right to spend in the coming years, according to the investment program of the respective municipality. At the end of 2021, the average equals. The national average is 11.09%, compared to 11.28% at the end of 2020. The number of municipalities that have a share of capital expenditures higher than the national average at the end of 2021 was 133, compared to 131 a year earlier. In only 15 municipalities, the share of capital expenditures in total costs exceeds 30%. The inflow of funds from the central budget to municipalities with the targeted subsidy for capital expenditures, according to the Ministry of Finance, is aimed at small border and mountain municipalities that find it difficult to make capital expenditures due to the low level of their own revenues and the many small settlements with poor connectivity between them. In 2022, IME conducts a study of the total targeted subsidy for capital expenditures, and it shows an increase of 32% for the last year - from BGN 224 million to BGN 296 million. The largest increase in the targeted subsidy for capital expenditures was observed in Gabrovo (46.6%), Godech (45.8%), Dryanovo (42.2%) and Tryavna (41%), and the lowest in Chelopech and Chavdar (19.1% each), Krichim (20.3%) and Koprivshitsa (20.5%). Chelopech is also the municipality that makes the largest expenditures per capita for 2022. According to IME calculations (IME, 2022), for a more objective comparison, we focus on the funds received per capita. Relatively small municipalities such as Treklyano (1036 BGN/person), Nevestino (483 BGN/person), Kovachevtsi (474 BGN/person), Tran (450 BGN/person) and Boynitsa (408 BGN/person) received the largest subsidy per inhabitant. At the same time, the lowest subsidies are in the large urban municipalities – Plovdiv (11 BGN/person), Yambol, Varna, Dobrich, Sofia (12 BGN/person), Burgas (14 BGN/person) and Ruse (16 BGN/person).

The Law on the State Budget provides for an equalizing subsidy to compensate for differences in own revenues between municipalities, that is, municipalities that in previous years had a low share of own revenues compared to total revenues receive a larger subsidy. The nominal amount of the equalization subsidy depends partly on the population of the municipalities – expectedly, the biggest beneficiaries are large municipalities with relatively low own revenues according to the IMI survey (IME, 2022). First, according to this indicator, is Pazardjik with a total subsidy of BGN 7.7 million, followed by Ruse (BGN 7.5 million), Sliven (BGN 6.2 million), Stara Zagora (BGN 6.1 million BGN) and Kardzhali (5.8 million BGN). At the other end of the spectrum are 18 municipalities that did not receive a single lev equalization subsidy. They are mainly in tourist areas (Black Sea municipalities such as Nessebar, Sozopol and Primorsko and those with a strong presence of mountain tourism such as Bansko and Chepelare), as well as

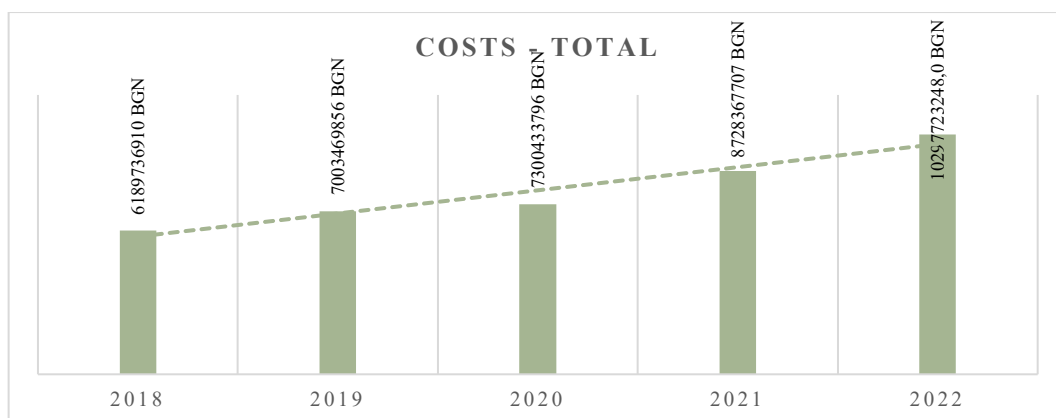
mining and industrial centers (Zlatitsa, Kozloduy, Galabovo, Devnya). Two of the largest municipalities are also listed here, namely Sofia and Varna.

