

---

# **THE FINANCIAL TRANSPARENCY OF BULGARIA'S MUNICIPALITIES WITHIN THE EUROPEAN ECONOMIC DIGITALIZATION**

---

**Petko Toshev Angelov<sup>1</sup>,  
Silvia Sasheva Zarkova<sup>2</sup>**

*<sup>1,2</sup>D. A. Tsenov Academy of Economics – Svishtov, Bulgaria  
E-mail: <sup>1</sup>p.angelov@uni-svishtov.bg; <sup>2</sup>silvia.zarkova@yahoo.com*

**Abstract:** Digitalization is among the main priorities of the EU set in the Europe 2030 strategy; Bulgaria and Bulgaria's municipalities are direct participants in this process. The global COVID-19 pandemic at the beginning of 2020 positively reflects the process of digitalization including the public sector and local self-government as the effects of it are of varying intensity. The research ascertains that the process of adjustment of the financial and budget transparency of the municipalities to modern digital solutions has resulted in a significant difference in the implementation of the concept of European economic digitalization among the various administrative units in the country. This requires the improvement of the process of digitalization which is of utmost significance for the private sector; it also necessitates taking efficient measures for the formation of favorable business environment; citizens shall also be taken into account with a view of facilitating them in performing their administrative duties.

**Keywords:** digitalization, municipalities, Bulgaria, public sector, electronic government, financial transparency.

This article shall be **cited** as follows: **Angelov, P.; Zarkova, S.** (2021). The Financial Transparency of Bulgaria's Municipalities within the European Economic Digitalization: Influence of the Investment and Macroeconomic Trends. *Economic Archive*, (4), pp. 22-35.

**URL:** nsarhiv.uni-svishtov.bg

**JEL:** H76, O18, R12.

\* \* \*

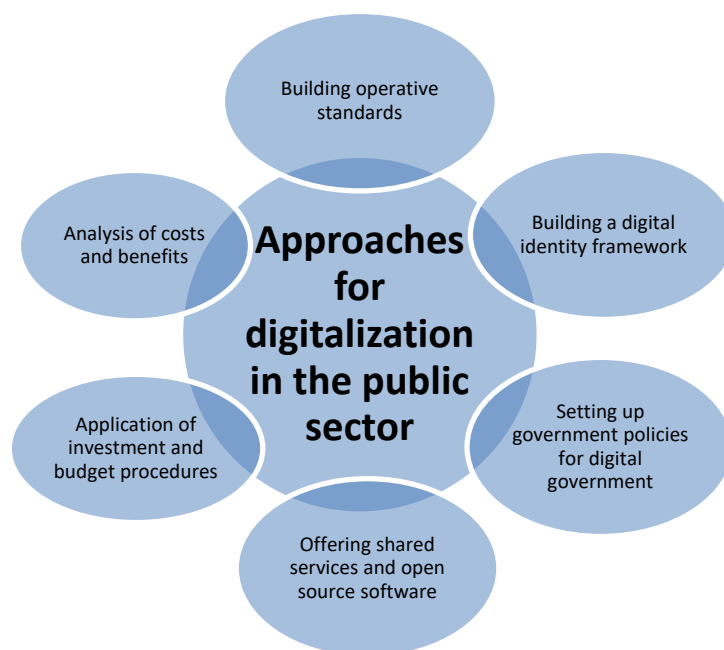
## **Introduction**

**F**inancial decentralization has been in the focus of numerous research studies in the last decades (Zahariev A. , *Fiscal Decentralization and Financial Management in Bulgaria's Municipalities*, 2012). Bulgaria's EU membership has created program-oriented resources which directly facilitate the efficiency of the measures taken by the local self-government organs, incl. those responsible for electronic government. On this basis, the object of the research is the digitalization in the municipalities as the problem area is the development of the digitalization in Bulgaria's municipalities. This research aims at analyzing the current state of the financial and budget transparency of the various administrative units in Bulgaria with a focus on regional development and the increasing decentralization of the municipalities. This requires researching the reforms in Bulgaria's digital government and the degree of difference in their implementation in all administrative and territorial structures in our country. The working hypothesis on which the research is built is that the transition to digitalization of the public sector directly corresponds to a number of challenges at local and national level; these have a negative impact on the potential benefits of the digital transformation of the public sector and lead to differences in their regional implementation.

