



DEFICIT AND DEBT OF GENERAL GOVERNMENT SECTOR IN 2009

On the basis of final data of the National Statistical Institute (NSI) submitted and approved by the Eurostat with no reservations¹, the General Government Sector reported in 2009 government deficit of 3 210.7 million BGN or 4.7% of GDP. The main part of the budget deficit in 2009 is formed by the Central Government sub-sector – 2 789.4 million BGN. The Local Government reports deficit of 670.2 million BGN and the Social Security Funds generate surplus of 248.9 million BGN.

The final data of NSI for 2009 indicate that during the last year Bulgaria keeps a low level of government debt of 14.7% of GDP or 10057.2 million BGN. In 2009, 40.6% of GDP are redistributed as a form of general government expenditures (Table 1).

The statistical information of General Government Sector activity, including debt and deficit, is prepared on the basis of the harmonized EU methodology². According to Council Regulation (EC) No 479/2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, each Member State is obliged to submit to the Eurostat preliminary data on deficit and debt for the reporting year as of 31st March of the next year and the final data on deficit and debt as of 30th September of the next year (known as “notification tables”).

The final data may differ from the preliminary one due to additional information received in the period after the first announcement in April. For example, in Bulgaria, the trial balance sheets of the separate budget spending units, as well as the audit reports of the Bulgarian National Audit Office, being the main sources of primary data for calculation of the budget deficit, are prepared after 1st April. Due to lack of data on accrual basis from the trial balances for the previous year, when announcing the data in April estimations on receivables and payables from the previous period are used. In autumn, when the second data announcement is done, the available data from the trial balance sheets of budget spending units are used. The difference between preliminary and final data could be a result of changes in the methodology for calculation statistical indicators³.

The difference between preliminary and final data (-640.9 million BGN) is defined mainly as a result of introducing the time adjustment method of cash incomes when reporting taxes and social contributions in accordance with Regulation (EC) No 2516/2000 of the European Parliament and of the Council. Through this method, on the basis of linking the accrual tax and social security payables with the data on cash incomes by types of taxes and social contributions, estimates are made what part of the accrued for the

¹ The term “reservations” is defined in Art.15 (1) of Council Regulation (EC) No 479/2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community. Eurostat expresses its “reservations” when there is a doubt on the quality of the submitted data of the relevant country.

² The harmonized EC methodology is defined in the Manual of Government Deficit and Debt or General Government Sector and the European System of National Accounts (ESA'95) of Eurostat.

³ Detailed inventory on government deficit and debt calculation and total by sub-sectors is published on the NSI website, section “Government Finance Statistics”, point 2 “Government deficit/surplus and debt”, sub-section “Methodology”.



reporting year taxes and social contributions are paid as of the time of reporting. The difference of 86.7 million BGN between preliminary and final data on Government deficit is due to receiving final data from the annual reports on the activity of the state hospitals, while the rest are based on the trial balance sheets of the public institutions' activities, classified in General Government Sector.

Table 1

Indicators	2006	2007	2008	2009
GDP (million BGN)	51783	60185	69295	68537
Government deficit (-)/ surplus (+) (million BGN)	960.5	682.9	1148.8	-3210.7
Government deficit (-)/ surplus (+) (% of GDP)	1.9%	1.1%	1.7%	-4.7%
Government expenditures (% of GDP)	34.4%	39.7%	37.6%	40.6%
Government revenues (% of GDP)	36.2%	40.8%	39.3%	35.9%
Government debt (million BGN)	11189	10374	9497	10057
Government debt (% of GDP)	21.6%	17.2%	13.7%	14.7%



METODOLOGICAL NOTES

The General Government Sector consists of three sub-sectors: Central Government, Local Government and Social Security Funds. The Central Government reports the operations for implementation of the State Budget (central budget, ministries' budget, budget of the National Audit Office, Judiciary Authorities' budget) and the autonomous budgets of public universities, the Bulgarian Academy of Science, Bulgarian National Television, Bulgarian National Radio. The Local Government reports the operations for implementation of the municipalities' budgets. Social Security Funds sub-sector includes the National Social Security Institute, Teachers Pension Fund and National Health Insurance Fund. The Central Government Sector includes other units such as The Enterprise for Management of Environmental Activities (SEMEPA), National Investment Company, National Railway Infrastructure Company, Fund for Local Authorities and Government (FLAG) and hospitals with government ownership. The data sources for the above entities are their annual activity reports.