



# LOCAL GOVERNMENT FINANCE INDICATORS IN SOUTH-EAST EUROPE

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STATISTICAL BRIEF  
2023

*third edition*



Network of Associations of  
Local Authorities of South-East Europe



# This publication is a collaborative effort of the NALAS Task Force on Fiscal Decentralization (TF FD).

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Network of Associations of Local Authorities of South-East Europe (NALAS)  
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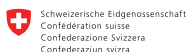
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## Developed by:



## With the support of:

With funding from



Swiss Agency for Development  
and Cooperation SDC



# NALAS DECENTRALISATION OBSERVATORY:

the data and information hub on local government issues in South-East Europe

## The importance

To be able to make informed decisions, develop good public policies and public services and efficiently manage scarce resources, policymakers at all levels of government have to rely on high quality data and information. But, all around South-East Europe such data is either missing or is difficult to access.

To bridge this gap, **NALAS** and **KDZ** partnered to develop the **NALAS Decentralisation Observatory for South-East Europe** [www.nalas-observatory.eu](http://www.nalas-observatory.eu). The Observatory facilitates the access to and utilisation of timely, accurate, reliable and comparable data and information on local government finance in South-East Europe (SEE).

## The objectives

- Support policy advocacy efforts of NALAS member Local Government Associations, as stewards of local democracy and local governance in SEE
- Support local government budget transparency
- Help policymakers, experts, practitioners and researchers in their quest to improving local government policies and services
- Serve as a model for national platforms to support evidence-based policymaking and local budget transparency



## Socio-economic data

| 2021                           | Population<br>(in millions) | Area (in<br>thousand<br>Sq. Km) | Population<br>Density<br>(per km <sup>2</sup> ) | GDP<br>(€ Billion) <sup>1</sup> | GDP in €<br>per capita | Real<br>GDP<br>Growth<br>(y-0-y) |
|--------------------------------|-----------------------------|---------------------------------|---|---------------------------------|------------------------|----------------------------------|
| Albania                        | 2.9                         | 28.7                            | 100   | 15.4                            | 5.391                  | 8.5%                             |
| Austria                        | 9.1                         | 83.9                            | 108   | 406.1                           | 44.677                 | 4.6%                             |
| Bosnia and<br>Herzegovina      | 3.5                         | 51.2                            | 69  | 20.0                            | 5.687                  | 7.4%                             |
| <i>FBiH (BiH)</i>              | 2.2                         | 26.1                            | 84  | 12.9                            | 5.860                  | 8.1%                             |
| RS (BiH)                       | 1.1                         | 24.6                            | 46  | 6.4                             | 5.625                  | 6.9%                             |
| Bulgaria                       | 6.8                         | 110.4                           | 62  | 67.9                            | 9.924                  | 4.2%                             |
| Croatia                        | 3.9                         | 56.6                            | 68  | 58.4                            | 15.072                 | 13.1%                            |
| Kosovo*                        | 1.8                         | 10.9                            | 164   | 8.0                             | 4.462                  | 10.8%                            |
| North Macedonia                | 2.1                         | 25.7                            | 81  | 11.7                            | 5.621                  | 4.0%                             |
| Moldova                        | 3.5                         | 33.8                            | 105   | 11.6                            | 3.259                  | 13.9%                            |
| Montenegro                     | 0.6                         | 13.8                            | 45  | 5.0                             | 7.962                  | 13.0%                            |
| Romania                        | 19.3                        | 238.4                           | 81  | 241.3                           | 12.427                 | 5.8%                             |
| Serbia                         | 7.2                         | 88.4                            | 81  | 53.3                            | 7.420                  | 7.5%                             |
| Slovenia                       | 2.1                         | 20.1                            | 105   | 52.2                            | 24.755                 | 8.2%                             |
| Türkiye                        | 84.7                        | 814.6                           | 104   | 691.0                           | 8.160                  | 11.0%                            |
| Western Balkans <sup>3</sup>   | 18                          | 219                             | 83  | 113.3                           | 6.277                  | 8.5%                             |
| South-East Europe <sup>4</sup> | 138.4                       | 1.493                           | 93  | 1.235.6                         | 8.926                  | 8.9%                             |
| European Union <sup>5</sup>    | 447                         | 4.370                           | 102   | 14.537.7                        | 32.523                 | 5.4%                             |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of SEE economies; Statistik Austria (Austrian municipalities without Vienna) NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

<sup>1</sup> GDP in current prices converted to EURO using the end of year official exchange rates, as reported by Ministries of Finance, Institutes of Statistics and Eurostat

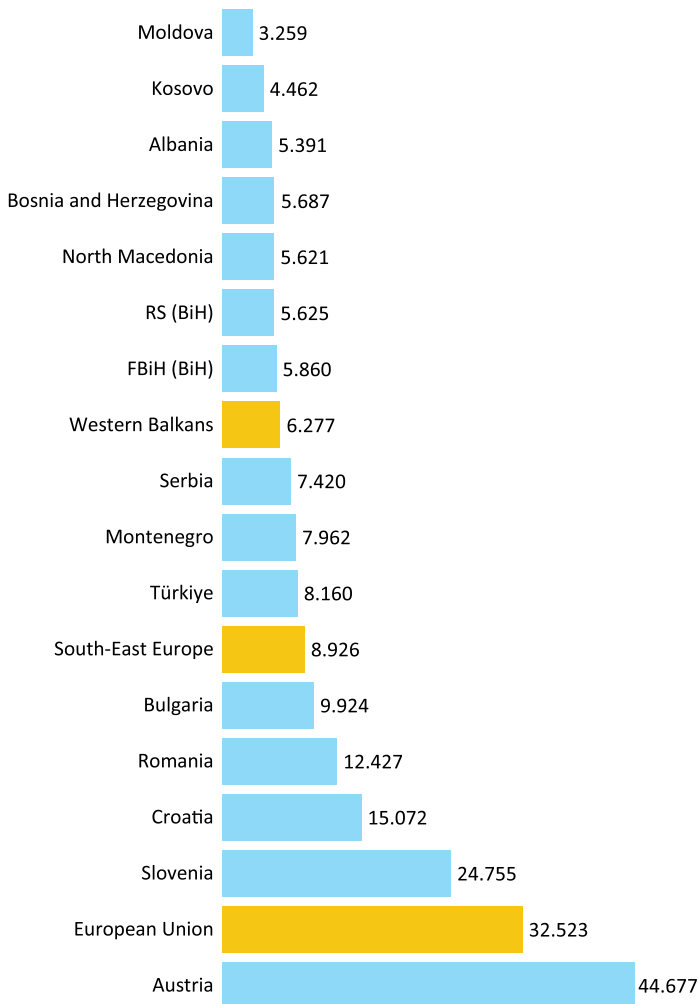
\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

<sup>2</sup> Western Balkans (WB6): Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro and Serbia

<sup>3</sup> South-East Europe (SEE) refers to NALAS member LGAs' Economies, as shown in the table

<sup>4</sup> EU refers to the European Union Member States

## GDP in Eur per capita in South-East Europe, 2021



## Number and Types of Sub-Sovereign Governments

| 2021                   | NALAS member  | Levels of Sub-Sovereign Government | Types of Sub-Sovereign Government   | Number of Municipalities | Second & Third Tier/ Regional Level |
|------------------------|---------------|------------------------------------|---|--------------------------|-------------------------------------|
| Albania                | ALAA*         | 2                                  | Counties;<br>Municipalities   | 61                       | 12                                  |
| Austria                | AACT*         | 2                                  | States,<br>Municipalities   | 2.093                    | 9                                   |
| Bosnia and Herzegovina |               | 3                                  | Entities;<br>Cantons;<br>Municipalities                                       | 144                      | 11                                  |
| <i>FBiH (BiH)</i>      | SOGFBiH       | 2                                  | Cantons;<br>Municipalities  | 80                       | 10                                  |
| <i>RS (BiH)</i>        | ALVRS         | 1                                  | Municipalities,<br>Cities   | 64                       |                                     |
| Bulgaria               | NAMRB         | 1                                  | Municipalities/<br>Communes   | 265                      |                                     |
| Croatia                | UORH,<br>ACRC | 2                                  | Counties;<br>Municipalities/<br>Communes/<br>Cities                           | 556                      | 21                                  |
| Kosovo                 | AKM           | 1                                  | Municipalities  | 38                       |                                     |
| North Macedonia        | ZELS          | 1                                  | Municipalities  | 81                       |                                     |
| Moldova                | CALM          | 3                                  | Autonomous<br>Province;<br>Raions/<br>Regions;<br>Municipalities/<br>Communes | 898                      | 32                                  |
| Montenegro             | UMM           | 1                                  | Municipalities  | 25                       |                                     |
| Romania                | ACOR          | 2                                  | Counties;<br>Municipalities/<br>Communes                                      | 3.181                    | 42                                  |
| Serbia                 | SCTM          | 2                                  | Autonomous<br>Provinces;<br>Municipalities                                    | 145                      |                                     |
| Slovenia               | AMTS          | 1                                  | Municipalities  | 212                      |                                     |

## Number and Types of Sub-Sovereign Governments

| 2021                     | NALAS member | Levels of Sub-Sovereign Government | Types of Sub-Sovereign Government  | Number of Municipalities | Second & Third Tier/ Regional Level |
|--------------------------|--------------|------------------------------------|--|--------------------------|-------------------------------------|
| Türkiye (Marmara Region) | MMU          | 3                                  | Provincial Self-Governments; Regional Self-Government; Municipal and Communal Self-Governments | 1.390                    | 793                                 |
| Western Balkans          |              |                                    |  | 494                      | 23                                  |
| South-East Europe        |              |                                    |  | 6.996                    | 911                                 |
| European Union           |              |                                    |  | 89.289                   | 1.176                               |

**Source:** NALAS member Local Government Associations, The Council of European Municipalities and Regions (CEMR) TERRI Report, Territorial Governance, Powers and Reforms in Europe 2021 Edition, [www.terri.cemr.eu/en/](http://www.terri.cemr.eu/en/)

\* The Association of Local Autonomy of Albania (ALAA), is NALAS Associate Member

\* The Association of Austrian Cities and Towns (AACT), is NALAS Associate Member

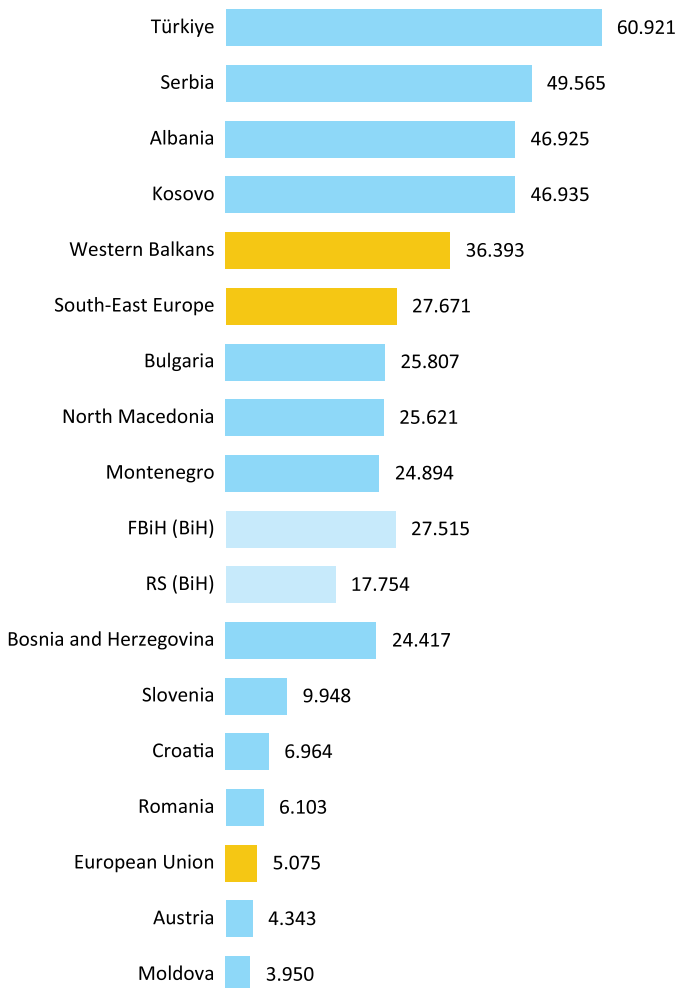
## Average Size of Municipal Governments

| 2021                   | Number of Municipalities | Average Municipal Size, no. of inhabitants | Average Municipal Size, in Sq. Km. | Percentage of Population Living in Capital Cities |
|------------------------|--------------------------|--|------------------------------------|---|
| Albania                | 61                       | 46.925                                     | 471                                | 20.5%   |
| Austria                | 2.093                    | 4.343                                      | 40                                 | 21.7%   |
| Bosnia and Herzegovina | 144                      | 24.417                                     | 356                                | 13.9%   |
| <i>FBiH (BiH)</i>      | 80                       | 27.515                                     | 326                                | 13.8%   |
| RS (BiH)               | 64                       | 17.754                                     | 385                                | 16.3%   |
| Bulgaria               | 265                      | 25.807                                     | 419                                | 19.1%   |
| Croatia                | 556                      | 6.964                                      | 102                                | 19.8%   |
| Kosovo                 | 38                       | 46.935                                     | 287                                | 11.2%   |
| North Macedonia        | 81                       | 25.621                                     | 317                                | 24.4%   |
| Moldova                | 898                      | 3.950                                      | 38                                 | 16.6%   |
| Montenegro             | 25                       | 24.894                                     | 552                                | 29.9%   |
| Romania                | 3.181                    | 6.103                                      | 75                                 | 9.4%  |
| Serbia                 | 145                      | 49.565                                     | 609                                | 23.1%   |
| Slovenia               | 212                      | 9.948                                      | 98                                 | 13.5%   |
| Türkiye                | 1.390                    | 60.921                                     | 586                                | 6.8%  |
| Western Balkans        | 494                      | 36.393                                     | 432                                | 20.5%   |
| South-East Europe      | 6.996                    | 27.671                                     | 326                                | 17.7%   |
| European Union         | 88.072                   | 5.075                                      | 50                                 | 16.3%   |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of SEE economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).