### **1. Bulgaria and the European economic digitalization**

The “new normality” worldwide is related to the implementation of digital technologies which enter gradually but occupy permanently every sector. Digital transformation is considered an innovative driving force in social and economic terms. The existence of a wide information flow in an electronic format allows an improved connectivity among stakeholders. Technological advance can lead to managerial efficiency in the public sector and an increase of the informativeness among the population. The transition to electronic government (Kuldosheva, 2021) facilitates the dialogue among the various spheres of the society, but at the same time, it can be viewed as a prerequisite for a series of manipulations. The process of digitalization becomes even more pertinent after the clash with the global COVID-19 pandemic at the beginning of 2020. The issue of the impact on the digitalization of public services is discussed by numerous international organizations such as: the UN, the World Bank, the Organization of Economic Cooperation and Development, etc. Nationwide, the process is administered and carried out on the basis of the Electronic Government Act and the Methodological Digitalization Framework. Its future development is set in the national program Digital Bulgaria 2025, the

national program for development – Bulgaria 2030; it is also part of the concept of digital transformation Industry 4.0 (Ministry of Economy, 2021). The Strategy for National Development – Bulgaria 2030 includes a priority of digitalization of the public sector which focuses on the realization of accessibility and providing citizens and the business with an easier access to services. The development of the electronic adjustment of the public sector is a long process which, over the last years, has made significant progress. The Methodological Digitalization Framework comprises various sectors and levels. The benefits (Ministry of Transport, Information Technology and Communications, 2021) of the introduction of a digital government in Bulgaria are related to the disposal of a number of resources – human capital, monies, time, etc., which are not functional and are not engaged in the process of providing administrative services. The realization of digitalization in the public sector can be achieved through the implementation of key approaches in all spheres systematized in Figure 1.



*Figure 1. Approaches for digitalization in the public sector*  
 Source: (OECD, 2021) and authors' view.

Figure 1 presents the diversity of the possible approaches for digitalization of the public sector which can be used in the various structural sectors. A significant portion of them is based on national and supranational practices of building suitable policies, normative and framework approaches of operative and constructive character. The creation of a favorable environment and the

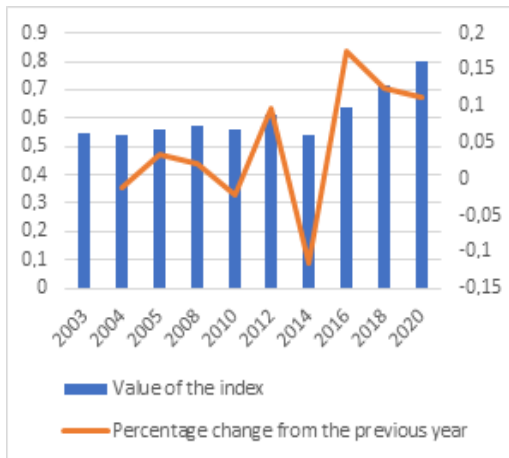
implementation of investment and budget procedures supported by shared services and open source software. This allows the practical implementation of digitalization in the sector. In order to round off the building and implementation of digitalization in the public sector, it is necessary to analyze the costs related to all processes and the added value from their implementation.

## **2. Analysis and assessment of Bulgaria's electronic government**

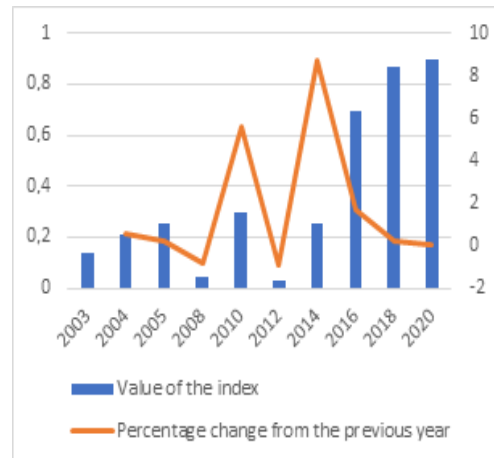
The process of integration of the electronic government begins (Tsonev, 2016) at the end of the 1990s with the adoption of the National strategy of Information Society. It is implemented at both European and local level. The digitalization of the public sector is a major priority (National Association of the Municipalities in the Republic of Bulgaria, 2020) in the National Recovery and Resilience Plan which is part of Europe's Pandemic Recovery Plan. It includes a measure for the Digitalization of Information Arrays in administration which contain registry data and e-verification from registries (Council of Ministers of the Republic of Bulgaria, 2021) with a planned resource of BGN 127.5 million. It is often a priority in the development of plans for the integrated development of municipalities (Zahariev, Prodanov, Radulova, Zarkova, & Dimitrov, Paln for the Integrated Development of Pordim Municipality for the Period 2021–2027, 2020).

Among the traced indicators of European significance, we can point out: the index of the development of an electronic government, the index of electronic participation, the index of the online service, the index of telecommunication infrastructure and the index of human capital. The index of the development of an electronic government presents the degree of development of the electronic government in the country. The range of the remaining indicators comprises (Nachkov, Asen, 2018): the availability of accessible and functional websites of the public institutions, the ratio of citizens who have access to internet services and smart devices, the technological literacy of the citizens of the country and their educational degree, the efficiency of the institutions, etc. From 2003 the indicators are traced on an annual basis until 2008; since then they have been traced every two years (2008, 2010, 2012, 2014, 2016, 2018, 2020). The ratios of the changes of the indicators and their values are shown in Figures 2 – 6.

