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Analysis

BULGARIA
Europe/M.East/Africa

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Pazardjik, City of

Background

The City of Pazardjik is located in southern Bulgaria, 120km south-east of the capital, Sofia, and 35km west of Plovdiv, the country's second largest city. It has 125,700 inhabitants, representing 1.6% of the Bulgarian population. Pazardjik was assigned Ba3 domestic and foreign currency issuer ratings by Moody's.

Economic Profile

A FRAGILE SOCIO-ECONOMIC PROFILE, WITH FURTHER SIGNIFICANT RESTRUCTURING LIKELY GOING FORWARDS

The city has recorded a 6% decrease in its population since 1992, a slightly lower decline than that experienced by the country as a whole, which has posted a 6.6% loss. Unemployment is high (11.4% in 2004), but is decreasing and remains below the national average (12.2%). In addition, Pazardjik's monthly average income, around US$150, is 85% of the national average. Although the services sector employs 53% of the local workforce, it remains under-developed by Central and Eastern European (CEE) standards. Industry continues to account for 37% of employment, with food processing and intermediary goods, such as machine-engineering, metal processing and electronics, constituting the leading segments of the local industrial sector.

We understand that the companies based in the city's major business zone are typically poorly performing and are currently using only around 25% of their production capacity; as a result, further restructuring is likely going forwards, leading to an increase in unemployment. However, the city is developing some key projects, such as three new business areas, a food 'stock market' and a canned-food processing factory, which should be fully operational by the end of 2006.

Moody's notes that, under the current institutional framework, local economic buoyancy has only a limited impact on municipalities' revenue growth (see further below). As a result, Pazardjik's economic environment does not play a major role in terms of the city's rating assessment, with the focus falling instead on the institutional framework. Nonetheless, we anticipate that, as the decentralisation trend accelerates and the framework provides local governments with increased revenue-raising capacity, the sizeable projects that will be developed by the City are likely to enhance its capacity to generate additional recurrent tax revenue.

Institutional Framework

DESPITE RECENT CHANGES, THE INSTITUTIONAL FRAMEWORK REMAINS LARGELY INADEQUATE — A KEY CREDIT WEAKNESS FOR PAZARDJIK

As has occurred in other countries in Central and Eastern Europe, the Bulgarian local government system has been undergoing major changes in recent years. Some progress has been achieved since 2002-2003 in improving the transparency of intergovernmental relations, which used to be of a particularly volatile and arbitrary nature. Notably, in contrast to the previous situation, the new system now leaves limited room for political bargaining[1] and provides local executives with a more transparent and somewhat more predictable environment, although visibility is restricted to one year in advance. Significantly, central government responsibilities that are implemented locally have been clarified and are adequately compensated for, in accordance with rigorous and widely accepted criteria. In addition, under the new system, an increase in local tax revenue (e.g. through a broadening of the tax base) would no longer be considered a negative criteria in the calculation of central transfers (i.e. would no longer lead to a reduction of state transfers), a positive development, in Moody's view.

However, we believe that the system continues to display an excessive degree of centralisation that weighs considerably on local governments' creditworthiness. Our key concerns relate to: (i) the extremely limited flexibility in terms of current expenditure, (ii) the near absence of independent tax-raising capacity, and (iii) the lack of incentives for local governments to create/promote local wealth, given that they retain only a small proportion of tax proceeds generated from the local economic environment. Local governments are able to generate independent additional revenue[2] from two sources only: (i) the sale of assets accumulated in the privatisation fund, and (ii) growth in the local tax bases and city charges, which ultimately has a limited impact, given that each individual item — with one exception — accounts for a marginal proportion of total revenue.

This situation remains detrimental to the creditworthiness of Bulgarian local governments for two reasons. Firstly, they have very limited capacity to adjust their financial management in the event of financial tensions. Secondly, their ability to incur or repay debt is limited unless they enjoy a significant stock of saleable assets, a non-recurrent source of income that may be rapidly depleted, which is the case with the City of Pazardjik, where the privatisation process is close to completion.

Stabilisation appears to be only a medium term prospect as there is no doubt that the system will continue to undergo adjustments in the forthcoming years, posing thus a challenge to medium-term planning and potentially presenting a threat of financial imbalance.

However, in the context of Bulgaria's accession to EU, long-term changes are likely to focus on a shift in the balance of relations between the central and local governments and on the promotion of local fiscal empowerment. In light of most cities' large investment requirements, Moody's believes it inevitable that the central government will seek to increase the capacity of regional and local governments to invest and, therefore, their ability to repay debt through an enhanced self-funding and revenue-raising capacity. We understand that, in the short to medium term, the central government aims to allow local governments to take control of the rates of municipal taxes (which accounted for 8% of Pazardjik's revenue over the 2003-2004 period). However, this reform has been pending for a few years now and requires a change in the constitution.