## Average Population of 1st Tier Local Governments



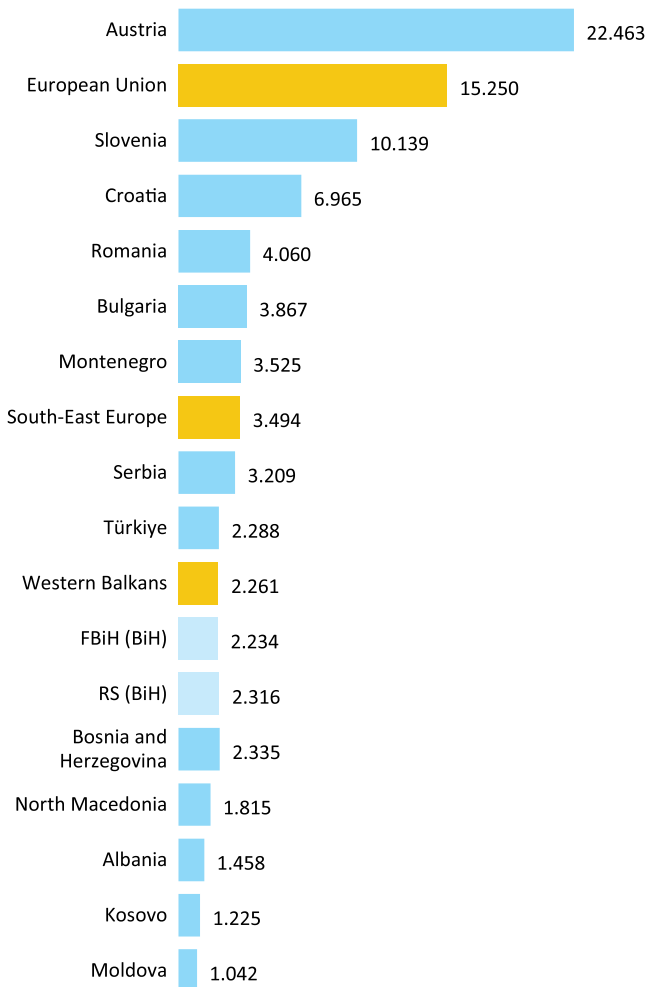
## Public Revenue

| 2021                   | in € Billion* | in € per capita | in % of GDP |
|------------------------|---------------|-----------------|-------------|
| Albania                | 4.2           | 1.458           | 27%         |
| Austria                | 204.2         | 22.463          | 50%         |
| Bosnia and Herzegovina | 8.2           | 2.335           | 41%         |
| <i>FBiH (BiH)</i>      | 4.9           | 2.234           | 38%         |
| <i>RS (BiH)</i>        | 2.6           | 2.316           | 41%         |
| Bulgaria               | 26.4          | 3.867           | 39%         |
| Croatia                | 27.0          | 6.965           | 46%         |
| Kosovo                 | 2.2           | 1.225           | 27%         |
| North Macedonia        | 3.8           | 1.815           | 32%         |
| Moldova                | 3.7           | 1.042           | 32%         |
| Montenegro             | 2.2           | 3.525           | 44%         |
| Romania                | 78.8          | 4.060           | 33%         |
| Serbia                 | 23.1          | 3.209           | 43%         |
| Slovenia               | 21.4          | 10.139          | 41%         |
| Türkiye                | 193.7         | 2.288           | 28%         |
| Western Balkans        | 43.6          | 2.261           | 35.9%       |
| South-East Europe      | 394.7         | 3.494           | 36.2%       |
| European Union         | 6.816.762     | 15.250          | 46.9%       |

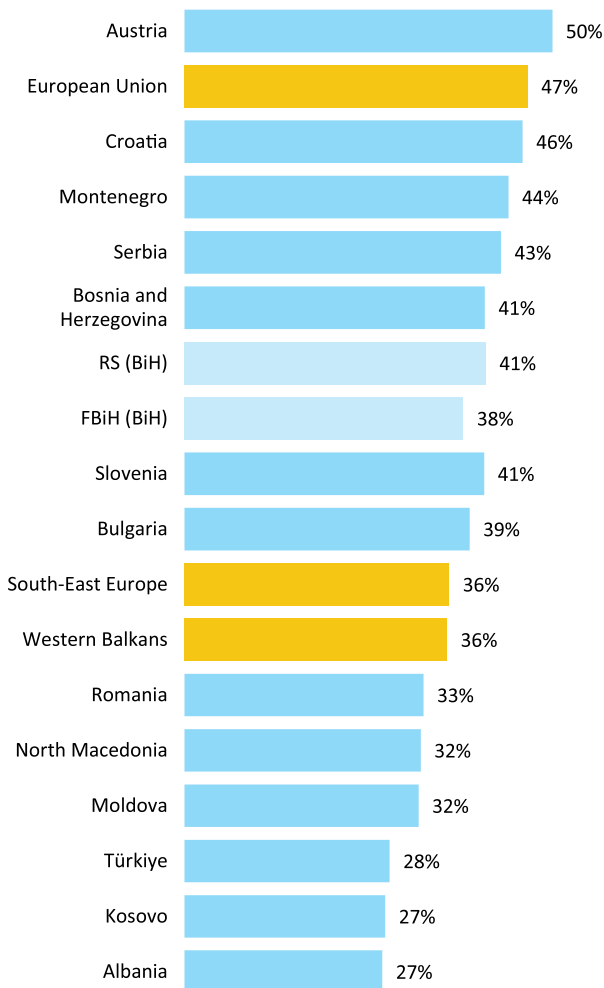
**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna) NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

\* Public Revenue refers to Total Public Revenue or General Government Revenue, as reported in the National Accounts and Government Finance Statistics by the respective national institutions.

## Public Revenue, in € per capita



## Public Revenue, in % of the GDP

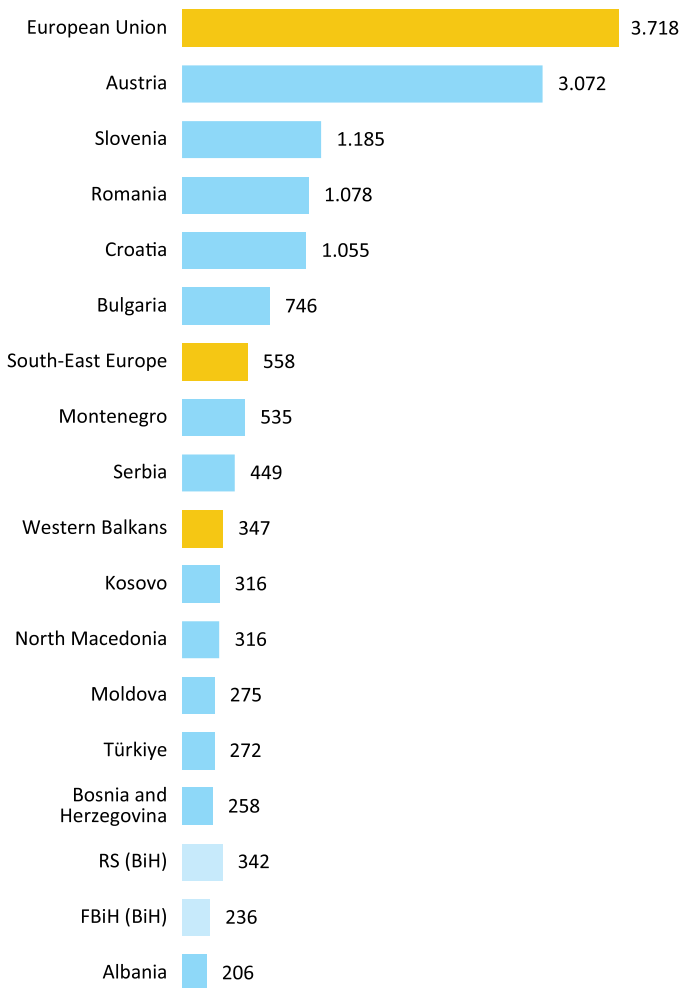


## Local Government Revenue

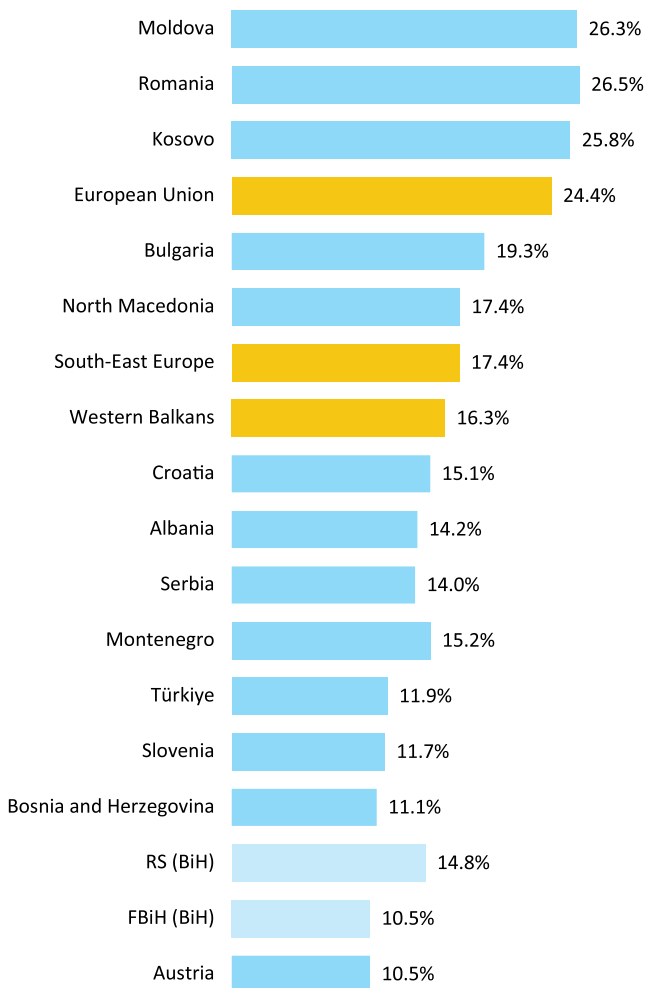
| 2021                   | in € million | in € per capita | In % of Public Revenue | in % of GDP |
|------------------------|--------------|-----------------|------------------------|-------------|
| Albania                | 591          | 206             | 14.2%                  | 3.8%        |
| Austria                | 21.543       | 3.072           | 10.5%                  | 5.3%        |
| Bosnia and Herzegovina | 908          | 258             | 11.1%                  | 4.5%        |
| <i>FBiH (BiH)</i>      | 519          | 236             | 10.5%                  | 4.0%        |
| <i>RS (BiH)</i>        | 389          | 342             | 14.8%                  | 6.1%        |
| Bulgaria               | 5.101        | 746             | 19.3%                  | 7.5%        |
| Croatia                | 4.085        | 1.055           | 15.1%                  | 7.0%        |
| Kosovo                 | 564          | 316             | 25.8%                  | 7.1%        |
| North Macedonia        | 656          | 316             | 17.4%                  | 5.6%        |
| Moldova                | 974          | 275             | 26.3%                  | 8.4%        |
| Montenegro             | 333          | 535             | 15.2%                  | 6.7%        |
| Romania                | 20.922       | 1.078           | 26.5%                  | 8.7%        |
| Serbia                 | 3.229        | 449             | 14.0%                  | 6.1%        |
| Slovenia               | 2.498        | 1.185           | 11.7%                  | 4.8%        |
| Türkiye                | 23.030       | 272             | 11.9%                  | 3.3%        |
| Western Balkans        | 6.280        | 347             | 16.3%                  | 5.6%        |
| South-East Europe      | 62.890       | 558             | 17.4%                  | 6.1%        |
| European Union         | 1.662.035    | 3.718           | 24.4%                  | 11.4%       |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

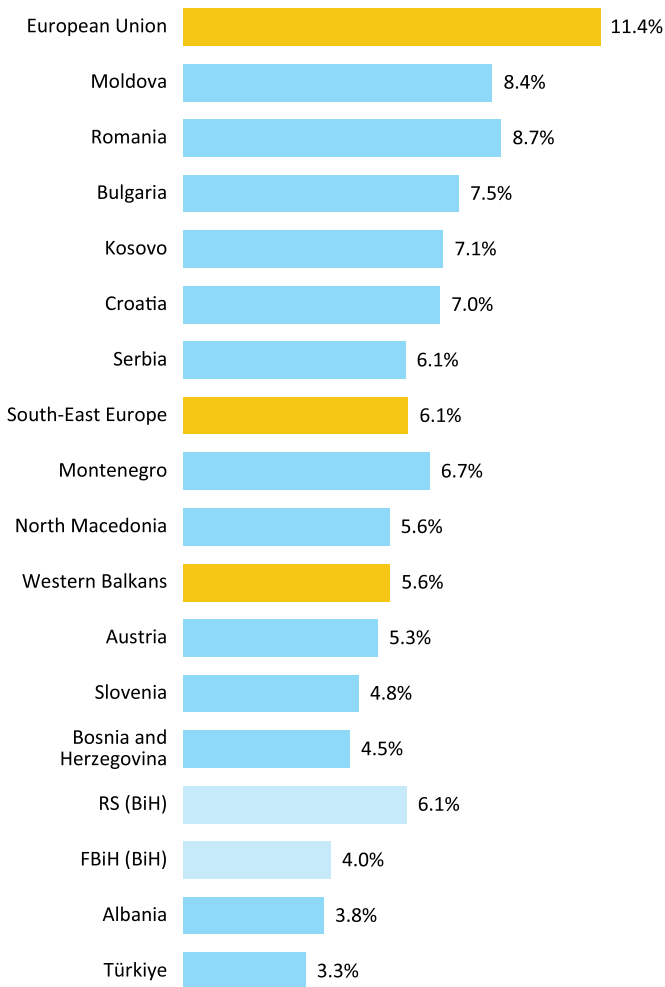
## Local Government Revenue, in € per capita