According to the latest data from the Ministry of Finance on the financial situation of municipalities, the average share of revenues in total revenues for the country dropped to 29.00%, compared to 31.62% at the end of 2021, and at the end of 2022, a total of 40 municipalities reported a share of revenues from total receipts higher than the national average, as at the end of 2021. of 16.9% determined by the NSI (National Statistical Institute, 2023) leads to the conclusion that municipalities on the territory of Bulgaria are becoming more dependent on transfers from the central budget, and their real revenues are shrinking. Sofia Municipality has the highest revenues of 869 BGN million, followed by Varna, Plovdiv and Burgas.

IME (IME, 2023) compares the amount of own revenues per capita, which would show more precisely what the benefit is for municipalities. Based on this indicator, Chelopech (6608 BGN/person), Chavdar (2802 BGN/capita) ranks first, which generate revenues from the proximity of the Chelopech mine - Dundee Precious Metals and the concessions. And in third and fourth place are Nessebar (2787 BGN/person) and Primorsko (2586 BGN/person), where revenues come from tourist danik. With the lowest revenues are the municipalities Ruen (127 BGN/capita), Nedelino (140 BGN/capita) and Nikolaevo (143 BGN/capita), which is equal to less than 10% of their own revenues. According to the Ministry of Finance, the national average share of expenditure coverage for local activities with revenues also reported a slight decrease, to 84.20%, compared to 86.66% in 2021, with 45 municipalities achieving a score above the national average (55 municipalities at the end of 2021).

Unfortunately, the overall picture for the country is that in addition to the fact that revenues are decreasing and the expenditures of municipalities are increasing, which is becoming a serious problem for regional development and municipalities as a whole.

**Figure 1.** Total expenditures of municipalities in Bulgaria for the period 2018-2022



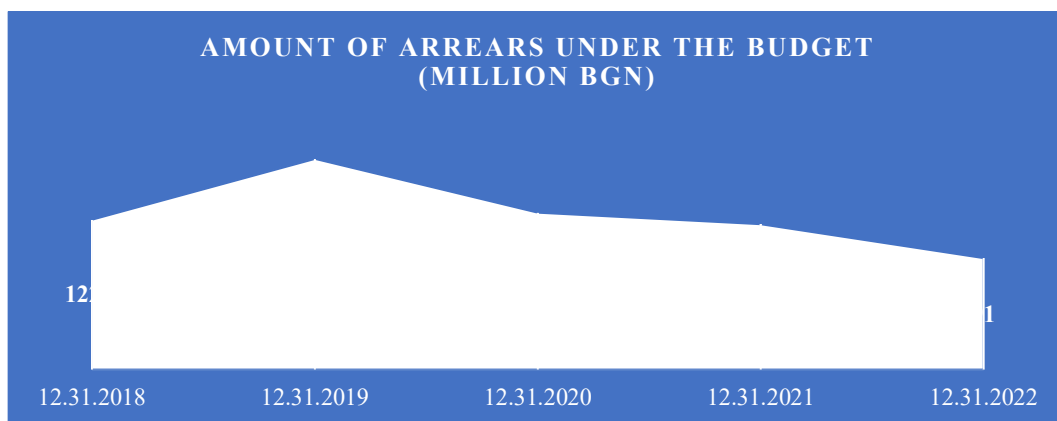
Source: Author's interpretation based on data from the Ministry of Finance, *Financial indicators of municipalities*, <https://www.minfin.bg/bg/810>

From Figure 1, we can say that the total expenditure of municipalities has increased by over EUR 4 million. 66% over a 5-year period. The largest increase in spending compared to the previous year is in 2021, where they increased by 20%.

According to the analysis of the Ministry of Finance, at the end of 2022 the revenues exceeded the costs of local activities in 10.2% of the municipalities or 27 municipalities, while at the end of 2021 an excess of revenues over the costs of local activities was found in 31 municipalities

or 11.7%. However, the arrears of the municipalities as of 31.03.2023 are in the amount of BGN 90.7 million, including. according to the municipality budget - BGN 88.1 million. Overdue liabilities under the budgets of the municipalities were formed by 117 municipalities (44% of the total number of municipalities), 148 municipalities end the first quarter of 2023 without arrears in the budget. Compared to the same period last year, 29% (76 municipalities) report a reduction in overdue debts, with the total amount of the reduction realized by them being nearly BGN 43.2 million. For the same period, 46 municipalities (17% of all) increased overdue debts their obligations within one year by a total of BGN 11.0 million. In the activities delegated by the state, overdue debts are in the amount of BGN 1.2 million and make up about 1.3% of the amount of overdue debts under the municipal budgets.