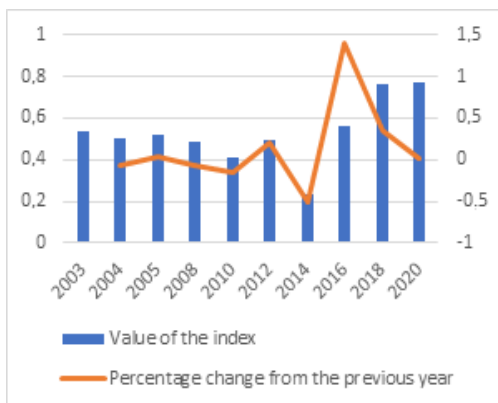
The five discussed indices have a representative character regarding the development of electronic services in our country. In 2020 Bulgaria ranks 44<sup>th</sup> out of 193 positions regarding the index of the development of an electronic government; as regards the index of electronic participation it ranks 23<sup>rd</sup>.



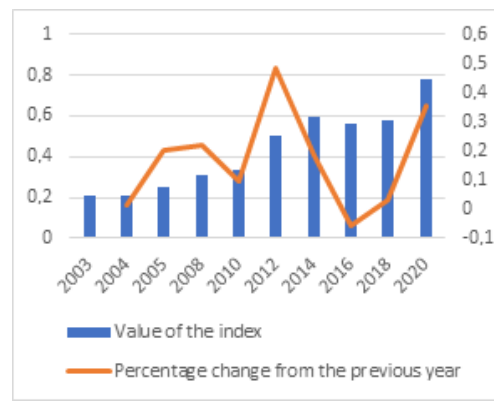
**Figure 2. Index of development of electronic government**



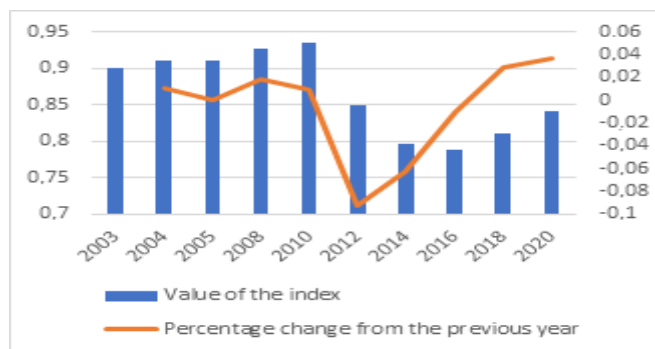
**Figure 3. Index of electronic participation**



**Figure 4. Index of online service**



**Figure 5. Index of telecommunication infrastructure**



**Figure 6. Index of human capital**

Source: (DPIDG, 2021) and authors' calculations

The world leader in the development of an electronic government in 2020 is Denmark, whereas in Europe – Poland. The data from the figures shows Bulgaria’s development after 2003 in the direction of digital transformation and adjustment to European standards. Until 2010, in all traced indices, we observe a relatively steady implementation of innovations. Since 2012, there has been an acceleration of the process of digitalization when there is a positive coverage of the strive for adjustment of the public institutions to carry out their strategies of intelligent growth. Despite this, however, our country lags significantly behind the countries – “digital pioneers”, which poses the necessity of an active implementation of policies of digital transformation and electronic government in the public sector. Part of the reasons for this lagging behind lie both in the normative base in the field of local self-government, (Ovcharov, 2021) and in the behavior of economic agents as regards local taxes and fees (Petev, Tax Fraud as Security Threat, 2020).

### **3. Analysis and assessment of the degree of digitalization in Bulgaria’s administrative and territorial units**

The analysis of the development of administrative and territorial units and the capacity of state administrations (Borisov, Borislav, 2018) has been a priority research field over the last years. This necessitates the application of diverse analysis concepts which shall reveal the potential problems in the sphere of municipal government and how they shall be handled. From financial and economic point of view, the research on the challenges and trends that Bulgaria’s districts and municipalities face allows increasing the degree of financial security (Petev, Economic Security - a Factor for National Security, 2021) and timely control on the budget processes. The classification of Bulgaria’s district centers is carried out on the basis of the European Nomenclature of Territorial Units for Statistics (NUTS) (Institute, 2021) and the calculation of an average rank of the districts against the indicators of administrative development for 2020: cadaster coverage (2019), rating for active transparency of the local self-government organs, development of electronic government, development of the “one desk” service. The indicators themselves are characterized as follows:

- cadaster coverage – an important component for attracting potential investments (Institute for Market Economics, 2017) in the region, optimization of tax collection, completing infrastructural projects and decreasing the number of property frauds. The low level of cadaster coverage is a negative prerequisite for low interest by the potential investors in the sphere;
- rating of active transparency of the organs of local self-government (Institute for Market Economics, 2021) – it is based on the average weighted

assessment of the submitted electronic application forms to the administrative structures of the executive authority;

- development of the electronic government (Institute for Market Economics, 2021) – self-assessment of the local authorities of the offered digital administrative services to natural persons and legal entities;

- development of the “one desk” service (Institute for Market Economics, 2021) – self-assessment of the local authorities of the degree of readiness for carrying out servicing of natural persons and legal entities “at a desk”.