## Local Government Revenue as % of Public Revenue

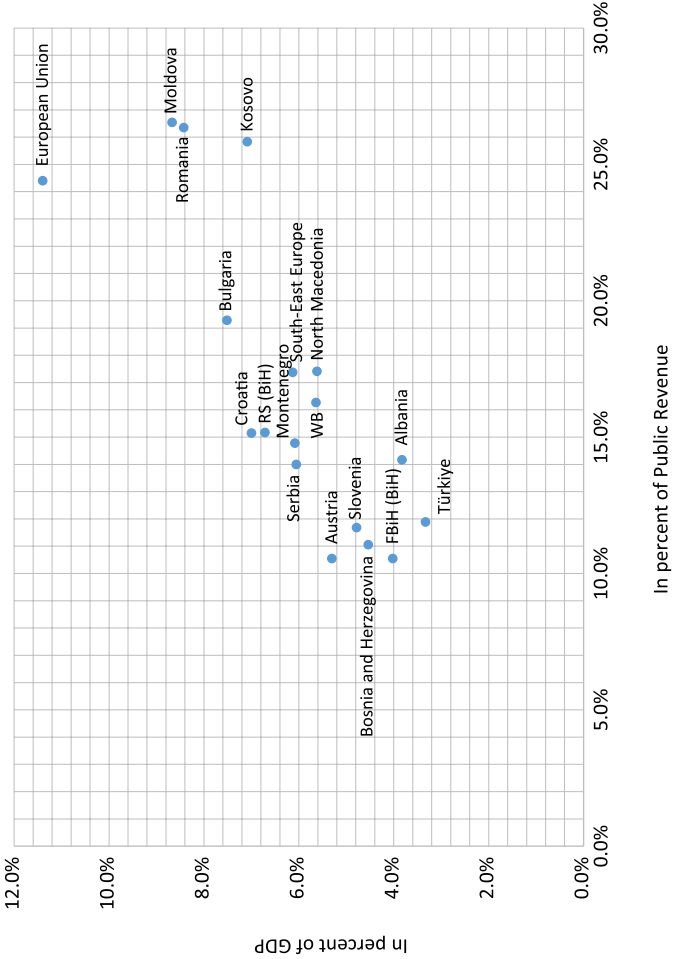


## Local Government Revenue as % of GDP

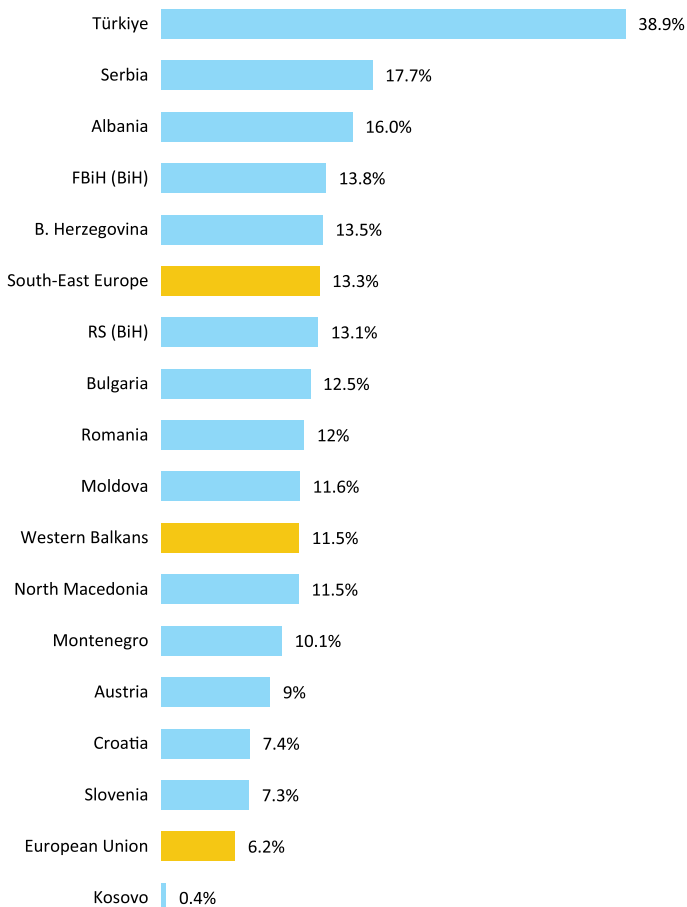




# Local Revenues as a share of Total Public Revenues & GDP

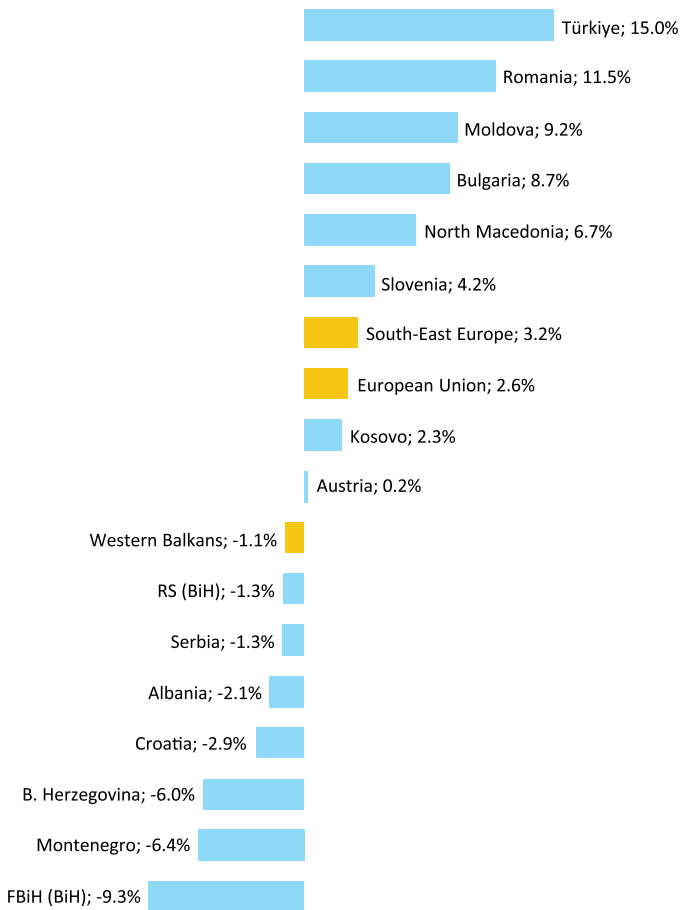


## Annual Change in Local Revenues 2020 - 2021



**Note:** The significant changes in local government revenue in 2021 compared to 2020 are explained by the drop in LG revenues in most SEE economies during the outbreak of the COVID-19 pandemic.

## Annual Change in Local Revenues 2019 - 2020



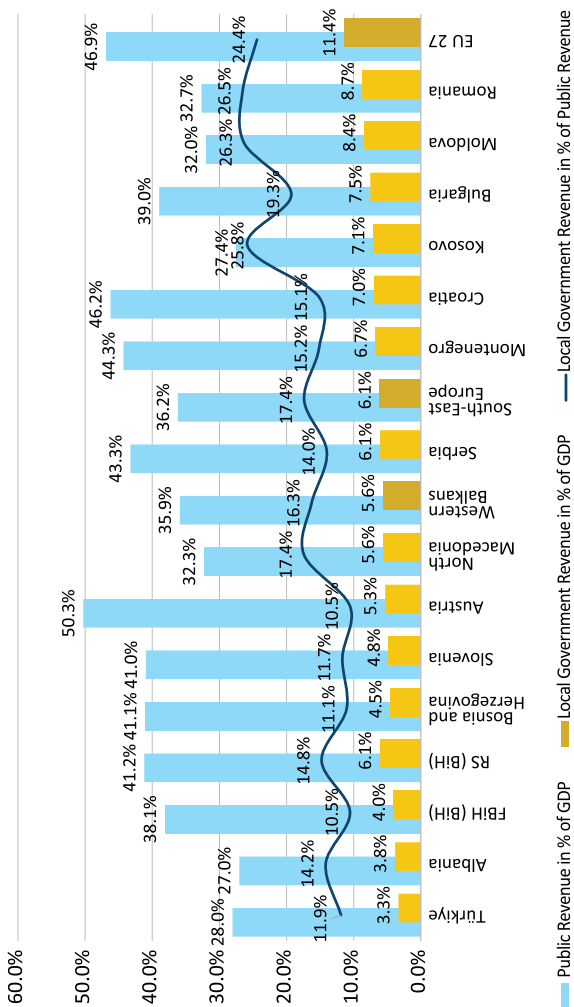
**Note:** Reductions in local government revenue in 2020 compared to 2019 are in good part explained by the direct implications of the outbreak of the COVID-19 pandemic, while increases in LG revenues are mostly attributed to measures adopted by higher levels of government to support local finance during the pandemic.

## Local Government Revenue

| 2021                   | Public Revenue in % of GDP | Local Government Revenue in % of Public Revenue | Local Government Revenue in % of GDP |
|------------------------|----------------------------|---|--------------------------------------|
| Albania                | 27.0%                      | 14.2%   | 3.8%                                 |
| Austria                | 50.3%                      | 10.5%   | 5.3%                                 |
| Bosnia and Herzegovina | 41.1%                      | 11.1%   | 4.5%                                 |
| <i>FBiH (BiH)</i>      | 38.1%                      | 10.5%   | 4.0%                                 |
| <i>RS (BiH)</i>        | 41.2%                      | 14.8%   | 6.1%                                 |
| Bulgaria               | 39.0%                      | 19.3%   | 7.5%                                 |
| Croatia                | 46.2%                      | 15.1%   | 7.0%                                 |
| Kosovo                 | 27.4%                      | 25.8%   | 7.1%                                 |
| North Macedonia        | 32.3%                      | 17.4%   | 5.6%                                 |
| Moldova                | 32.0%                      | 26.3%   | 8.4%                                 |
| Montenegro             | 44.3%                      | 15.2%   | 6.7%                                 |
| Romania                | 32.7%                      | 26.5%   | 8.7%                                 |
| Serbia                 | 43.3%                      | 14.0%   | 6.1%                                 |
| Slovenia               | 41.0%                      | 11.7%   | 4.8%                                 |
| Türkiye                | 28.0%                      | 11.9%   | 3.3%                                 |
| Western Balkans        | 35.9%                      | 16.3%   | 5.6%                                 |
| South-East Europe      | 36.2%                      | 17.4%   | 6.1%                                 |
| EU 27                  | 46.9%                      | 24.4%   | 11.4%                                |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

# Public Revenue and Local Government Revenue in South-East Europe in 2021



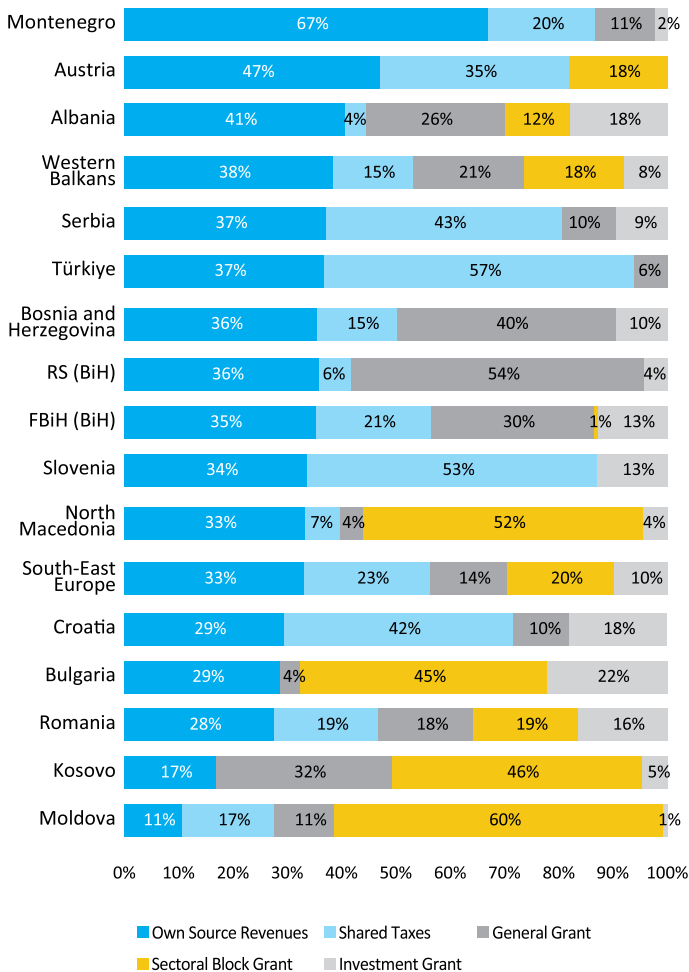
## The Structure of Local Government Revenue

| 2021<br>in % of Total     | Own<br>Source<br>Revenues | Shared<br>Taxes | General<br>Grant | Sectoral<br>Block<br>Grant | Investment<br>Grant |
|---------------------------|---------------------------|-----------------|------------------|----------------------------|---------------------|
| Albania                   | 41%                       | 4%              | 26%              | 12%                        | 18%                 |
| Austria*                  | 47%                       | 35%             | 0%               | 18%                        | 0%                  |
| Bosnia and<br>Herzegovina | 36%                       | 15%             | 40%              | 0%                         | 10%                 |
| FBiH (BiH)                | 35%                       | 21%             | 30%              | 1%                         | 13%                 |
| RS (BiH)                  | 36%                       | 6%              | 54%              | 0%                         | 4%                  |
| Bulgaria                  | 29%                       | 0%              | 4%               | 45%                        | 22%                 |
| Croatia                   | 29%                       | 42%             | 10%              | 0%                         | 18%                 |
| Kosovo                    | 17%                       | 0%              | 32%              | 46%                        | 5%                  |
| Moldova                   | 11%                       | 17%             | 11%              | 60%                        | 1%                  |
| Montenegro                | 67%                       | 20%             | 11%              | 0%                         | 2%                  |
| North<br>Macedonia        | 33%                       | 7%              | 4%               | 52%                        | 4%                  |
| Romania                   | 28%                       | 19%             | 18%              | 19%                        | 16%                 |
| Serbia                    | 37%                       | 43%             | 10%              | 0%                         | 9%                  |
| Slovenia                  | 34%                       | 53%             | 0%               | 0%                         | 13%                 |
| Türkiye                   | 37%                       | 57%             | 6%               | 0%                         | 0%                  |
| Western<br>Balkans        | 38%                       | 15%             | 21%              | 18%                        | 8%                  |
| South-East<br>Europe      | 33%                       | 23%             | 14%              | 20%                        | 10%                 |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

\* In the case of Austria, the data for Own Source Revenues includes also data on Local Government Borrowing.

## The Structure of Local Government Revenue



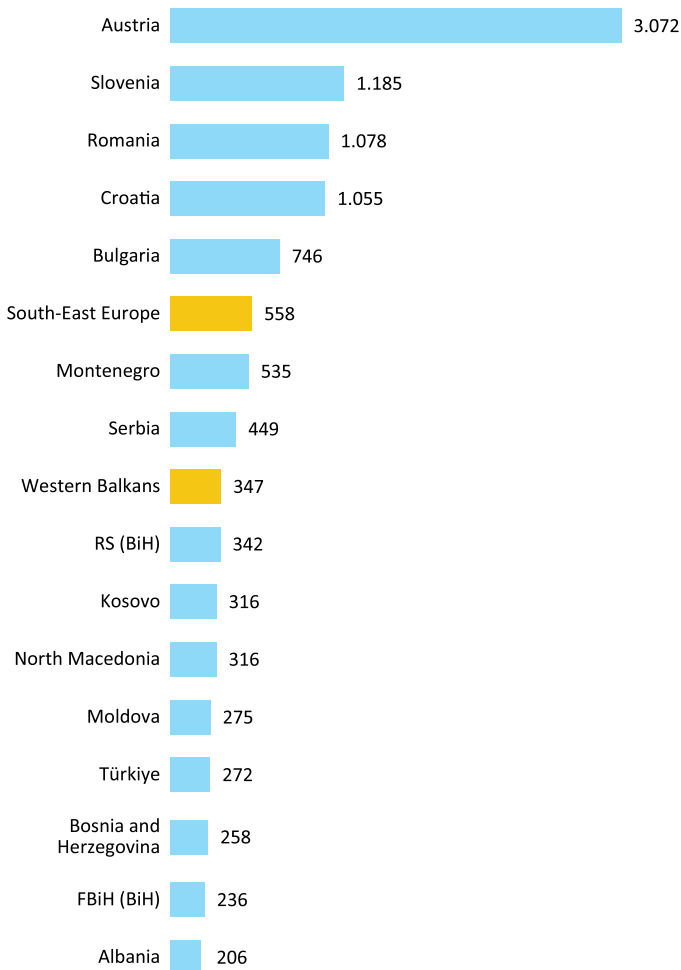
## The Structure of Local Government Revenue, € per capita

| 2021<br>in Euro per<br>capita | Own<br>Source<br>Revenues | Shared<br>Taxes | General<br>Grant | Sectoral<br>Block<br>Grant | Investment<br>Grant | Total |
|-------------------------------|---------------------------|-----------------|------------------|----------------------------|---------------------|-------|
| Albania                       | 84                        | 8               | 53               | 25                         | 37                  | 206   |
| Austria                       | 1.448                     | 1.070           | 0                | 554                        | 0                   | 3.072 |
| Bosnia and<br>Herzegovina     | 92                        | 38              | 104              | 0                          | 25                  | 258   |
| FBiH (BiH)                    | 83                        | 50              | 71               | 2                          | 30                  | 236   |
| RS (BiH)                      | 123                       | 20              | 185              | 0                          | 14                  | 342   |
| Bulgaria                      | 214                       | 0               | 28               | 339                        | 165                 | 746   |
| Croatia                       | 310                       | 446             | 109              | 0                          | 190                 | 1.055 |
| Kosovo                        | 53                        | 0               | 102              | 146                        | 15                  | 316   |
| Moldova                       | 29                        | 46              | 31               | 166                        | 2                   | 275   |
| Montenegro                    | 359                       | 105             | 58               | 0                          | 12                  | 535   |
| North<br>Macedonia            | 105                       | 21              | 13               | 163                        | 14                  | 316   |
| Romania                       | 297                       | 208             | 189              | 206                        | 178                 | 1.078 |
| Serbia                        | 167                       | 195             | 44               | 0                          | 43                  | 449   |
| Slovenia                      | 400                       | 631             | 0                | 0                          | 153                 | 1.185 |
| Türkiye                       | 100                       | 155             | 17               | 0                          | 0                   | 272   |
| Western<br>Balkans            | 143                       | 61              | 63               | 56                         | 24                  | 347   |
| South-East<br>Europe          | 184                       | 154             | 62               | 87                         | 69                  | 558   |

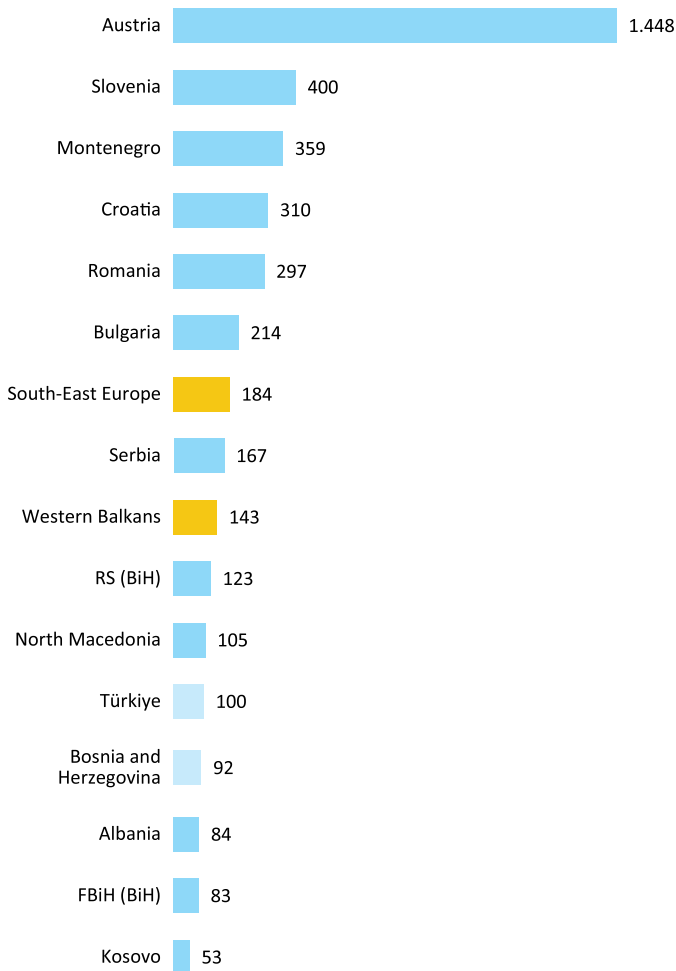
**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).