**Figure 2.** The dynamics of the amount of arrears on municipal budgets

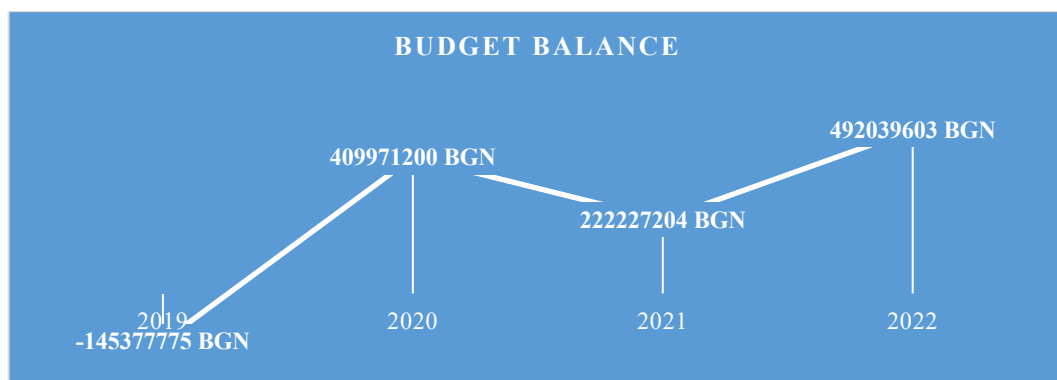


Source: Interpretation of the author based on data from the Ministry of Finance, Financial indicators of municipalities, <https://www.minfin.bg/bg/810>

The total amount of overdue liabilities of municipalities is decreasing every year, reaching its lowest value in 2022, when they are 91 million BGN. This decrease is 235 compared to the previous year and the largest percentage decrease in liabilities is in 2020 compared to 2019. The largest amount of arrears is at the end of 2019, when their value is over 170 million BGN. And this is an increase of nearly 40-5 compared to 2018.

Municipal governance faces decentralisation with low fiscal autonomy, which does not provide many opportunities to unleash the potential of municipalities. For the last 3 years, they have a positive budget balance, but this does not mean that they can provide a variety of services, invest and grow.

**Figure 3.** Budget balance of municipalities in Bulgaria for the period 2019-2022



Source: Author's interpretation based on data from the Ministry of Finance, Financial indicators of municipalities, <https://www.minfin.bg/bg/810>

It is evident from Figure 3 that the indicator level is that the budget balance of municipalities at the national level is positive, increasing to BGN 492.0 million. BGN 222.2 million. a year earlier. The municipalities that are above the average are 12 more than in 2021, when they are 131, but also one less than in 2020, when they were 143. Budget balance compared to total receipts according to the report – the average level of the indicator for the country at the end of 2022 was 4.54%, compared to 2.46% at the end of 2021.

An obstacle to the growth opportunities of the regions is the financial difficulties of the municipalities. The review of their financial situation proves that their main resource is state transfers and that they have a dependence on European funds for investment expenditures. They have very limited tax revenues and inflexibility in terms of their own funds, proving a lack of connection between the economic development of the municipality and the municipal budget.

In recent decades, local and regional autonomy in the beneficiary countries of the Cohesion Fund has grown slowly but remains lower than in other EU countries. As the management of cohesion policy programs is a challenge for regions with little autonomy and less experience in implementing public investment, cohesion policy has helped to strengthen administrative capacity and the implementation of regional development strategies, in particular through territorial instruments and cooperation within functional areas.

According to an IME study (IME, 2022), as of 15 June 2022, the absorbed EU funds in Bulgaria exceed EUR 22 billion left. This is the sum of all money paid out under projects financed by the EU Structural and Cohesion Funds since the beginning of 2007, including assistance to enterprises in the course of the Covid crisis included in the UMIS system. The capital receives the most funds (BGN 5.1 billion), followed by Plovdiv, Blagoevgrad, Burgas and Gabrovo. The least money was absorbed in the districts of Pernik, Kyustendil and Targovishte. The investments are mainly in transport related to technical infrastructure, water supply, household waste and urban environment, and from social infrastructure to school infrastructure. Small municipalities are coming together to attract funds for large-scale projects to serve the needs of citizens from several, through water cycles and treatment plants, recycling plants and the like.

However, IME 2022 data (IME, 2022) again show that investments from European funds do not contribute to the economic cohesion of individual regions. Moreover, projects often shift the focus of the administration from improving the business environment and attracting investments that will raise the local standard of living in the long term to improving the urban environment with not always clear benefit, such as the construction of stadiums, gardens, and transport with an unclear prospect of long-term sustainability and secured maintenance funding.