Table 1 presents a systematized rank list of Bulgaria’s districts against the indicators of administrative development for 2020. Its range comprises the calculated ranking positions of Bulgaria’s districts regarding the four analyzed indicators. On the basis of their general representation, the administrative and territorial units are ranked in a descending order. The three highest ranking districts are as follows: Sofia (capital), Ruse and Lovech. The high general ranking of the administrative development of the districts is indicative of the low degree of completion of the four indicators.

*Table 1*

***Ranking of Bulgaria’s districts against the indicators of administrative development for 2020.***

<b>2020 rank list</b>	Cadaster coverage	Assessment – electronic government	Assessment – one desk	Rating of the active transparency of the access to Information Program of the organs of self-government	General performance	Ranking
<b>Sofia (capital)</b>	1	1	1	1	4	1
<b>Ruse</b>	11	2	4	10	27	2
<b>Lovech</b>	17	6	2	3	28	3
<b>Montana</b>	5	8	6	11	30	4
<b>Blagoevgrad</b>	2	7	9	16	34	5
<b>Targovishte</b>	12	14	8	2	36	6
<b>Veliko Tarnovo</b>	6	5	20	12	43	7
<b>Vratsa</b>	23	9	3	15	50	8
<b>Varna</b>	7	16	26	6	55	9.5
<b>Dobrich</b>	3	23	24	5	55	9.5

<b>2020 rank list</b>	Cadaster coverage	Assessment – electronic government	Assessment – one desk	Rating of the active transparency of the access to Information Program of the organs of self-government	General performance	Ranking
<b>Silistra</b>	4	4	25	23	56	11
<b>Pleven</b>	16	18	15	9	58	12
<b>Burgas</b>	24	3	13	19	59	13
<b>Pernik</b>	9	15	11	25	60	14
<b>Haskovo</b>	19	11	14	18	62	15
<b>Kyustendil</b>	15	17	5	27	64	16
<b>Gabrovo</b>	25	12	21	7	65	17
<b>Sliven</b>	28	13	22	4	67	18.5
<b>Yambol</b>	26	21	7	13	67	18.5
<b>Plovdiv</b>	13	25	19	14	71	20.5
<b>Razgrad</b>	8	28	27	8	71	20.5
<b>Smolyan</b>	21	24	10	17	72	22.5
<b>Shumen</b>	20	20	12	20	72	22.5
<b>Pazardzik</b>	18	22	16	21	77	24
<b>Stara Zagora</b>	14	19	23	22	78	25
<b>Sofia</b>	27	10	17	26	80	26
<b>Kardzali</b>	10	27	18	28	83	27
<b>Vidin</b>	22	26	28	24	100	28

**Source:** Authors' calculations on the basis of data from (Institute for Market Economics, 2021)

It is interesting to note that the highest-ranking municipalities are Sofia, Plovdiv, Pazardzik, and Stara Zagora. The main reason for their being among the districts is the unsatisfactory performance of: Sofia – cadaster coverage and active transparency of the Access to Information Program of the organs of local self-government; Plovdiv – assessment – electronic government; Pazardzik – assessment – electronic government and active transparency of the Access to Information Program of the organs of local self-government; Stara Zagora – assessment – one desk and active transparency of the Access to Information Program of the organs of local self-government. The districts with the worst administrative development are the furthest north-west district – Vidin and furthest south district – Kardzali.



The decentralization and the concentration (Pavlova-Banova, 2020) of more authorities of the local governments over the last years has led to more social benefits. This, respectively, directly corresponds to the needs of the integration of new methods to lighten up and relax the processes in the local structures. This is extremely important especially in the budget sector where the huge flow of digital information can disturb the correctness of the used data. To trace the process of implementation of electronic technologies in the municipal structures, a “rating of the financial and budget transparency and integrity of the municipalities” has been developed. It is based on the following 16 major criteria and questions: the publicity of the budget and the financial statements of the institution; the payments, the lists of submitted declarations by the Commission of Anti-Corruption and Confiscation of Illegally Acquired Property, public discussion by the local citizens of the budget project of the municipality and its annual statement, the general structural plan, the very project of the municipality, the detailed structural plan, the register of building permits and its current status. It is calculated on an annual basis as part of the program of the (Access to Information Program Foundation, 2021). Publishing the information connects the financial and budget transparency, corresponds to the mandatory publishing imposed by the Public Finance Act (Access to Information Program, 2021). The achievement of financial and budget transparency in 2020 has a disbalancing character and formally divides the municipalities into maximum efficient (23.5% to 29.5%), medium efficient (23%) and municipalities with a low degree of efficiency (up to 22.5%).