Financial Performance

DESPITE THE RECENT CHANGES, THE CITY'S CAPACITY TO INCREASE REVENUE REMAINS VERY LIMITED

Although the radical changes that were made to the Bulgarian local government financial framework in 2003 had the positive effect of clarifying the intergovernmental relationships, they also resulted in greater rigidity as regards local financial management. It should also be noted that the reforms make comparison with previous financial statements impossible; most financial ratios refer therefore to the 2003 and 2004 average.

Since 2003 the City of Pazardjik's accounts have been broken down into two key components: 60% of the budget relates to responsibilities that the city assumes on behalf of the central government (Part I), while 40% relates to municipal functions (Part II).

Part I of the budget is <u>fully</u> compensated for, in the form of earmarked state transfers that largely derive from personal income tax (PIT) revenue collected within the city's territory by the state. In cases where PIT proceeds are insuf-

1. *State transfers were previously based on annual and individual negotiations between the central government and each local government.*
2. *Local governments may obviously receive higher-than-expected state compensations, which has occurred several times.*

ficient, which is the case with Pazardjik, cities are entitled to receive additional grants, up to an amount that covers the costs incurred by central responsibilities carried out locally. PIT proceeds and additional compensation grants respectively account for 58% and 42% of Part I of the budget; the city has no control either on the PIT tax rate, tax base or the criteria governing the distribution of state revenue.

Furthermore, the system offers limited incentives to generate additional wealth locally: if local PIT proceeds were to exceed initial state forecasts, the city would only be able to retain 20% of the additional amount collected. However, it is worth noting that, based on this criterion, Pazardjik has received more PIT revenue than that allocated by the state in the initial budget draft over recent years, a surplus that has contributed to the increase in the city's balance carried forward. In other words, a surplus resulting from the over-implementation of Part I of the budget remains available for the following year and can be spent on Part II of the budget.

Municipal functions (Part II, or 40% of the total budget) were covered over the 2003-2004 period by 'own revenue' (76% of Part II), additional dedicated state transfers (23%) and borrowing (1%). Legally, the city is free to raise the rates of all non-tax revenue, i.e. rents, fees and municipal charges. However, any additional financial pressure is in practice constrained by the modest income level of the population, while this would have only a marginal impact on municipal finances given the small weighting of each individual item within the revenue structure (with the exception of the waste collection fee — see below).

The city's 'own revenue' consists predominantly of the following items:

- 'Municipal taxes' (20% of Part II of the budget[3]): these are established by law and the city has no flexibility to alter the rates (although this may change in future years).
- 'Rents and sales of services' (7%): in 2005 the city has increased municipal service rates by 15%; no further increase is likely to take place in the medium term, as in the case of rents.
- 'Fees'[4] (37%): a recent law has lifted the existing constraints on fees, as a result of which local governments are allowed not only to cover 100% of the costs relating to the supply of local public services (such as garbage collection, kindergartens) but also to release profits. In the case of Pazardjik, the waste collection fee covers about 87% of the related costs, and no further increase seems politically possible in the near future; going forward the waste collection fee will likely grow in line with the population trend.
- Sales of assets (9%): the privatisation process in Pazardjik was launched in 1992 and about 90% of the initial stock of assets (principally buildings and land[5]) has now been sold. The city aims to stabilise its ownership and to complete the privatisation process within the next few years; in the meantime, substantial land reserves are likely to be put on the market, satisfying foreign demand for agricultural land.

In addition, the city has a privatisation fund, the proceeds of which are dedicated either to investments and or to debt repayment. In 2004, for instance, the city tapped the privatisation fund to cover part of the main budget debt service and to accelerate the repayment of its BGN652,904 loan. To cover any cash shortage, the city is also allowed to borrow from the fund provided it is replenished within one year. Given that the privatisation process is almost completed, the city expects this fund, which is currently balanced, to become idle beyond 2005.

Figure 1: Revenue and expenses of the privatisation fund

BGN (thousands)	2005 budget	2004	2003
Revenue from privatisation	731.2	847.9	1,121.5
Additional capex funded out of the privatisation fund	681.2	497.6	1,120.2
(Inv. from main budget)	(8,7448.5)	(1,370.9)	(1,698.6)
Debt service funded out of the privatisation fund	0	285	0

Going forward, in Moody's view, the city's independent capacity to retain locally generated revenue and determine local tax pressure will remain limited. However, some additional revenue is expected in the short term from improvements in tax collection[6] and from land privatisation. In the medium to long term, the completion of the new economic zones and other key projects should boost the local economy and help reduce unemployment, thus ultimately contributing to a broadening of Pazardjik's tax base.