A good funding instrument is the grants, which are awarded on a competitive basis defined in the Bulgarian legislation, through the Regional Development Act, the European Funds Management Act under shared management, and the Bulgarian Food Safety Act, which provides for partial coverage of investment costs in the targeted impact areas, according to the designated areas for support considering regional specificities.

The financial autonomy of municipalities is important for their development. Although financial decentralization is established as a strategic goal in Bulgaria, municipal budgets are heavily dependent on both state transfers and European funds, which limits the opportunities to carry out a successful local policy. The lack of adequate own resources in municipalities not only leads to frequent financial difficulties and accumulation of current liabilities or arrears but also, more importantly, it limits the development potential of municipalities. The powers of local authorities are greatest in the formation of non-tax revenues and partial in terms of tax and tax-like revenues (fees).

A specific instrument to influence Bulgaria's tax practice to stimulate the regional economy are tax preferences and reliefs (Penkova & Gorchilova, 2013) which are fiscal measures and instruments that are used to attract foreign direct investment, to stimulate the development of certain regions and strategic economic sectors, to stimulate innovation and the use of high technologies in the economy, to stimulate the education and qualification of the population, as well as to increase employment. They can be considered as the opportunity cost, they are the lost profits (revenues) for local budgets. Tax preferences can be conditionally divided into two main groups:

- ❖ General tax preferences and allowances - Low tax rates for profit tax and dividend tax, Reduced tax rates, Tax holidays, Investment tax credits and aids, Accelerated tax depreciation, Carry-over of tax losses
- ❖ Tax preferences and special purpose reliefs - Tax preferences for regional development, tax preferences for job creation; Tax preferences for technology transfer; Tax preferences to promote exports; Free trade or export processing areas

The main purpose of taxation is to raise budget revenues, but the tax system inherently also affects economic incentives. For this reason, tax preferences and incentives are a flexible instrument for influencing incentives in a direction that contributes to the realization of other policy objectives, such as investment promotion, job creation, development of certain regions, etc. In combination with other measures, the introduction of tax preferences and reliefs is a signal of the state's commitment to facilitate entrepreneurs, foreign and domestic investors.

Another tool that improves finances in a municipality is the public-private partnership. A public-private partnership is a long-term contractual cooperation between one or more public partners, on the one hand, and one or more private partners, on the other hand, for carrying out activities of public interest in achieving a better value of the invested public funds and in the distribution of risks among the partners, which is carried out under the conditions and by the order of this Act. It is an instrument for increasing economic growth, the goods and services offered, on the one hand, and, on the other, a mechanism for expanding the financial capacity of municipalities through the additional inclusion of private resources.

According to data from the Bulgarian National Bank, foreign direct investments in Bulgaria for the period from January to March 2023 are more than 1.498 billion euros, increasing by 9.5% (130.2 million euros) compared to the investments made in the first three months of last year. Preliminary data show that in March 2023 foreign direct investments were about BGN 1,806.6 million and in the past year 2022 were BGN 840.8 million. The distribution of foreign investment per capita, which makes the IME (IME, 2022), gives an idea of the importance of foreign capital in local economies. In the institute studies conducted, the traditional leader in this indicator is the Municipality of Devnya with 174 thousand BGN per person, followed by Galabovo with 130 thousand BGN per person of the population. The surrounding municipalities around the capital also show good results, such as Bozhurishte and Elin Pelin, where the volume of investments reaches BGN 54,000 per person for Bozhurishte and BGN 36,000 for Elin Pelin in 2021.

Galabovo, Devnya, and Bozhurishte are also the leaders in another indicator, and this is the output per person of the population for the last 3 years, these are the municipalities with the highest value of the indicator. Galabovo has an output of BGN 162,332/person for 2019, BGN 159,186/person for 2020 and BGN 243,810/person for 2021. Labor productivity is often not proportional to pay. The challenge is that wages, which are currently much lower than elsewhere, will increase as Bulgaria moves closer to the Eurozone. To ensure competitiveness



and avoid macroeconomic imbalances, labor productivity will need to keep pace with real wage pressures. The highest average gross monthly salary in Bulgaria for 2021 is in the municipality of Chelopech (BGN 2,930). Second is the average salary in the Kozloduy municipality (BGN 2,431), followed by the Pirdop municipality (BGN 2,205) and the Stolichna municipality (BGN 2,144), which for the previous year was in the 5th place (IME, 2022). High salaries are concentrated in the population of places related to mining, its processing or the energy sector.