The municipalities with maximum efficiency in securing financial and budget transparency with a rating of 23.5% to 29.5% are: Hisarya, Targovishte, Beloslav, Devnya, Dobrich, Glavinitsa, Dve Mogili, Zlatograd, Sevlievo, Svishtov, Nikolaevo, Ugarchin, Belogradchik, Balchik, Devin, Pordim, Primorsko, Antonovo, Pravets, Medkovets, Haskovo, Parvomay, Harmanli, Tundza, Dimitrovgrad, Garmen, Alfatar, Boychinovtsi, Valchedrum, Razlog, Burgas, Mezdra, Ruse, Teteven, Tsar Kaloyan, Chavdar, Chiprovtsi, Samokov, Georgi Damyanovo, Samuil, Sandanski, Topolovgrad, Bansko, Chelopech, Troyan, Bolyarovo, Dolna Mitropoliya, Borovan, Gurkovo, Razgrad, Cherven Bryag, General Toshevo, Dzebel, Aksakovo, Svoge, Strazitsa, Zavet, Svilengrad, Pleven, Tsenovo, Lyubimets, Apriltsi, Sozopol, Dolni Chiflik, Mirkovo, Botevgrad, Banite, Varna, Sliven, Dobrichka, Byala Slatina, Krivodol, Smyadovo, Chernoochene, Chepelare, Sopot, Simeonovgrad, Pirdop, Provadiya, Ruzintsi, Nikopol, Stara Zagora, Letnista, Anton, Gulyantsi, Sredets, Hitrino, Berkovitsa, Gabrovo, Bratya Daskalovi, Lom, Chirpan, Panagyurishte, Bozurishte, Byala, Krumovgrad, Tsarevo, Aytos, Lukovit, Lyaskovets, Yakimovo, Slivnitsa. The listed municipalities form 38.35% of the total number

of municipalities (266) which have provided information for the purposes of generating this rating.

With a rating based on medium efficiency (23%) are the municipalities of: Krushari, Stolichna, Nikola Kozlevo, Krichim, Veliko Tarnovo, Gorna Oryahovitsa, Tutrakan, Velingrad, Tervel, Roman, Silistra, Bratsigovo, Kaspichan, Koprivshtitsa, Madzarovo, Kyustendil, Kuklen, Kostenets, Maritsa, Bobov Dol, Perushtitsa, Madan, Makresh, Varshets, Saedinenie, Opan, Belene, Hairedin, Oryahovo, Kirkovo, Karlovo, Treklyano, Sadovo, Satovcha. The created formal “cluster 2” forms a representative sample of the municipalities (12.78%) which work towards achieving financial and budget transparency of the municipalities.

With the lowest degree of efficiency from 8% to 22.5% are the municipalities: Septemvri, Dimovo, Kneza, Plovdiv, Sitovo, Kozloduy, Pavlikeni, Nova Zagora, Pavel Banya, Rakitovo, Pazardzhik, Kubrat, Shumen, Elhovo, Rakovski, Veliki Preslav, Rila, Vetrino, Belitsa, Brezovo, Pomorie, Luki, Borovo, Kostinbrod, Vidin, Byala (Ruse District), Kardzali, Novo Selo, Hadzidimovo, Dospat, Vratsa, Lesichovo, Smolyan, Sarnitsa, Kazanlak, Nesebar, Zlataritsa, Godech, Ardino, Kula, Venets, Bregovo, Borino, Trun, Sapareva Banya, Slivo Pole, Kovachevtsi, Blagoevgrad, Lovech, Brusartsi, Karnobat, Yambol, Kocherinovo, Radnevo, Zlatitsa, Kresna, Montana, Batak, Strelcha, Iskar, Radomir, Momchilgrad, Galabovo, Loznitsa, Varbitsa, Levski, Yablanitsa, Peshtera, Petrich, Straldzha, Ispereh, Ruen, Popovo, Valchidov, Kotel, Kaolinovo, Ivaylovgrad, Shabla, Gotse Delchev, Gorna Malina, Chuprene, Kaynardza, Malko Tarnovo, Novi Pazar, Tryavna, Asenovgrad, Avren, Dolna Banya, Kavarna, Polski Trambesh, Ihtiman, Miziya, Opaka, Kaloyanovo, Breznik, Mineralni Bani, Rodopi, Dryanovo, Ivanovo, Maglitzh, Dragoman, Pernik, Omurtag, Vetovo, Dalgopol, Belovo, Sungurlare, Dupnitsa, Nevestino, Suvorovo, Tvarditsa, Gramada, Rudozem, Elin Pelin, Elena, Simitli, Boynitsa, Stamboliyski, Dolni Dabnik, Strumyani, Yakoruda, Suhindol, Kameno, Dulovo, Zemen, Nedelino, Boboshevo, Etropole, Stambolovo. The listed administrative and territorial units compile the totality of the largest ratio of the municipalities – 130, where they poorly meet the criteria for the formation of financial and budget transparency and integrity of the municipalities. As a relative ratio, they comprise 48.87% of all municipalities in Bulgaria. This requires the search for new approaches of implementation of the concept of digitalization to realize the financial and budget transparency of the municipalities which “lag behind”.