## Local Government Revenue in South-East Europe, in € per Capita



## Own Source Revenues, in € per capita, 2021

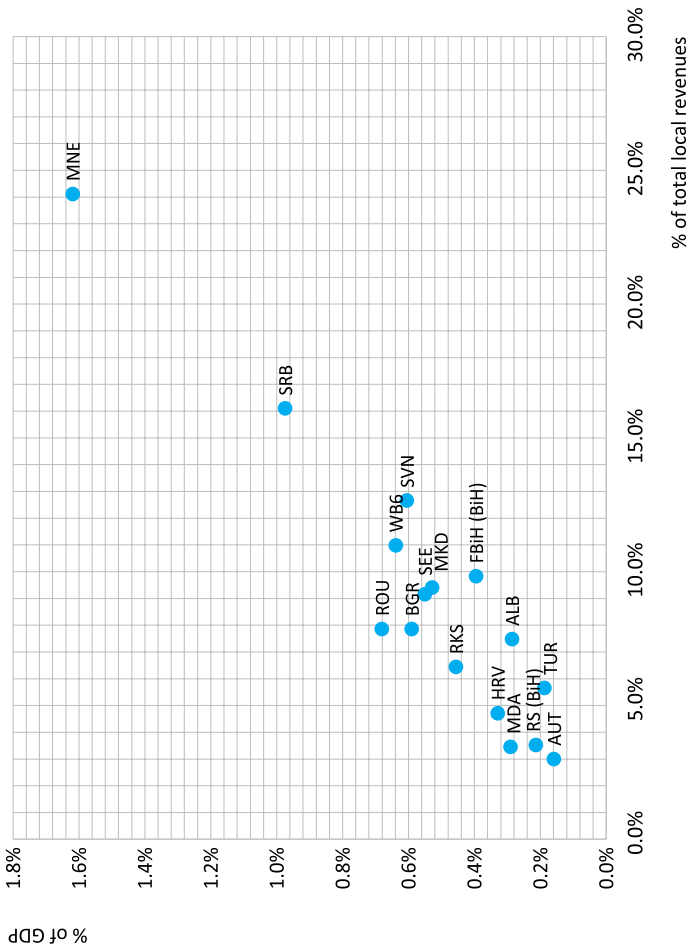


## Property Taxation

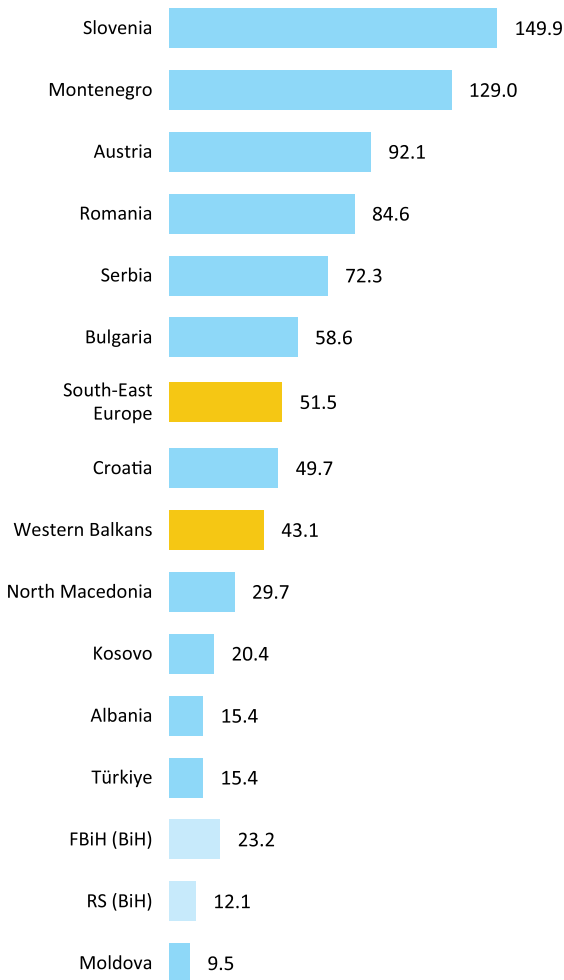
|            | 2021                   | in € per capita | in % of GDP | in % of local revenues |
|------------|------------------------|-----------------|-------------|------------------------|
| ALB        | Albania                | 15.4            | 0.3%        | 7.5%                   |
| AUT        | Austria                | 92.1            | 0.2%        | 3.0%                   |
| BIH        | Bosnia and Herzegovina |                 |             |                        |
| FBiH (BiH) | FBiH (BiH)             | 23.2            | 0.4%        | 9.8%                   |
| RS (BiH)   | RS (BiH)               | 12.1            | 0.2%        | 3.5%                   |
| BGR        | Bulgaria               | 58.6            | 0.6%        | 7.9%                   |
| HRV        | Croatia                | 49.7            | 0.3%        | 4.7%                   |
| RKS        | Kosovo                 | 20.4            | 0.5%        | 6.4%                   |
| MDA        | Moldova                | 9.5             | 0.3%        | 3.5%                   |
| MNE        | Montenegro             | 129.0           | 1.6%        | 24.1%                  |
| MKD        | North Macedonia        | 29.7            | 0.5%        | 9.4%                   |
| ROU        | Romania                | 84.6            | 0.7%        | 7.9%                   |
| SRB        | Serbia                 | 72.3            | 1.0%        | 16.1%                  |
| SVN        | Slovenia               | 149.9           | 0.6%        | 12.7%                  |
| TUR        | Türkiye                | 15.4            | 0.2%        | 5.6%                   |
| WB6        | Western Balkans        | 43.1            | 0.6%        | 11.0%                  |
| SEE        | South-East Europe      | 51.5            | 0.6%        | 9.2%                   |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

# Property Tax as % of Total Local Revenue and GDP



## Property Tax Revenue, in € per capita

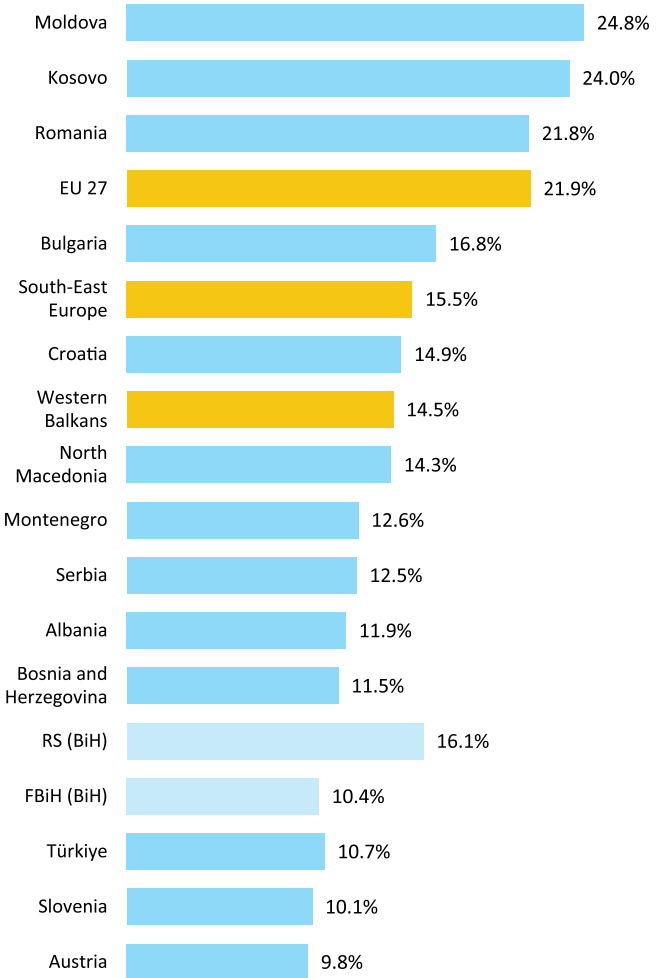


## Local Government Expenditure

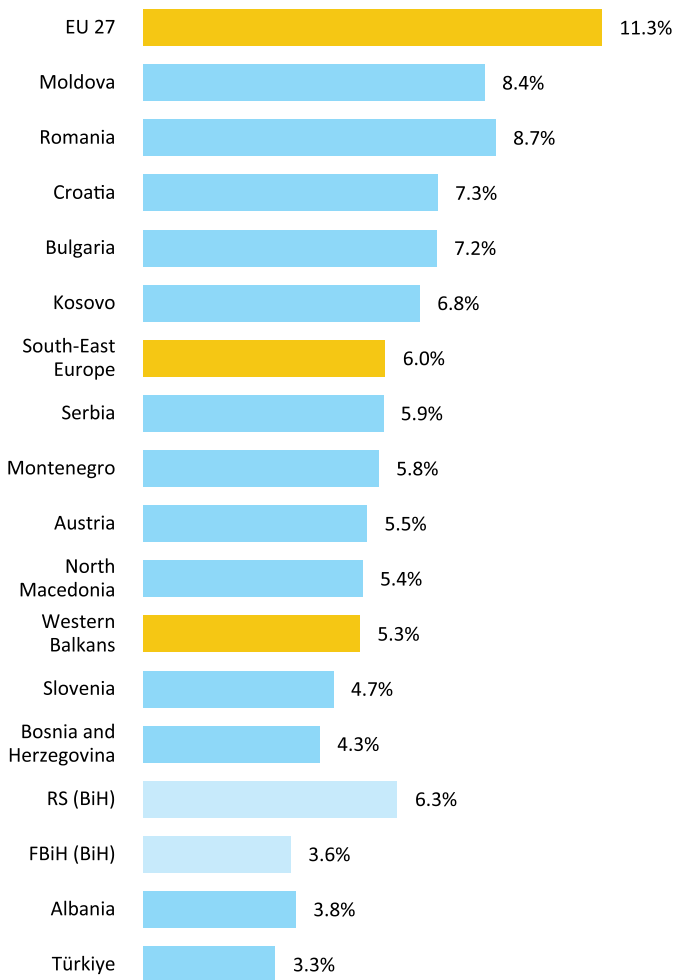
| 2021                   | in € million | in € per capita | In % of Public Expenditure | in % of GDP |
|------------------------|--------------|-----------------|----------------------------|-------------|
| Albania                | 579          | 202             | 11.9%                      | 3.8%        |
| Austria                | 22.386       | 3.193           | 9.8%                       | 5.5%        |
| Bosnia and Herzegovina | 869          | 247             | 11.5%                      | 4.3%        |
| FBiH (BiH)             | 468          | 213             | 10.4%                      | 3.6%        |
| RS (BiH)               | 400          | 352             | 16.1%                      | 6.3%        |
| Bulgaria               | 4.904        | 717             | 16.8%                      | 7.2%        |
| Croatia                | 4.231        | 1.093           | 14.9%                      | 7.3%        |
| Kosovo                 | 542          | 304             | 24.0%                      | 6.8%        |
| North Macedonia        | 630          | 304             | 14.3%                      | 5.4%        |
| Moldova                | 972          | 274             | 24.8%                      | 8.4%        |
| Montenegro             | 287          | 462             | 12.6%                      | 5.8%        |
| Romania                | 20.946       | 1.079           | 21.8%                      | 8.7%        |
| Serbia                 | 3.152        | 439             | 12.5%                      | 5.9%        |
| Slovenia               | 2.445        | 1.159           | 10.1%                      | 4.7%        |
| Türkiye                | 22.481       | 265             | 10.7%                      | 3.3%        |
| Western Balkans        | 6.060        | 326             | 14.5%                      | 5.3%        |
| South-East Europe      | 62.040       | 545             | 15.5%                      | 6.0%        |
| EU 27                  | 1.646.670    | 3.684           | 21.9%                      | 11.3%       |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; OECD Subnational government structure and finance ([stats.oecd.org](http://stats.oecd.org)); The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