3. *8% of the total budget*
4. *This includes fees for administrative services and documents (building permits etc.) but also the waste collection fee, the single largest item of the budget accounting for 27% of Part II of the budget.*
5. *The proceeds of the sale of stocks and companies are paid into the privatisation fund.*
6. *On the one hand, the state is implementing various measures aimed at fighting tax evasion whilst, on the other hand, the city has started collecting municipal taxes from 1-1-2005, and will more systematically chase up any residents who have so far avoided taxes — e.g. houses built without a permit.*

Nonetheless, until (i) the living standards of the population improve and enable local governments to raise tax pressure significantly, and (ii) the institutional framework allows local governments to retain a larger proportion of PIT or endows them with additional independent taxation capacity, growth in Pazardjik's revenue will largely rely on the central government's willingness to share GDP buoyancy in the form of extra compensation payments to local governments, as is currently the case.

LIMITED FLEXIBILITY ON THE EXPENDITURE SIDE OF THE BUDGET

While 60% of Pazardjik's expenditure is tied to central government functions and offers no leeway, the remaining part consists of current (28%) and capital expenditure (12%) that is directly linked to the city's own responsibilities (Part II of the budget, or 40% of the total). Amongst 'municipal-related expenses', staff costs[7] (12% of expenditure on a 2003-2004 average) offer no flexibility as (i) they are strictly dependent on national scales, standards and wage increases defined by the state and (ii) they are already low, with an average staff salary of around €140 a month.

Similarly, transfers — 65% of expenditure on average over the same period — offer limited leeway, with more than 50% relating to compulsory tasks (i.e. healthcare, social services, education or contractual expenses such as the waste collection charge paid by the city to the service provider). According to Pazardjik's estimates, its flexibility to reduce expenditure in 2005 is limited to a small number of transfer items, equivalent to around BGN650 million, or about 3.2% of municipal expenses. Flexibility to delay expenses relates to capital expenditure (12% of Part II of the budget), although the urgent need to upgrade the city's infrastructure or create new business facilities (a large proportion of the BGN5 million loan taken out in 2004, discussed further below, is dedicated to the three new business areas) in practice reduces such ability.

As already outlined, Pazardjik also funds expenses out of the privatisation fund, at an annual average of BGN770,000, although this source of revenue will gradually dry up as the privatisation process is coming to an end. However, in the event of need, the city could divert part of this fund to capital repayment.

Going forward, Moody's expects the city to face growing pressure on current expenditure, as a result of (i) the rapid rise in the costs of services and utilities, (ii) unavoidable increases in staff salaries, and (iii) a high unemployment rate, which may require the city to increase benefit payments. In contrast to trends observed in other CEE countries, demand for an expanded supply and/or higher-quality provision of services is not strong in the case of Pazardjik and is not expected to become a growth driver in the short to medium term. Finally, Moody's notes that the city has no medium-term financial/capex plan — a credit weakness that is partly attributable to the institutional framework, which considerably limits not only the RLG's capacity to plan but also the relevance of any such planning.

IMPROVING FINANCIAL PERFORMANCES REFLECTED IN INCREASING BALANCES CARRIED FORWARD AND CLEARANCE OF ALL PAYABLES BY END OF 2004

In common with other Bulgarian local governments, Pazardjik presents its accounts in cash. This means that (i) the surplus or deficit for any specific year reflects the cash available on the entity's bank account, and (ii) this surplus or deficit is carried forward and must be viewed in conjunction with the payables (net of receivables) that remain outstanding at the end of each year.

The tables below point to an improvement in the city's financial position, reflected in increasing final results (A) and the city's ability to settle all payables (D) by the end of 2004.[8] Once payables are taken into account, the net final results (E) also show positive and increasing balances. These results are mainly attributable to (i) the over-implementation of state-related revenue, in the form of additional compensation payments that the state was able to redistribute to Pazardjik as well as, to some extent, over-performance of the PIT, and (ii) the under-implementation of municipal-related expenditure, in the form of delayed capital expenses. It should be noted that, over the past two years, municipal own revenue has under-performed.

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7. Staff costs include salaries, pensions and social security contributions.