Bearing this in mind, this process can be realized, on the one hand, through setting priority budget entries in the future plans for the development of municipalities (Zahariev, Prodanov, Radulova, & Zarkova, Plan for Integrated Development of the Municipality of Belene for the Period 2021 -

2027, 2021) as main beneficiaries under the European programs, as well as expanding the municipal resources through flexible lending of part of the taxable revenues from income of natural persons to the municipalities for the purposes of decreasing the financial decentralization of the municipalities. Respectively, the municipal governing bodies shall prioritize the work on the purposeful expending of grants from the European Union, the wider implementation of economic tools and the application of perspective techniques of project funding (Zahariev A. , 2021).

### **Conclusion**

Digitalization is among the main priorities of the European Commission set in Europe 2030; Bulgaria and Bulgaria's municipalities are direct participants in this process. The global COVID-19 pandemic at the beginning of 2020 has a positive effect on the process of digitalization, including the public sector and local self-government, as the effects are of varying intensity. The analyzed five indices make it clear that our country has made a significant progress as regards the digital transformation and adjustment to the European standards with more significant success after 2012; nevertheless, it ranks far behind the “digital pioneer” countries. This, respectively, poses the necessity of active implementation of policies of digital transformation and electronic government in the public sector. Locally, the analysis shows rather divergent results and even negative trends in certain municipalities owing to the unsatisfactory achievement of one or more of the analyzed indicators (in 146 out of 265 municipalities), which forms over 50% of the municipalities in Bulgaria. In conclusion, we emphasize the need of digitalization which is of major significance for the private sector and the necessity of taking efficient measures, the formation of favorable business environment, as well as environment suitable for the citizens with of view of making easier the performance of their administrative duties.

### **References**

- Access to Information Program. (2021). *The State of the Access to Information in Bulgaria*. Retrieved from [http://store.aip-bg.org/publications/ann\\_rep\\_bg/2021/aip\\_doklad-2020-end\\_CORR.pdf](http://store.aip-bg.org/publications/ann_rep_bg/2021/aip_doklad-2020-end_CORR.pdf)
- Access to Information Program Foundation. (2021). Retrieved from <https://www.aip-bg.org/>

- Borisov, Borislav. (2018). Index of the Administrative Capacity of State Administration. *Business Management*, 5-23. Retrieved from <https://dlib.univishtov.bg/bitstream/handle/10610/3883/0035d0f271f49b4787ffe6f1e8cf88a6.pdf?sequence=1&isAllowed=y>
- Council of Ministers of the Republic of Bulgaria. (2021, April). *Recovery and Resilience Plan of the Republic of Bulgaria*. Retrieved from <https://www.nextgeneration.bg › npvu-16042021>
- DPIDG. (2021, August 21). *Bulgaria Country Data*. Retrieved from <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/26-Bulgaria>
- Institute for Market Economics. (2017, December 31). *Cadaster*. Retrieved from Regional profiles: <https://www.regionalprofiles.bg/bg/cadastral-map/>
- Institute for Market Economics. (2021, August 20). *Regional Profiles/Development Indicators/Administration*. Retrieved from <https://www.regionalprofiles.bg/bg/methodology/administration/>
- Institute, N. S. (2021, August 26). *Nomenclature of Territorial Units for Statistics in Bulgaria (NUTS)*. Retrieved from <https://nsi.bg/bg/content/157/basic-page/%D0%BA%D0%BB%D0%B0%D1%81%D0%B8%D1%84%D0%B8%D0%BA%D0%B0%D1%86%D0%B8%D1%8F-%D0%BD%D0%B0-%D1%82%D0%B5%D1%80%D0%B8%D1%82%D0%BE%D1%80%D0%B8%D0%B0%D0%BB%D0%BD%D0%B8%D1%82%D0%B5-%D0%B5%D0%B4%D0%B8%D0%BD%D0%B8%D1%86%D0%B8->
- Kuldosheva, G. (2021). *CHALLENGES AND OPPORTUNITIES OF DIGITAL TRANSFORMATION IN THE PUBLIC SECTOR IN TRANSITION ECONOMIES: EXAMINATION OF THE CASE OF UZBEKISTAN*. Tokyo: ADBI Working Paper Series.
- Ministry of Economy. (2021). *Concept of Digital Transformation of Bulgaria's Industry (Industry 4.0)*. Retrieved from Ministry of Economy: [https://www.mi.government.bg/files/useruploads/files/ip/kontseptsia\\_industria\\_4.0.pdf](https://www.mi.government.bg/files/useruploads/files/ip/kontseptsia_industria_4.0.pdf)
- Ministry of Transport, Information Technology and Communications. (2021, August 23). *Strategy for the Development of Electronic Government in Bulgaria 2014-2020*. Retrieved from [https://www.mtitc.government.bg/upload/docs/2014-03/1\\_StrategiaRazvitiEU\\_RBulgaria\\_2014\\_2020.pdf](https://www.mtitc.government.bg/upload/docs/2014-03/1_StrategiaRazvitiEU_RBulgaria_2014_2020.pdf)
- Nachkov, Asen. (2018, August 3). *Bulgaria Improves Significantly its Readiness for E-Government*. Retrieved from Institute for Market