## Local Government Expenditure as % of Public Expenditure

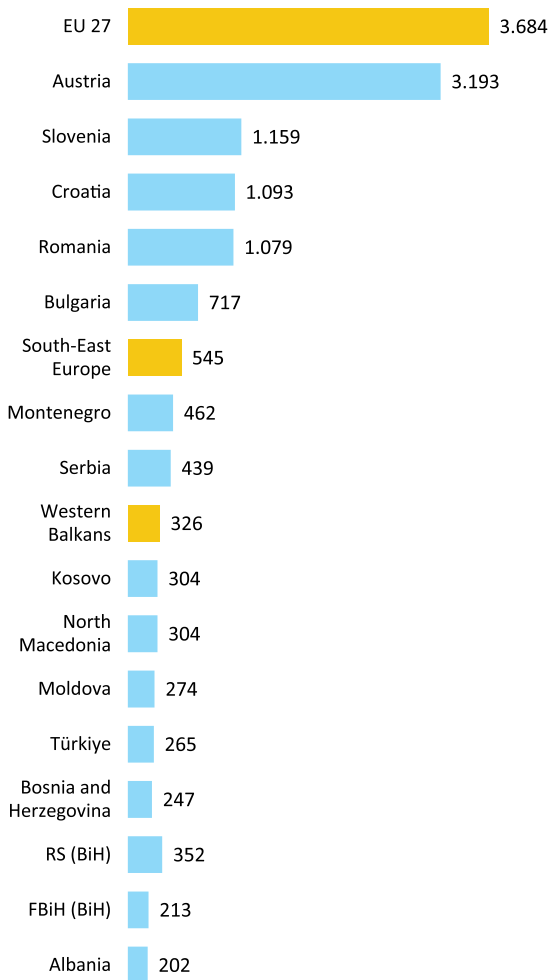


## Local Government Expenditure as % of GDP

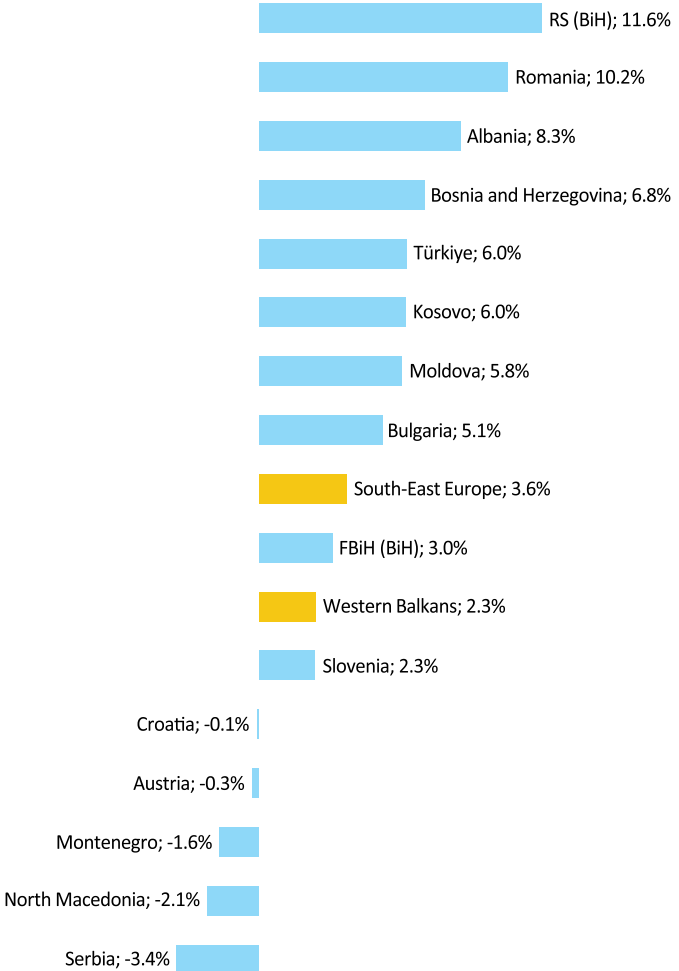




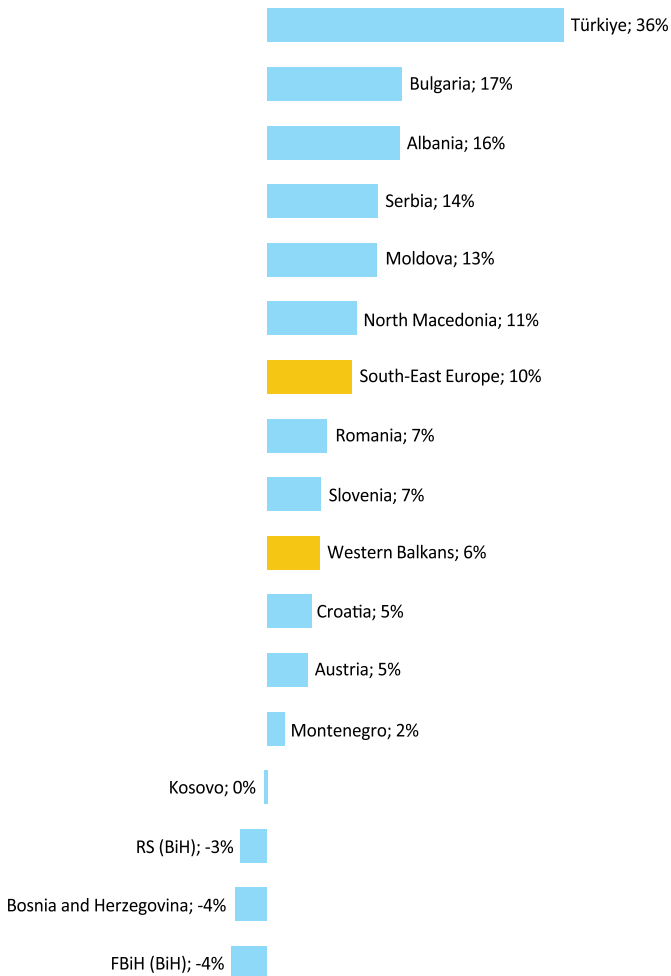
## Local Government Expenditure in € per capita



## Annual Change in Local Expenditure (2019-2020)



## Annual Change in Local Expenditure (2020-2021)

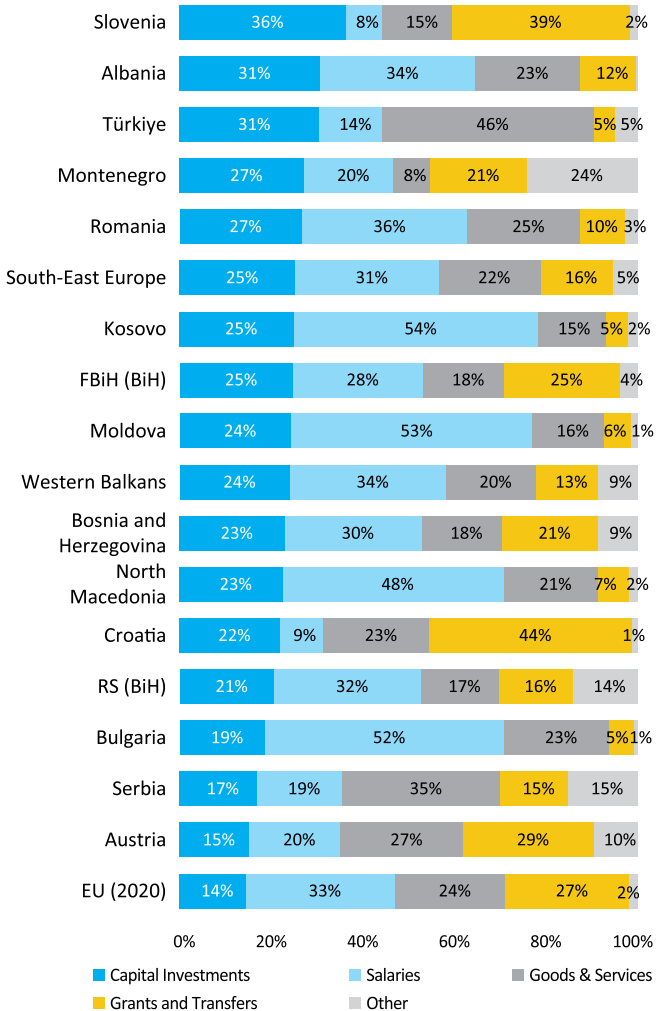


## The Structure of Local Government Expenditure

| 2021<br>in % of Total     | Capital<br>Investments | Salaries | Goods &<br>Services | Grants and<br>Transfers | Other |
|---------------------------|------------------------|----------|---------------------|-------------------------|-------|
| Albania                   | 30.7%                  | 34.0%    | 22.8%               | 12.2%                   | 0.4%  |
| Austria                   | 15.1%                  | 20.0%    | 26.8%               | 28.5%                   | 9.5%  |
| Bosnia and<br>Herzegovina | 23.0%                  | 29.9%    | 17.5%               | 21.0%                   | 8.6%  |
| FBiH (BiH)                | 24.9%                  | 28.3%    | 17.9%               | 25.2%                   | 3.9%  |
| RS (BiH)                  | 20.7%                  | 31.9%    | 17.2%               | 16.1%                   | 14.1% |
| Bulgaria                  | 18.7%                  | 52.1%    | 23.0%               | 5.4%                    | 0.8%  |
| Croatia                   | 22.0%                  | 9.4%     | 23.3%               | 44.1%                   | 1.2%  |
| Kosovo                    | 24.9%                  | 53.5%    | 14.8%               | 4.8%                    | 2.0%  |
| Moldova                   | 24.4%                  | 52.7%    | 15.5%               | 5.9%                    | 1.4%  |
| Montenegro                | 27.2%                  | 19.6%    | 8.0%                | 21.2%                   | 24.1% |
| North<br>Macedonia        | 22.5%                  | 48.2%    | 20.7%               | 6.6%                    | 1.9%  |
| Romania                   | 26.8%                  | 36.2%    | 24.5%               | 9.8%                    | 2.7%  |
| Serbia                    | 16.9%                  | 18.7%    | 34.5%               | 14.7%                   | 15.2% |
| Slovenia                  | 36.4%                  | 7.9%     | 15.3%               | 38.7%                   | 1.7%  |
| Türkiye                   | 30.6%                  | 13.6%    | 46.4%               | 4.5%                    | 4.9%  |
| Western<br>Balkans        | 24.2%                  | 34.0%    | 19.7%               | 13.4%                   | 8.7%  |
| South-East<br>Europe      | 25.3%                  | 31.3%    | 22.2%               | 15.7%                   | 5.4%  |
| EU (2020)                 | 14.5%                  | 32.5%    | 24.2%               | 26.9%                   | 1.8%  |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; OECD Subnational government structure and finance ([stats.oecd.org](http://stats.oecd.org)); The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

## Structure of Local Government Expenditure in South-East Europe, in % of Total

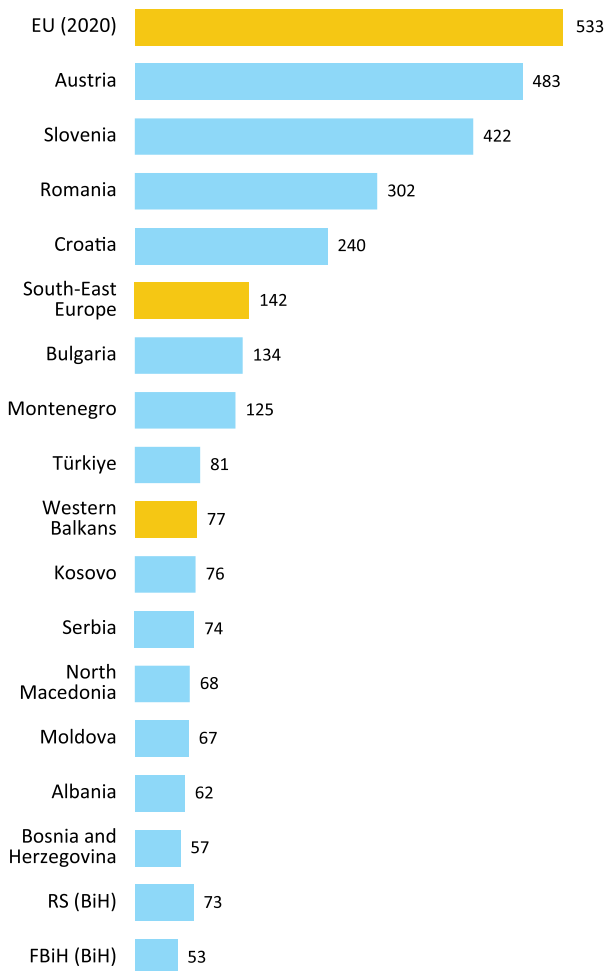


## The Structure of Local Government Expenditure

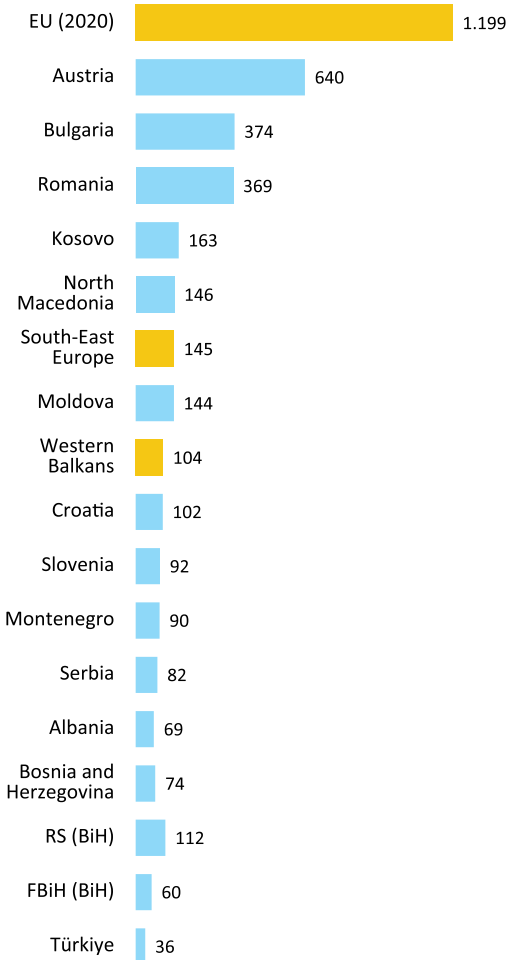
| 2021<br>in € per<br>capita | Capital<br>Investments | Salaries | Goods &<br>Services | Grants and<br>Transfers | Other |
|----------------------------|------------------------|----------|---------------------|-------------------------|-------|
| Albania                    | 62                     | 69       | 46                  | 25                      | 1     |
| Austria                    | 483                    | 640      | 855                 | 910                     | 305   |
| Bosnia and<br>Herzegovina  | 57                     | 74       | 43                  | 52                      | 21    |
| FBIH (BiH)                 | 53                     | 60       | 38                  | 54                      | 8     |
| RS (BiH)                   | 73                     | 112      | 60                  | 57                      | 50    |
| Bulgaria                   | 134                    | 374      | 165                 | 39                      | 6     |
| Croatia                    | 240                    | 102      | 255                 | 482                     | 13    |
| Kosovo                     | 76                     | 163      | 45                  | 15                      | 6     |
| Moldova                    | 67                     | 144      | 43                  | 16                      | 4     |
| Montenegro                 | 125                    | 90       | 37                  | 98                      | 111   |
| North<br>Macedonia         | 68                     | 146      | 63                  | 20                      | 6     |
| Romania                    | 302                    | 369      | 261                 | 121                     | 25    |
| Serbia                     | 74                     | 82       | 151                 | 65                      | 67    |
| Slovenia                   | 422                    | 92       | 177                 | 449                     | 20    |
| Türkiye                    | 81                     | 36       | 123                 | 12                      | 13    |
| Western<br>Balkans         | 77                     | 104      | 64                  | 46                      | 35    |
| South-East<br>Europe       | 142                    | 145      | 118                 | 116                     | 24    |
| EU (2020)                  | 533                    | 1.199    | 893                 | 993                     | 67    |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; OECD Subnational government structure and finance ([www.stats.oecd.org](http://www.stats.oecd.org)); The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