8. We should note that the typical breakdown into current and capital accounts that allows Moody's to assess the operating performances of a sub-sovereign entity is not particularly relevant in the case of Pazardjik. According to the Bulgarian financial framework, all municipal revenues are accounted for in the operating section (with the exception of some specific state capital transfers strictly dedicated to capex funding), thus artificially inflating the operating balances. Over the period, operating balances were therefore largely positive, mostly because there is no clear-cut distinction between current and capital revenue but also as the result of the near absence of debt.

Figure 2: Cash balances

BGN (thousands)	2004	2003	2002
Total Revenue	32,882	26,627	30,558.1
Total Expenditure	29,050.5	26,369.4	29,929.5
Final Result: A	**3,831.5**	**257.6**	**628.6**
Start-of-year cash balance: B	1,608.4	1,350.8	722.2
End-of-year cash balance: C = A+B	**5,439.9**	**1,608.4**	**1,350.8**

Figure 3: Change in end-of-year stock of payables and net financial result

BGN (thousands)	2004	2003	2002	2001
Payables as of 31 Dec: D	78.9	1,029.3	899.8	849.2
Net final result E = C - D	**5,361**	**579.1**	**451**	

Debt and Cash Management

LIMITED, ALBEIT RAPIDLY INCREASING, DEBT BURDEN — TO BE VIEWED IN CONTEXT OF THE CITY'S CONSTRAINED REPAYMENT CAPACITY

The City of Pazardjik's debt and debt burden both remained at very low levels until 2005. If we adjust the city's accounts for the resources that are effectively available to repay debt, i.e. Part II of the budget and the privatisation fund, debt's weighting on the city's finances is as shown in Figure 4 below.

Figure 4: Debt-to-Revenue Highlights

BGN (thousands)	2005	2004	2003
Revenue: Part II + priv. fund	11,939	14,671	11,247
Stock of debt (inc. short-term)	4,583.3	419.8	560.1
Debt service*	496.7	599.5	471.3
Debt service*/Revenue	**4.2%**	**4.1%**	**4.2%**
Stock/Revenue	**38.4%**	**2.9%**	**5%**

** Debt service includes interest and principal repayments paid out of the main budget AND out of the privatisation fund. The data displayed in this table differs therefore from that of Moody's spreads, which only include interest costs and principal repayment covered by the main budget (Parts I and II).*

Prior to 2005 Pazardjik's debt consisted in (i) rolled-over short-term loans and (ii) a BGN652,904 bank loan taken on in 2002 to fund street lighting. This loan was fully repaid by 2004 (instead of 2005, as initially planned), partly out of the main budget and partly out of the privatisation fund.

In 2004, the city took out a BGN5 million loan, of which only BGN419,000 was raised in the same year. The bulk of this loan will be raised in the course of 2005 in order to fund some infrastructure projects and the business zones. This loan has a five-year maturity and is redeemable in equal BGN1 million instalments. Over the next five years, annual debt service will therefore amount to an average of BGN1.2 million, or 10% of the current available source of revenue.[9]

Given that the city's capacity to reduce expenditure is very limited and that prospects for releasing privatisation proceeds will narrow in the future, Pazardjik's ability to stay current on its debt will rely chiefly on additional state transfers and, to a limited extent, on the city's broadening tax base (and the consequent impact on PIT proceeds).

Finally, we note that the bank that granted the loan to the city also acts as its treasurer. According to the loan agreement, if the city were to decide to shift to another treasurer, this would be considered an event of default and the loan would either become entirely redeemable or the interest rate would increase by 2%.

9. *Considered as the 2003-2005 average of Part II of the budget + proceeds from the privatisation fund.*

The cash balance, which corresponds to the balance carried forward (see above), has been both positive and increasing over recent years, with the city's occasional cash shortage being amply covered by short-term borrowing from the privatisation fund. Consequently, the city has had no bank lines or overdraft facilities since 2001.

The city is the 100% shareholder of four companies, one of which, the trolleybus company, represents a major uncontrolled risk. While fares/advertising proceeds and state compensations respectively cover 59% and 17% of the costs, the city's subsidies absorb 14% of the costs and about 10% of the annual deficit remains uncovered. The company appears to be uncompetitive and has structurally accumulated deficits without the city's executive being willing to take adequate sanitising measures.

The city is also involved in four other companies, which are either profitable or very unlikely to incur potential risks for the city.