- Economy: <https://ime.bg/bg/articles/bylgariya-sys-znaitelno-podobrenie-v-gotovnostta-za-e-pravitelstvo-1/>
- National Association of the Municipalities in the Republic of Bulgaria. (2020, October 5). *Possibilities for Digitalization of Registries/Documents/Databases Maintained by Municipalities*. Retrieved from <https://www.namrb.org/vazmoznosti-za-digitalizaciia-na-poddarzani-ot-obshtchinite-registri-dokumenti-bazi-danni>
- OECD. (2021, 09 01). *Digital Government Review of Panama: Enhancing the Digital Transformation of the Public Sector*. Retrieved from OECDiLibrary: <https://www.oecd-ilibrary.org/sites/1fadf193-en/index.html?itemId=/content/component/1fadf193-en>
- Ovcharov, M. (2021). Abiding to Law as a Justification. (Ciela, Ed.) *Norma*(4).
- Pavlova-Banova, M. (2020). State of the Fiscal Position of Bulgaria's Municipalities. *Jubilee International Scientific Conference "Economics, Education and Real Economy: Development and Interactions in a Digital Age* (p. 383). Varna: Science and Economics. Retrieved from [https://ue-varna.bg/~uevarna/uploads/filemanager/303/publishing-complex/2020/Economic\\_science\\_education\\_real\\_economy\\_T2\\_2020.pdf#page=383](https://ue-varna.bg/~uevarna/uploads/filemanager/303/publishing-complex/2020/Economic_science_education_real_economy_T2_2020.pdf#page=383)
- Petev, B. (2020). Tax Fraud as Security Threat. *Economic Archive*(4), 70-84.
- Petev, B. (2021). Economic Security - a Factor for National Security. *Business Research, 1*, 74-84.
- Tsonev, I. (2016). *Rediscovery of Public Services for the 21st century. Comparative analysis of electronic reforms in Estonia, Bulgaria and Romania*. European Liberal Forum.
- Zahariev, A. (2012). *Fiscal Decentralization and Financial Management in Bulgaria's Municipalities* (Vol. 13). (D. A. Economics, Ed.) Svishtov: Education and Science Library. Retrieved from [www.researchgate.net/publication/313576435](http://www.researchgate.net/publication/313576435)
- Zahariev, A. (2021). *Techniques of Project Funding*. Svishtov: Tsenov Publishing. Retrieved from [https://www.researchgate.net/publication/349643789\\_TEHNIKI\\_ZA\\_PROEKTNO\\_FINANSIRANE](https://www.researchgate.net/publication/349643789_TEHNIKI_ZA_PROEKTNO_FINANSIRANE)
- Zahariev, A., Prodanov, S., Radulova, A., & Zarkova, S. (2021, January). Plan for Integrated Development of the Municipality of Belene for the Period 2021 - 2027. *SSRN Electronic Journal*. doi:10.2139/ssrn.3781619
- Zahariev, A., Prodanov, S., Radulova, A., Zarkova, S., & Dimitrov, S. (2020, January). Paln for the Integrated Development of Pordim Municipality for the Period 2021–2027. *SSRN Electronic Journal*. doi:10.2139/ssrn.3781635

**Petko T. Angelov** is head assistant professor at the Department of Finance and Credit, D. A. Tsenov Academy of Economics – Svishtov, Bulgaria. **Research interests:** public finances; debt management; commercial banking.  
**ORCID ID:** 0000-0001-9459-4812

**Silvia S. Zarkova** has a PhD degree in Economics and is a honorary lecturer at the Department of Finance and Credit, D. A. Tsenov Academy of Economics – Svishtov, Bulgaria. **Research interests:** debt management; regional development; financial analysis.  
**ORCID ID:** 0000-0002-7429-9725