## Local Government Investments, in € per Capita, 2021



## Local Government Spending for Salaries, in € per Capita, 2021





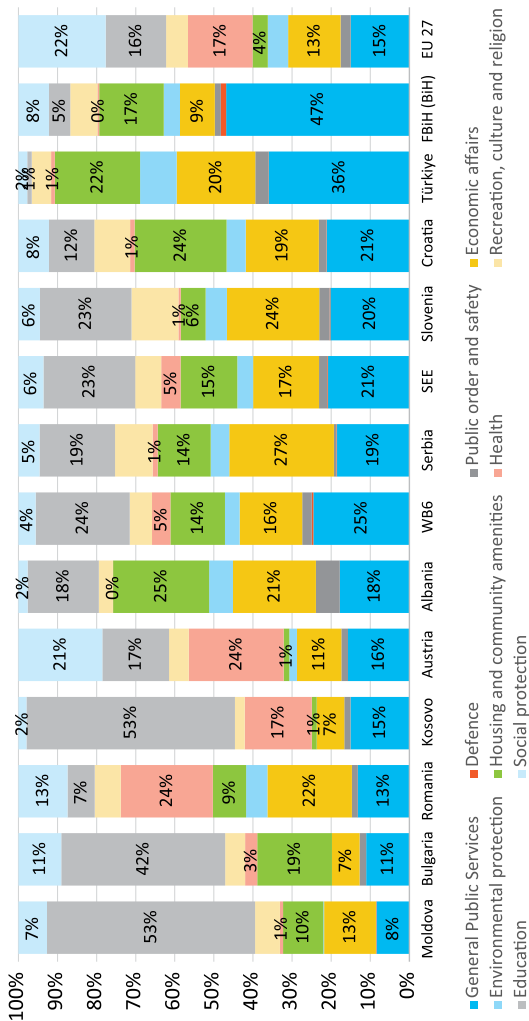
# The Structure of Local Government Expenditure, according to the COFOG classification

| 2021 in % of total | General Public Services | Defence | Public order and safety | Economic affairs | Environmental protection | Housing and community amenities | Health | Recreation, culture and religion | Education | Social protection |
|--------------------|-------------------------|---------|-------------------------|------------------|--------------------------|---------------------------------|--------|----------------------------------|-----------|-------------------|
| Albania            | 18%                     | 0%      | 6%                      | 21%              | 6%                       | 25%                             | 0%     | 4%                               | 18%       | 2%                |
| Austria            | 16%                     | 0%      | 2%                      | 11%              | 2%                       | 1%                              | 24%    | 5%                               | 17%       | 21%               |
| FBIH (BIH)         | 47%                     | 1%      | 2%                      | 9%               | 4%                       | 17%                             | 0%     | 7%                               | 5%        | 8%                |
| Bulgaria           | 11%                     | 0%      | 2%                      | 7%               | 0%                       | 19%                             | 3%     | 5%                               | 42%       | 11%               |
| Croatia            | 21%                     | 0%      | 2%                      | 19%              | 5%                       | 24%                             | 1%     | 9%                               | 12%       | 8%                |
| Kosovo             | 15%                     | 0%      | 2%                      | 7%               | 0%                       | 1%                              | 17%    | 2%                               | 53%       | 2%                |
| Moldova            | 8%                      | 0%      | 0%                      | 13%              | 0%                       | 10%                             | 1%     | 6%                               | 53%       | 7%                |
| Romania            | 13%                     | 0%      | 1%                      | 22%              | 5%                       | 9%                              | 24%    | 7%                               | 7%        | 13%               |
| Serbia             | 19%                     | 0%      | 1%                      | 27%              | 5%                       | 14%                             | 1%     | 10%                              | 19%       | 5%                |
| Slovenia           | 20%                     | 0%      | 3%                      | 24%              | 5%                       | 6%                              | 1%     | 12%                              | 23%       | 6%                |
| Türkiye            | 36%                     | 0%      | 3%                      | 20%              | 9%                       | 22%                             | 1%     | 5%                               | 1%        | 2%                |
| Western Balkans    | 25%                     | 0%      | 2%                      | 16%              | 4%                       | 14%                             | 5%     | 6%                               | 24%       | 4%                |
| South-East Europe  | 21%                     | 0%      | 2%                      | 17%              | 4%                       | 15%                             | 5%     | 7%                               | 23%       | 6%                |
| EU 27              | 15%                     | 0%      | 3%                      | 13%              | 5%                       | 4%                              | 17%    | 6%                               | 16%       | 22%               |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)); EUROSTAT; OECD Subnational government structure and finance ([www.stats.oecd.org](http://www.stats.oecd.org)); The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sing-wofi.org](http://www.sing-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

\*The data for Austria and Romania are retrieved from EUROSTAT's COFOG data series.

# Composition of Local Expenditure, according to the functions of government, in % of total

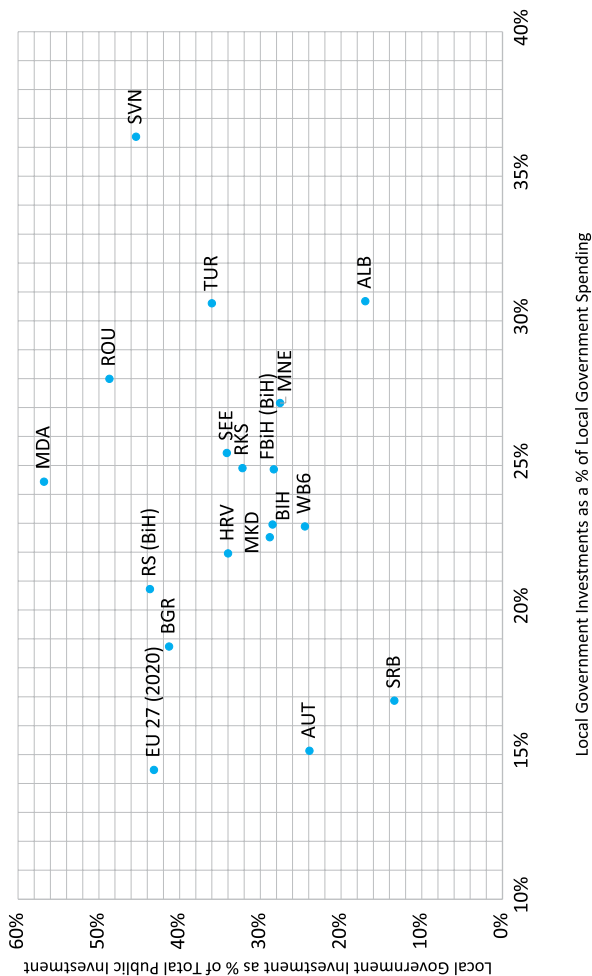


## Local Government Investments

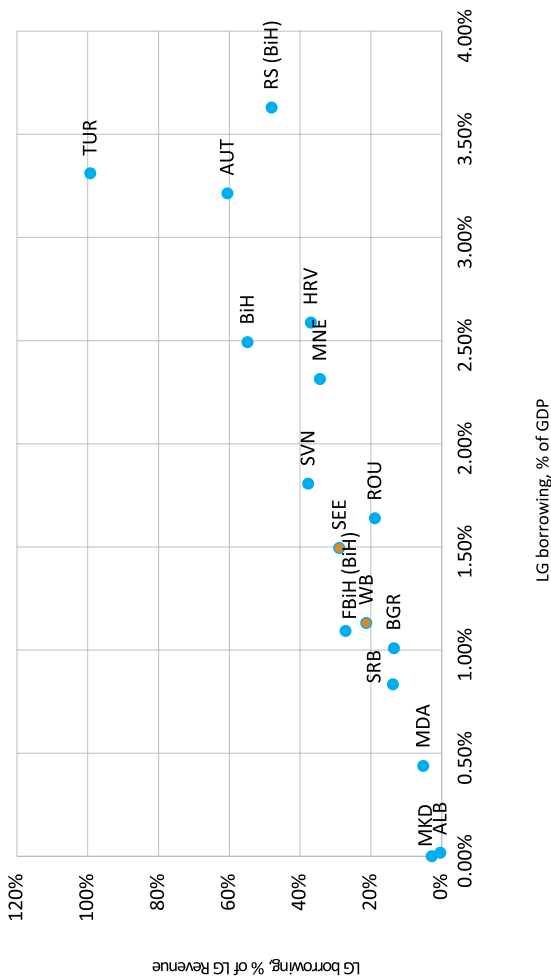
| 2021                   | in Million € | in € per capita | in % of GDP | % of Local Government Spending | % of Total Public Investment |
|------------------------|--------------|-----------------|-------------|--------------------------------|------------------------------|
| Albania                | 178          | 62              | 1.2%        | 31%                            | 17%                          |
| Austria                | 3.387        | 483             | 0.8%        | 15.1%                          | 23.9%                        |
| Bosnia and Herzegovina | 199          | 57              | 1.0%        | 23.0%                          | 28.5%                        |
| FBiH (BiH)             | 116          | 53              | 0.9%        | 24.9%                          | 28.3%                        |
| RS (BiH)               | 83           | 73              | 1.3%        | 20.7%                          | 43.7%                        |
| Bulgaria               | 919          | 134             | 1.4%        | 18.7%                          | 41.3%                        |
| Croatia                | 929          | 240             | 1.6%        | 22.0%                          | 34.0%                        |
| Kosovo                 | 135          | 76              | 2%          | 25%                            | 32%                          |
| North Macedonia        | 142          | 68              | 1.2%        | 22.5%                          | 28.8%                        |
| Moldova                | 238          | 67              | 2.1%        | 24.4%                          | 56.8%                        |
| Montenegro             | 78           | 125             | 1.6%        | 27.2%                          | 27.6%                        |
| Romania                | 5.863        | 302             | 2.4%        | 28.0%                          | 48.7%                        |
| Serbia                 | 532          | 74              | 1.0%        | 16.9%                          | 13.4%                        |
| Slovenia               | 889          | 422             | 1.7%        | 36.4%                          | 45.4%                        |
| Türkiye                | 6.881        | 81              | 1.0%        | 30.6%                          | 36.0%                        |
| Western Balkans        | 1.264        | 77              | 1.2%        | 22.9%                          | 24.5%                        |
| South-East Europe      | 16.982       | 142             | 1.5%        | 25.4%                          | 34.1%                        |
| EU 27 (2020)           | 209.045      | 533             | 1.4%        | 14.5%                          | 43.2%                        |

**Source:** NALAS member Local Government Associations, Institutes of Statistics and the Ministries of Finance of South-East Europe economies; Statistik Austria (Austrian municipalities without Vienna); NALAS Observatory on Decentralisation and Local Government ([www.nalas-observatory.eu](http://www.nalas-observatory.eu)) EUROSTAT; OECD Subnational government structure and finance ([www.stats.oecd.org](http://www.stats.oecd.org)); The World Observatory on Subnational Government Finance and Investment of the United Cities and Local Governments (UCLG) and the Organisation for Economic Cooperation and Development (OECD) ([www.sng-wofi.org](http://www.sng-wofi.org)); Council of European Municipalities and Regions (CEMR), Local Finances and the Green Transition ([www.localfinances-cemr.eu](http://www.localfinances-cemr.eu)).

# Local Government Investment in South East Europe, as % of Local Gov. Spending and Public Investments

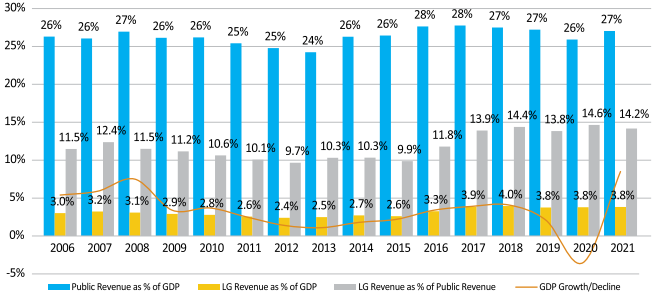


# Local government debt in South-East Europe, 2021

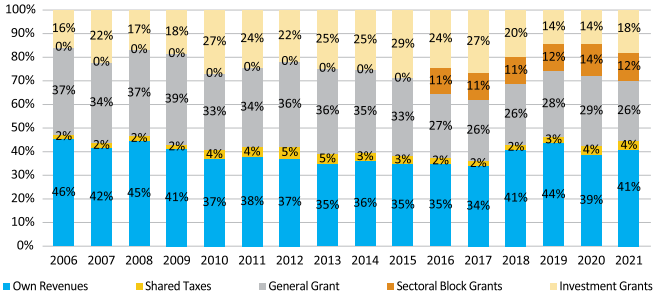




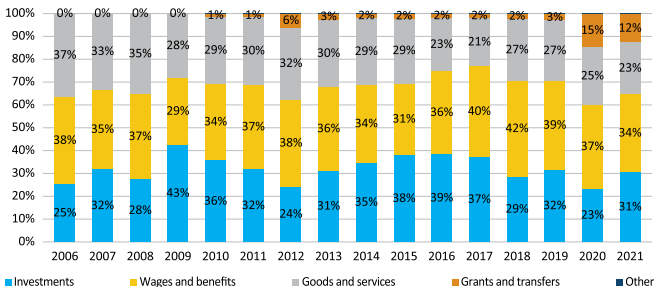
## Local Government Revenue and Total Public Revenue, 2006-2021



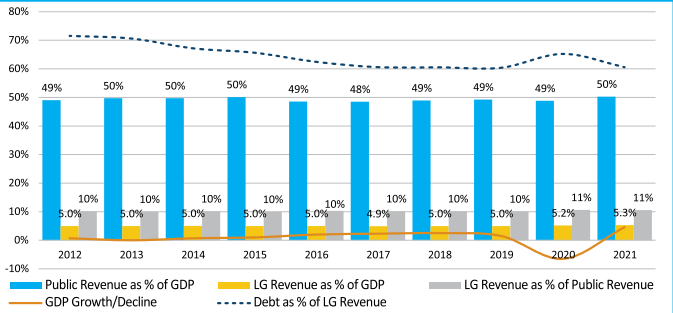
## Composition of Local Revenue, in percent of total



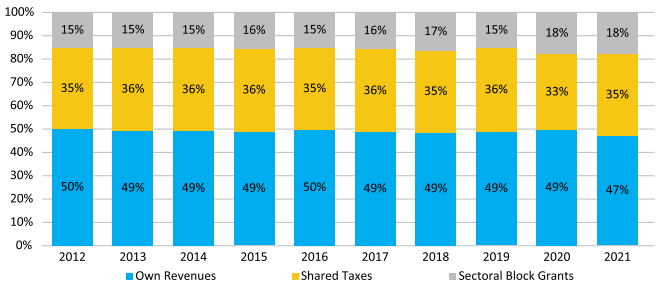
## Composition of Expenditure, in percent of total



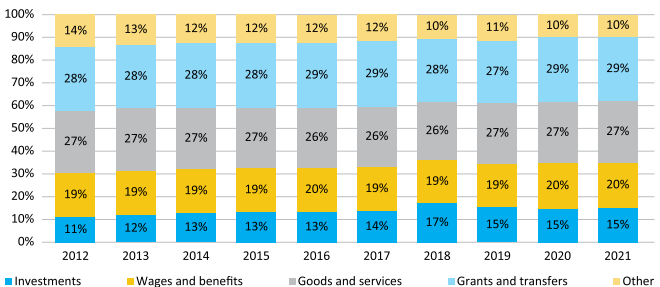
### Local Government Revenue and Total Public Revenue, 2012-2021



### Composition of Local Revenue, in percent of total

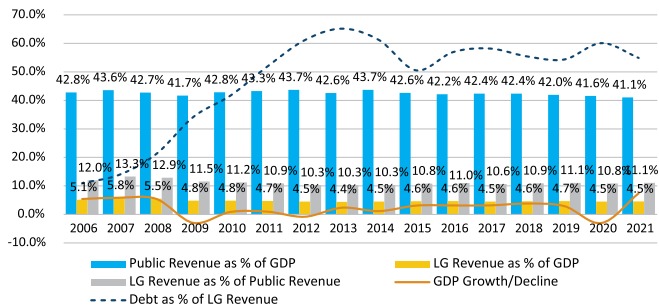


### Composition of Expenditure, in percent of total

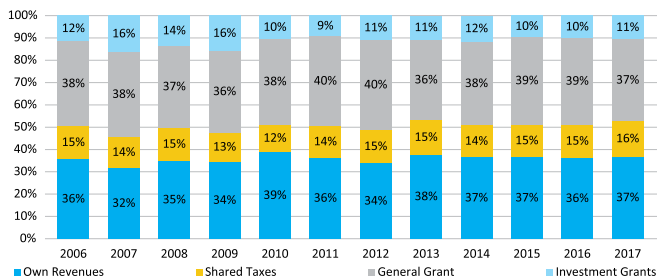




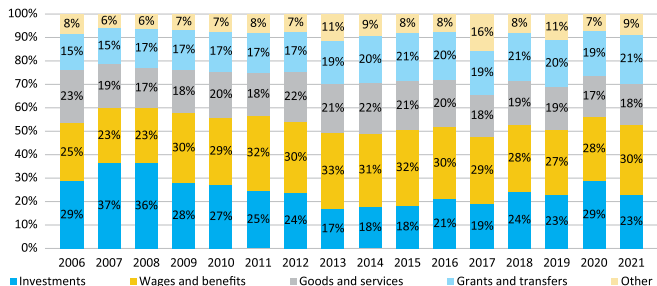
## Local Government Revenue and Total Public Revenue, 2006-2021