Need to change the focus from supporting settlements to supporting territories and from sector-orientated investments to integrated territorial 5 investments (European Commission, 2020) (European Commission, 2020). These are related to economic measures, investments in education, health care, social inclusion, and improving the market of labor, as well as structural changes that are conditioned by local potentials and their development, as well as support for new industrial development.

Public administration is responsible for public development and the quality of life in society, national security, economic development of a country, for the achievement of important social goals, through the implementation of various programs aimed at the distribution of benefits, regulation of private activities, redistribution of income. Public administration always works with and for citizens, and policies orientated to local conditions are particularly important in countries with significant internal economic disparities.

The application of integrated territorial investments in the new program period is a necessary condition to serve as a powerful tool for stimulating the creation of partnerships between a wide range of interested parties (business, public authorities, scientific and educational organizations, etc.) and for building new, high-tech, innovative and attractive for investors industrial parks, which will also stimulate the regional economy. They are the smallest in sparsely populated territories with a shortage of personnel, especially those with the necessary qualifications, and with problems in the transport and engineering infrastructure.

Program Bulgaria 2030 outlines the government's vision for regulatory policy, although not specifically. However, a standalone, overarching whole-of-government strategy for regulatory policy is lacking. It is necessary for the Bulgarian leadership to renew its political commitment to high-quality regulatory creation by introducing an individual strategy for regulatory policy and its follow-up implementation with a special action plan. The big challenge for the state administration continues to be comprehensive preliminary impact assessments. Too often, evaluation begins so late in the policy cycle as to render it largely meaningless. And as Nikolay Tsonkov points out, the management of territorial development and the effectiveness of this process will lead to spatial development, which embodies investments in human capital, infrastructure, digital economy, various forms of inter-firm interaction, as well as the attraction and proper management of the investment process (Tsonkov, 2022).

## **CONCLUSION**

Bulgaria plans to use technical assistance for the effective management and administration of regional development support under the ERDF, in accordance with Regulation V (European Commission, 2020) for determining generally applicable regulations (for the program period 2021-2027), to overcome intraregional and interregional differences, by deploying an organizational culture of learning and development, including territorial bodies for project selection by analyzing training needs; improving coordination with other managing bodies to exchange successful practices and solutions to common problems, developing practical manuals, organizing seminars for beneficiaries, territorial bodies for project selection and regional departments.

Economic and financial aspects, as consequences of the coordinated application of the instruments for the impact of the economic development of the regions, we can indicate: incentives for the development of the local economy and business, including the attraction of local and foreign investors, the enrichment and renewal of infrastructure in the region through consolidation of the efforts of the local community. Increasing the capacity of the region for the provision of local public goods, but above all the investment in human capital is necessary, because in Bulgaria there is a shortage of human resources with the necessary digital knowledge and skills, as well as the lack of sufficient motivation and competence of the state administration to promote this process. It is known that the digital knowledge and skills of employees are a basic prerequisite for the successful operation of the digital transformation process in public sector organizations, including the state administration. If digital transformation is the process of digitization of the administration, then digital maturity is the degree to which the administration is digitized. Digital maturity is the operationalization of digital transformation. Researchers and practitioners are looking for and testing models to chart the path for successful development of public sector organizations into modern IT organizations.

And these processes must be a priority for municipalities in rural areas and territories in mountainous and border regions, because they are characterized by a high degree of overlap and the presence of similar problems, which requires the existence of good specialists who can develop the potential of the territory. It is necessary to use regional policy instruments to overcome or mitigate the most acute ones, which have a negative impact on living standards and socioeconomic growth. In the conditions of catch-up economic growth, regional differences will remain significant in the coming years and decades, but regional development policy should have an impact on the backwardness and even depopulation of certain regions, using different instruments for this purpose. And because decentralization aims to turn municipalities into equal economic subjects.

The analysis of the indicators shows great differences in the municipalities, which are highly dependent on the funds provided by the central government. The improvement and spread of mechanisms for decentralization will lead to the goals, namely, the management and financial independence of municipalities and external providers in the provision of public services. At the local and regional level, trust is built through the participation of various layers and formations in the life of the community and through the pursuit and achievement of goals of mutual interest. Concrete measures may include the creation of networks between local institutions and administrations, facilitation of local participation in strategic decision-making, project implementation, policy monitoring, financial support for the creation of civil organizations, facilitation of information transmission and knowledge sharing.

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