ISSN 0323-9004

# Economic Archive

**85**  
YEARS

**DIMITAR A.TSENOV**

*Academy of Economics - Svishtov*

**D. A. TSENOV ACADEMY OF ECONOMICS  
SVISHTOV**



**Svishtov, Year LXXIV, Issue 4 - 2021**

---

**Capitalism Against Itself (Critical Views  
and Insights)**

---

---

**The Financial Transparency of Bulgaria's  
Municipalities Within the European Economic  
Digitalization**

---

---

**Permanent Establishment and Fixed Establishment  
in the Context of the Subsidiary and the Digital  
Economy**

---

---

**Problems Afore the Convergence of the Planning  
Regions in Bulgaria**

---

---

**The Eurozone Yield Curve Shape During Covid19:  
a Projection of Investment and Macroeconomic  
Expectations**

---

**EDITORIAL BOARD:**

Prof. Andrey Zahariev, PhD – Editor-in-chief  
Prof. Yordan Vasilev, PhD – Deputy Editor  
Prof. Stoyan Prodanov, PhD  
Assoc. Prof. Iskra Panteleeva, PhD  
Assoc. Prof. Plamen Yordanov, PhD  
Assoc. Prof. Svetoslav Iliychovski, PhD  
Assoc. Prof. Plamen Petkov, PhD  
Assoc. Prof. Anatoliy Asenov, PhD  
Assoc. Prof. Todor Krastevich, PhD

**INTERNATIONAL BOARD:**

**Prof. Mihail A. Eskindarov, DSc (Econ)** – Financial University under the Government of the Russian Federation, Moscow (Russia).  
**Prof. Grigore Belostechnik, DSc (Econ)** – Moldovan Academy of Economic Studies, Chisinau (Moldova).  
**Prof. Mihail Zveryakov, DSc (Econ)** – Odessa State Economic University, Odessa (Ukraine).  
**Prof. Andrei Krisovatiy, DSc (Econ)** – Ternopil National Economic University, Ternopil (Ukraine).  
**Prof. Yon Kukuy, DSc (Econ)** – Valahia University, Targovishte (Romania).  
**Prof. Ken O'Neil, PhD** – University of Ulster (Ireland)  
**Prof. Richard Thorpe, PhD** – Leeds University (Great Britain)  
**Prof. Olena Nepochatenko, DSc (Econ)** – Uman National University of Horticulture, Uman (Ukraine)  
**Prof. Dmytro Lukianenko, DSc (Econ)** – Kyiv National Economic University named after Vadym Hetman, Kyiv (Ukraine)  
**Assoc. Prof. Maria Cristina Stefan, PhD** – Valahia University of Targoviste (Romania)  
**Assoc. Prof. Anisoara Duica, PhD** – Valahia University of Targoviste (Romania)  
**Assoc. Prof. Vladinir Klimuk, PhD** – Baranovichi State University, Branovic (Belarus)

**Support Team**

Rositsa Prodanova, PhD – Technical Secretary  
Anka Taneva – Bulgarian Copy Editor  
Ventsislav Dikov – Senior Lecturer in English – Translation from/into English  
Petar Todorov, PhD – Senior Lecturer in English – Translation from/into English

**Editorial address:**

2, Emanuil Chakarov street, Svishtov 5250  
Prof. Andrey Zahariev, PhD – Editor-in-Chief  
☎ (+359) 889 882 298  
Rositsa Prodanova, PhD – technical secretary  
☎ (+359) 631 66 309, e-mail: nsarhiv@uni-svishtov.bg  
Blagovesta Borisova – computer graphic design  
☎ (+359) 882 552 516, e-mail: b.borisova@uni-svishtov.bg

*In 2021, the journal will be printed using a financial grant from the Scientific Research Fund – Agreement № KP-06-PP2-0045 from Bulgarska Nauchna Periodika – 2021 competition.*

© Academic Publishing House “Tsenov” – Svishtov  
© D. A. Tsenov Academy of Economics – Svishtov



---

# ***ECONOMIC ARCHIVE***

**YEAR LXXIV, BOOK 4 – 2021**

---

## ***CONTENTS***

**Metodi Kanev**

Capitalism Against Itself (Critical Views and Insights) /3

**Petko Toshev Angelov, Silvia Sasheva Zarkova**

The Financial Transparency of Bulgaria's Municipalities Within the European Economic Digitalization /22

**Stoycho Dulevski**

Permanent Establishment and Fixed Establishment in the Context of the Subsidiary and the Digital Economy /36

**Silviya Draganova Todorova-Petkova**

Problems Afore the Convergence of the Planning Regions in Bulgaria /53

**Vladislav Lyubomirov Lyubenov**

The Eurozone Yield Curve Shape During Covid19: a Projection of Investment and Macroeconomic Expectations /67