## Composition of Local Revenue, in percent of total

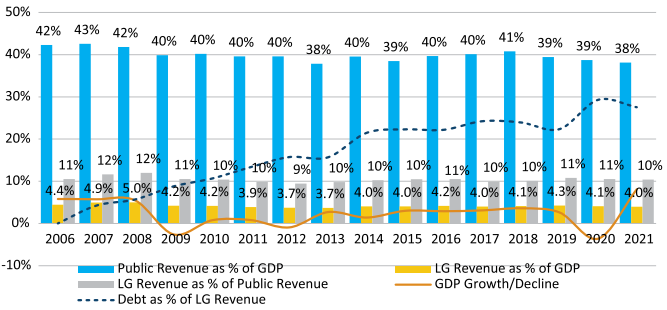


## Composition of Expenditure, in percent of total

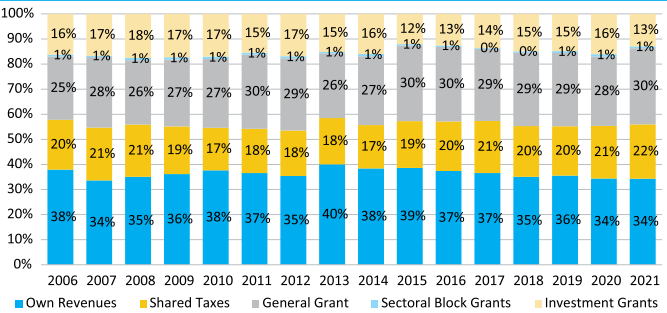




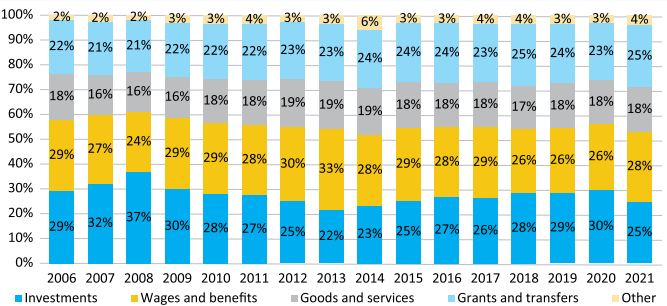
### Local Government Revenue and Total Public Revenue, 2006-2021



### Composition of Local Government Revenues, in percent of total

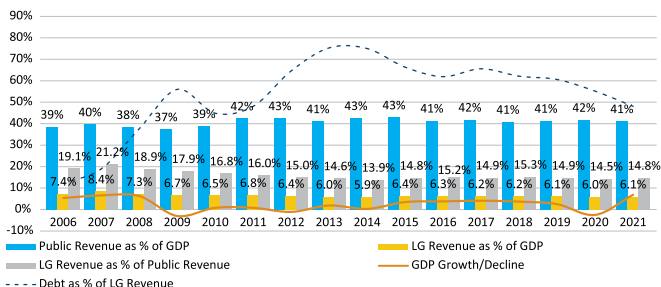


### Composition of Expenditure, in percent of total

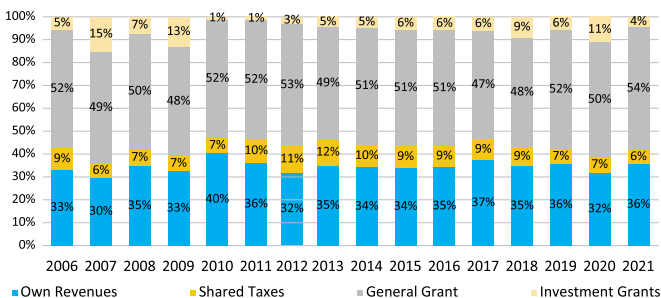




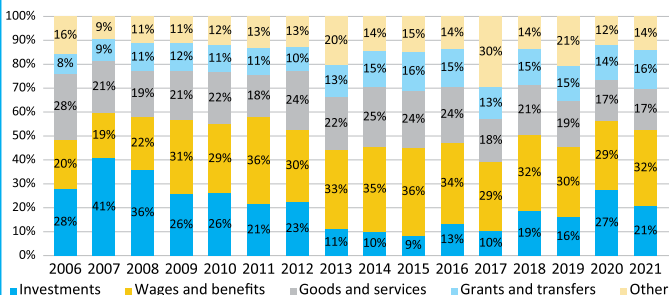
## Local Government Revenue and Total Public Revenue, 2006-2021



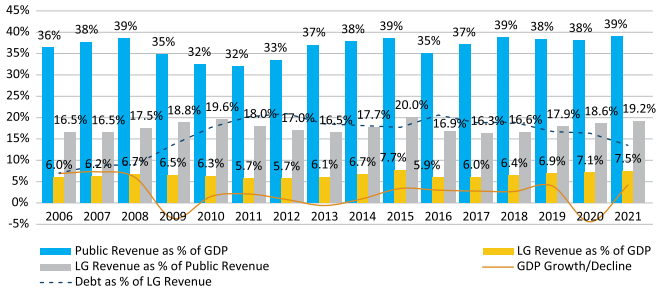
## Composition of Local Government Revenue, in percent of total



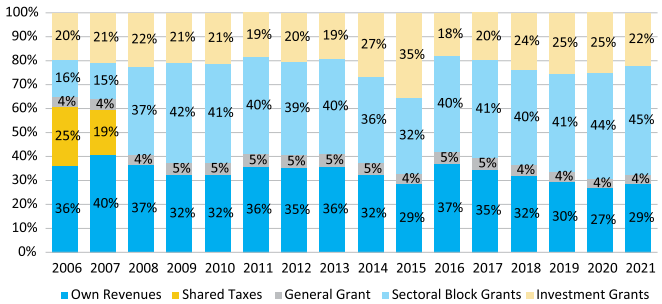
## Composition of Expenditure, in percent of total



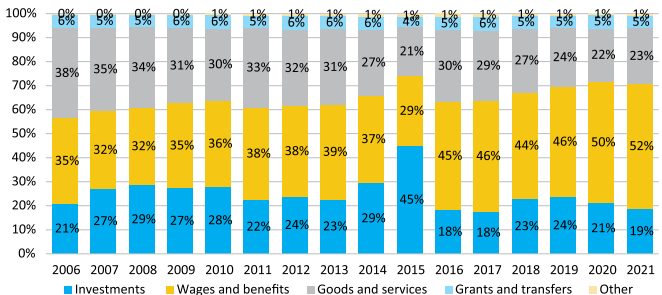
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## Composition of Local Government Revenues, in % of total

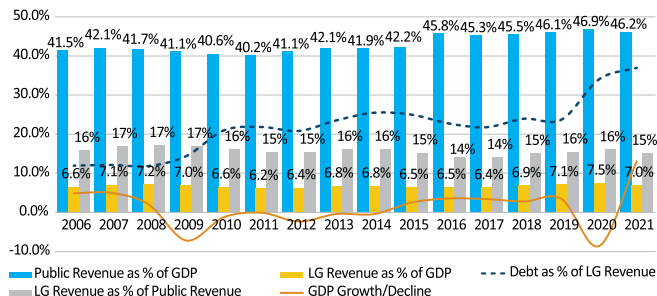


## Composition of Expenditure, in percent of total

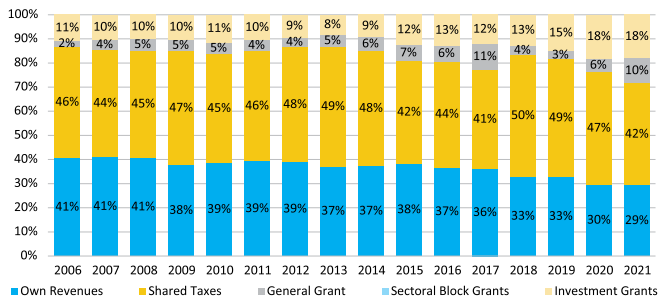




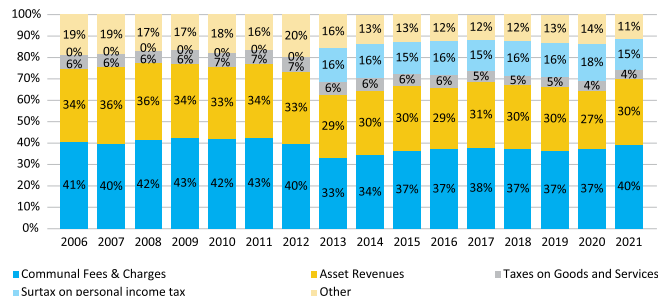
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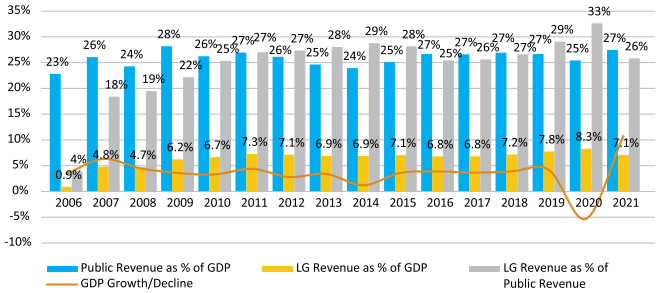
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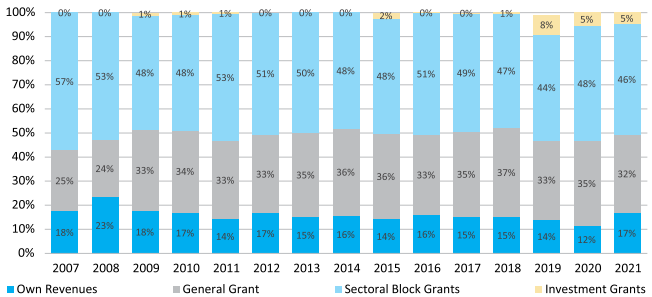
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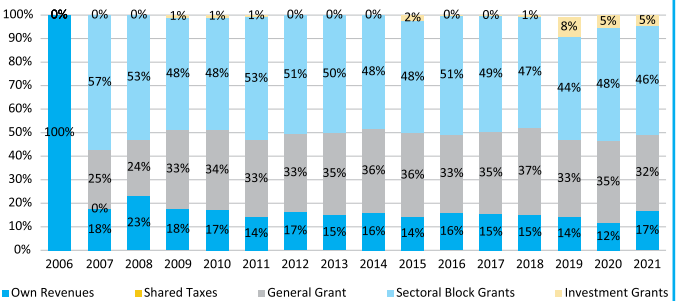
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## Composition of Local Government Revenues, in percent of total

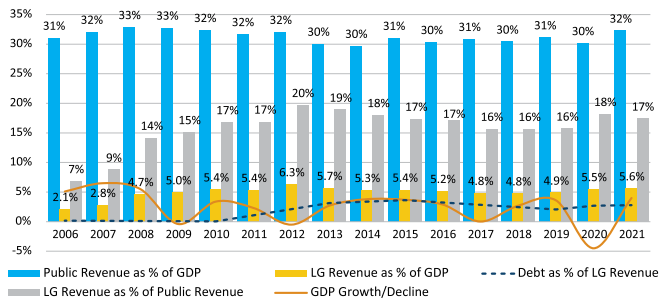


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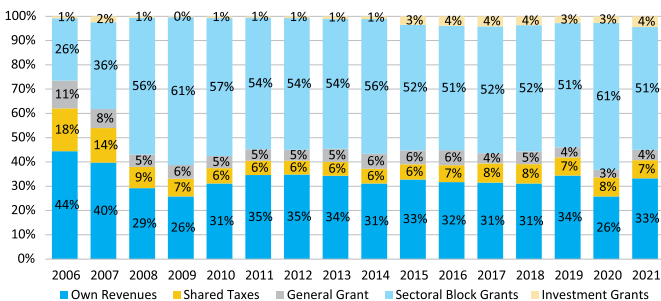




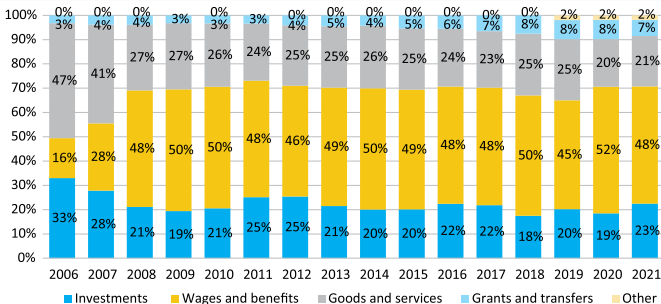
## Local Government Revenue and Total Public Revenue, 2006-2021



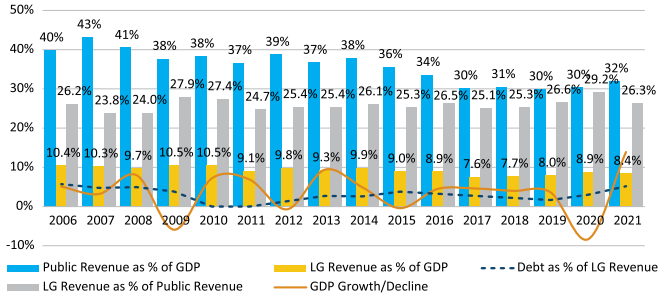
## Composition of Local Revenue, in percent of total



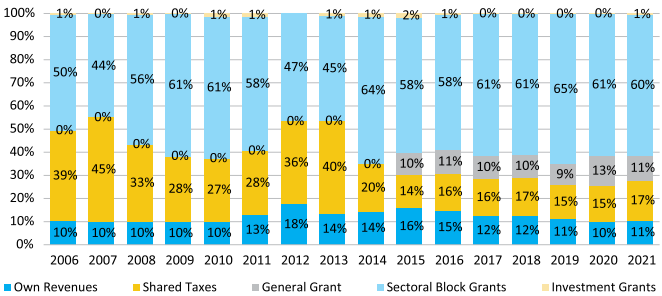
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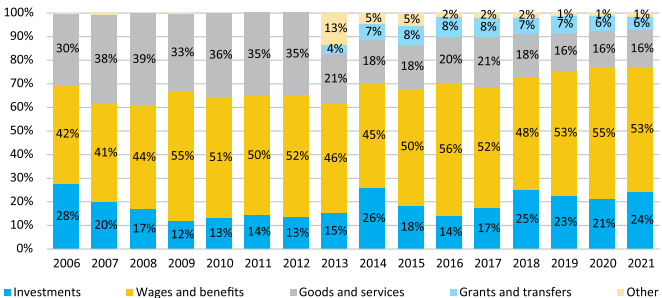
## Local Government Revenue and Total Public Revenue, 2006-2021



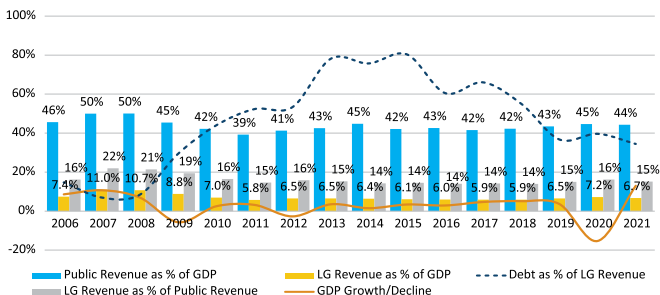
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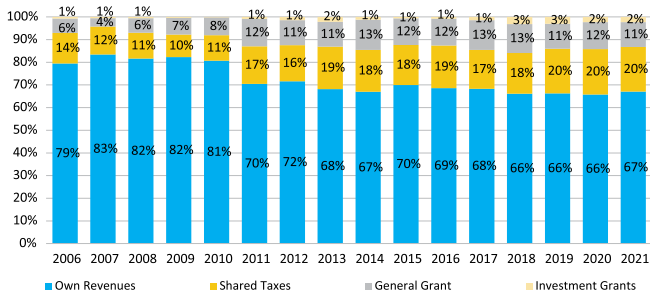
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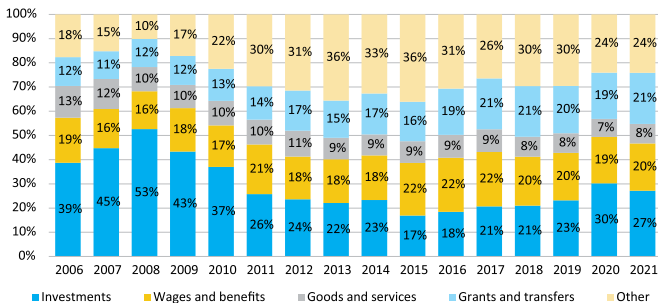
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## Composition of Local Revenue, in percent of total

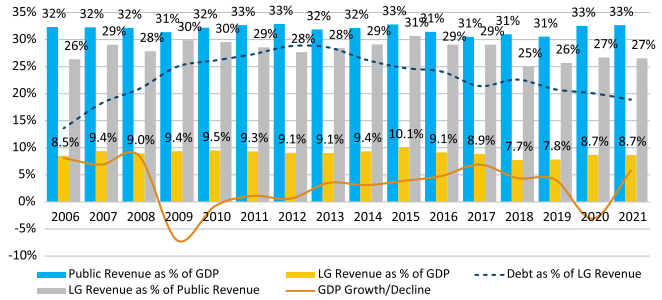


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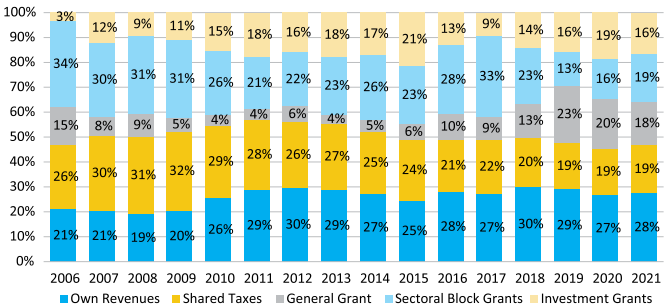




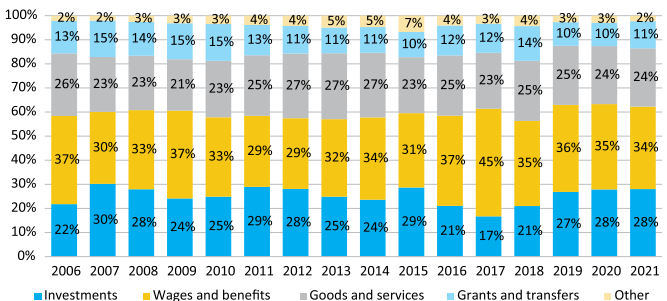
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### Composition of Local Revenue, in percent of total

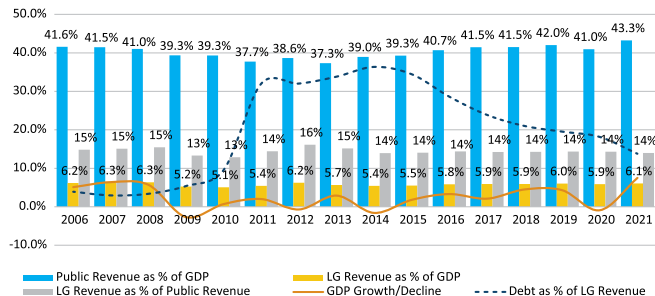


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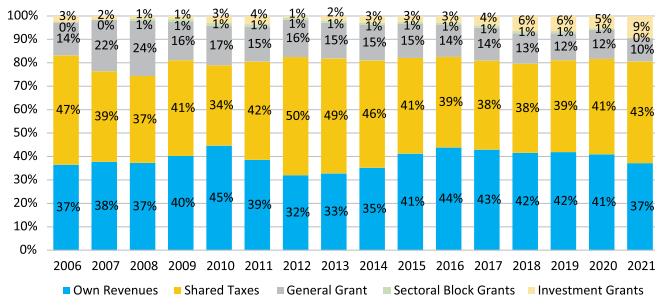




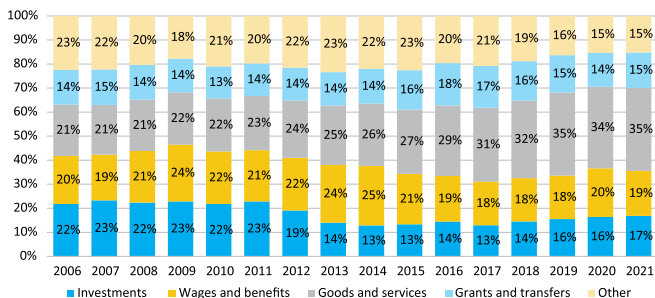
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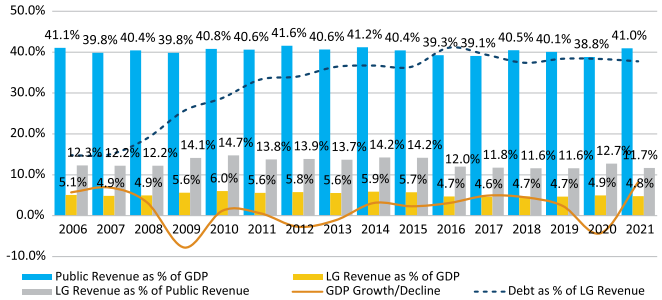
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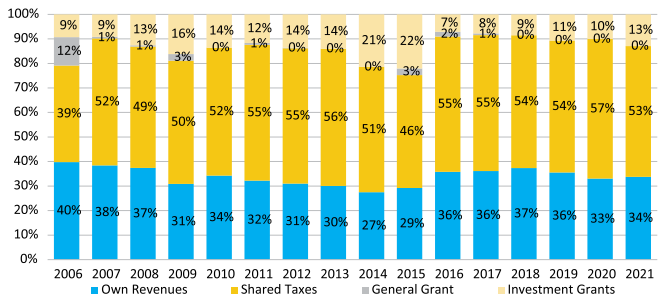
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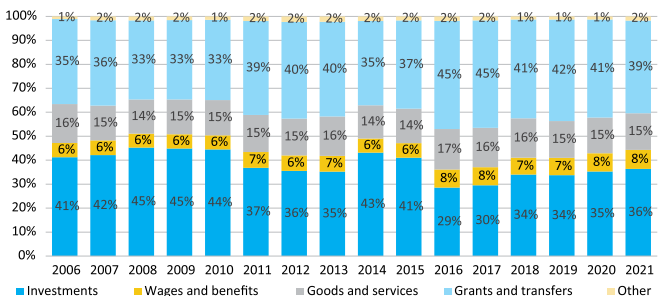
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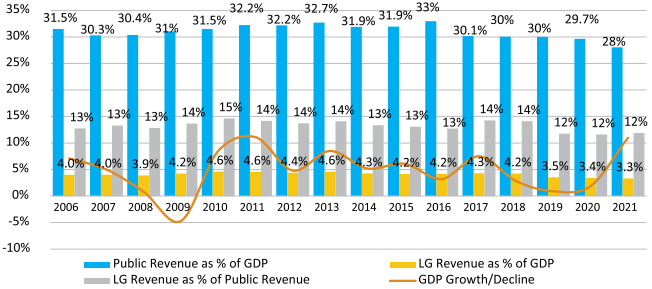


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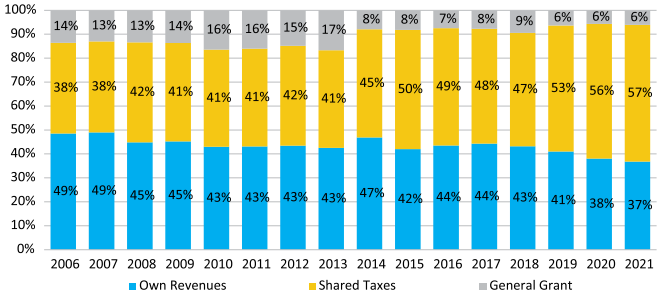




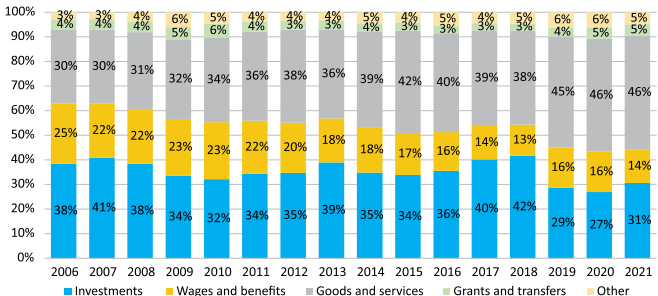
## Local Government Revenue and Total Public Revenue, 2006-2021



## Composition of Local Revenue, in percent of total



## Composition of Expenditure, in percent of total





## Data, Terms, and Methodological Issues

The data used in the report has been provided mainly by NALAS members and from the respective Ministries of Finance, Central Banks, Statistical Agencies of South-East European Economies. The data was checked for consistency and compared, where possible, with similar data from the OECD, CEMR and the UCLG and OECD World Observatory on Subnational Government Finance and Investment; Eurostat and other sources. For data which is beyond the scope of municipal finance (GDP, national budget surplus/deficit, public debt, population etc.), the primary data source is Eurostat and the World Economic Outlook of the International Monetary Fund and, if missing, - the national official sources.

Comparing intergovernmental finance systems however is never straightforward because of differences in how sub national governments are organized, regulated and financed. Differences in definition and level of transparency in the publication of local government finance data in South-East Europe also have implications in terms of comparability. The data published in this statistical brief reflects the NALAS methodology for the preparation of the NALAS Fiscal Decentralization Report, which creates a common framework for the process of data collection from the Local Government Associations.

**Levels of Government:** The report's primary object of analysis are first-tier local governments, meaning democratically elected municipal or communal authorities. They constitute the most important level of sub-national government in the region and in the report are collectively referred to as municipalities.

**What Municipal Governments Do:** Throughout SEE, municipalities and communes bear primary responsibility for maintaining and improving local public infrastructure. This includes local roads, bridges, and parks, as well as water supply and sewage treatment, garbage collection and disposal, public lighting, local public transport, and district heating. In a number of economies, however, local governments are responsible for delivering important social sector services, particularly in education, but also in some places, healthcare. The degree to which local governments are responsible for social sector services has a profound effect on their "fiscal weight" everywhere. It is thus important when reading this Statistical Brief to remember what social sector services local governments are providing in different economies.

**Important note:** The Eurostat data for the sub-national level in Croatia include the wages of schoolteachers and some others employed in local institutions even though the national government pays these wages. The data, provided by the LGAs, excludes them, which should be taken into account throughout the various financial data, ratios, charts and comparisons in the report.

**Population:** The use of correct and most recent population data is of crucial importance for all per capita indicators. There is a variety of sources that in many cases have different results i.e., the Census and Civil Registries data on populations. The initial focus on the census data had to be reassessed because of increasing time-gaps with the current situation, which cannot reflect the profound demographic changes. We prioritized the data sources for each economy in the following way:

- 👉 Primary source – EUROSTAT;
- 👉 National Statistics - census or most recent data if available, and
- 👉 Data used for the transfers systems – from the Local Government Associations





## Data, Terms, and Methodological Issues

**Gross Domestic Product (GDP):** We have used the GDP figures from EUROSTAT or calculated by the respective Ministries of Finance of each economy according to the production method. Where we converted GDP into EUR figures for comparative purposes, we have used the average annual exchange rates provided by the relevant Ministries of Finance and Central Banks.

**Consolidated Public Revenue of the General Government:** To compare the relative importance of local governments across settings we have generally used revenues - and not expenditures - as a share of the consolidated finances of the General Government. This is because: 1) data on revenues tends to be more consistent than data on expenditures at the subnational level, and 2) the revenue side has direct impact on the fiscal autonomy. By General Government Revenue, we mean the total revenues of the national government and its agencies, including the revenues of social, pension and health security public funds and those of subnational governments. For local governments we have excluded proceeds from borrowing.

**General Grants:** In most of SEE, local governments receive freely disposable (unconditional) General Grants from their central governments. In some places, the size of the relevant grant pools is legally pegged to some national macroeconomic indicators. Because these funds are allocated by formula, we consider them Grants, despite the fact that in some places they are popularly referred to as shared taxes. Unless otherwise indicated, we use the term Shared Taxes only for national taxes that are shared with local governments on an origin basis.

**Conditional and Block Grants:** Throughout SEE, local governments receive grants from higher level governments which they can only use for particular purposes. We refer to these as Conditional Grants. Grants that are designed to help local governments fund a particular function (such as primary education), but which they are free to spend across that function as they see fit, we refer to as Block Grants. In many places however, the “block” function of Block Grants is limited due to other centrally imposed constraints on local spending. In the extreme, some “Block Grants” (particularly for primary and secondary education) make local governments little more than paying agents of the national government.

**Shared Taxes:** In most of the region, local governments are entitled to shares of national taxes generated in their jurisdictions (origin-based tax sharing). The most important shared tax is usually the Personal Income Tax (PIT), which is also usually accounted for officially as a Shared Tax. The Property Transfer Tax is also often shared (100%) with local governments but is usually misclassified as an own-revenue. In a few places, the recurrent property tax is shared between levels of government and in Romania, a small fraction of the Corporate Income Tax is shared with regional governments. In Macedonia the state shares with the municipalities the central proceeds from VAT, state-owned agricultural land lease and concession payments.



## Data, Terms, and Methodological Issues

**Own-Source Revenues:** Own-revenues include locally imposed taxes; income from the sale or rental of municipal assets; fines, penalties, and interest; local user fees and charges; and fees for permits, licenses, and the issuance of official documents. Typically, the most important local tax is the Property Tax, though it is often not the single-largest source of own-revenue. Montenegrin and Croatian municipalities can impose local surcharges on PIT. In many places, the regulation of local fees and charges is weak, allowing local governments to use them as quasi-taxes. Particularly important in this respect are three fees inherited from the (Yugoslavian) past: the Land Development Fee, the Land Use Fee, and the Business Registration Fee (or Sign Tax). In most of the region however, the Land Development and Business Registration fees are being phased-out in the name of improving the local “business enabling environment”, while the Land Use Fee is being eliminated or constrained with the introduction or expansion of the Property Tax.

### Important note:

The local revenue data might be problematic because different places account for different revenues in different ways, and because in some places accounting classifications have changed over time. The classification of shared taxes is, maybe, the most misleading because of its substantial share of all local revenues. For example, in most places, only shared PIT is considered a Shared Tax, with shared Vehicle Registration and Property Transfer Taxes misclassified as Own-Revenues. In Turkey, some shared PIT revenues are accounted for as Unconditional Transfers while in Slovenia some Unconditional Transfers are accounted for as shared PIT. Meanwhile in Croatia, some of what is accounted for as shared PIT should be recorded as an own-source revenue because it comes from locally imposed surcharges on personal income and not just from the centrally set shares. Finally, in most places we cannot separate Conditional Grants for specific investments or programs from Block Grants for social sector functions.

### EU members in SEE

Measuring and evaluating the different aspects of decentralization is supposed to reflect exclusively the national efforts in this regard. The appropriate fiscal indicators should not be “contaminated” by external, non-domestic, factors. For economies that are members of the EU (Bulgaria, Croatia, Romania and Slovenia), one such factor are the EU funds which flow primarily to the local level. Ideally, the data we have from member Association would clearly identify these grants flows. But, unfortunately, this is often not the case, and in a number of economies EU grants are simply not included in the national data we have or, if included, not separated from the domestic revenues. As a result, for the economies that are EU members, there are differences in the data we have on subnational revenues and expenditures and those reported by the EU. In some economies, these differences (especially significant in 2015) amount to between 1 to 3% of GDP when local government revenues or expenditures are calculated as a share of GDP.

For other methodological questions please contact NALAS Secretariat at [info@nalas.eu](mailto:info@nalas.eu)



Network of Associations of  
Local Authorities of South-East Europe



third edition

# LOCAL GOVERNMENT FINANCE INDICATORS IN SOUTH-EAST EUROPE

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STATISTICAL BRIEF  
2023