Related Research

Analyses:

Brno, City of, August 2005 (94007)
Poznan, City of, May 2005 (92586)
Prague, City of, July 2004 (88145)
Zagreb, City of, February 2004 (81179)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Pazardjik, City of

New BGN millions		2002 realized	%	2003 realized	%	2004 realized	%	2005 Budget	%
FINANCIAL INDICATORS									
REVENUES									
Taxes		**2,398**	***8.0***	**2,395**	***9.0***	**2,266**	***7.0***	**1,819**	***6.7***
	State taxes	444	*1.5*	0	*0.0*	0	*0.0*	0	*0.0*
	Own municipal resources	1,955	*6.5*	2,395	*9.0*	2,266	*7.0*	1,819	*6.7*
Intergovernmental revenues		**17,591**	***58.8***	**16,957**	***63.7***	**20,914**	***64.4***	**17,804**	***65.3***
	State transfers (PIT)	7,572	*25.3*	9,513	*35.7*	10,805	*33.3*	11,059	*40.5*
	Additional state transfers	1,280	*4.3*	1,307	*4.9*	1,454	*4.5*	0	*0.0*
	Subsidies for state activity	6,298	*21.1*	5,986	*22.5*	6,693	*20.6*	4,828	*17.7*
	Subsidies for municipal activities	2,440	*8.2*	152	*0.6*	1,961	*6.0*	1,239	*4.5*
	Compensations of income from travel tax	0	*0.0*	0	*0.0*	0	*0.0*	678	*2.5*
Other		**9,916**	***33.2***	**7,275**	***27.3***	**9,282**	***28.6***	**7,653**	***28.1***
	Municipal Fees	3,517	*11.8*	4,156	*15.6*	4,787	*14.7*	4,710	*17.3*
	Revenues and income from property	757	*2.5*	678	*2.5*	901	*2.8*	918	*3.4*
	Fines & penalties	456	*1.5*	197	*0.7*	212	*0.7*	230	*0.8*
	Sale of state & municipal property	1,270	*4.2*	1,164	*4.4*	975	*3.0*	1,120	*4.1*
	Other	559	*1.9*	289	*1.1*	95	*0.3*	156	*0.6*
	Capital revenues	3,357	*11.2*	792	*3.0*	2,312	*7.1*	519	*1.9*
Total revenues		**29,905**	***100.0***	**26,627**	***100.0***	**32,462**	***100.0***	**27,275**	***100.0***
of which	Operating	25,279	*84.5*	24,672	*92.7*	29,175	*89.9*	25,636	*94.0*
	Capital	4,627	*15.5*	1,955	*7.3*	3,288	*10.1*	1,639	*6.0*
EXPENSES									
General expenses		**25,844**	***86.9***	**24,300**	***93.2***	**27,366**	***95.2***	**28,050**	***76.1***
	Staff related expenses	10,868	*36.6*	12,242	*46.9*	13,365	*46.5*	13,437	*36.4*
	Transfers	14,023	*47.2*	9,135	*35.0*	12,141	*42.2*	13,220	*35.8*
	Other	952	*3.2*	2,923	*11.2*	1,860	*6.5*	1,393	*3.8*
Interest expenses		**22**	***0.1***	**79**	***0.3***	**22**	***0.1***	**80**	***0.2***
Capital Expenses		**3,857**	***13.0***	**1,699**	***6.5***	**1,371**	***4.8***	**8,748**	***23.7***
Total expenses		**29,723**	***100.0***	**26,078**	***100.0***	**28,759**	***100.0***	**36,878**	***100.0***
of which	Operating	25,866	*87.0*	24,379	*93.5*	27,388	*95.2*	28,130	*76.3*
	Capital	3,857	*13.0*	1,699	*6.5*	1,371	*4.8*	8,748	*23.7*
FINANCING DEFICIT/SURPLUS		**183**		**550**		**3,704**		**-9,603**	
SUMMARY ITEMS									
Primary operating balance		-565		372		1,809		-2,414	
Gross operating balance		-587		293		1,787		-2,494	
Net operating balance		-794		1		1,495		-2,911	

Pazardjik, City of

New BGN millions		2002 realized	%	2003 realized	%	2004 realized	%	2005 Budget	%
DEBT INDICATORS									
Financing surplus/deficit		183		550		3,704		-9,603	
DEBT MOVEMENTS									
Gross new borrowings		653		0		420		4,580	
Debt repayment		207		292		292		417	
	Mandatory	207		292		292		417	
	Early	0		0		0		0	
Change in debt		446		-292		128		4,164	
TOTAL BUDGET BALANCE		**629**		**258**		**3,831**		**-5,440**	
DEBT STOCK									
Direct debt		753		560		420		4,583	
	Short-term	100		100		—		—	
	Long-term	653		460		420		4,583	
Guaranteed debt		0		0		0		0	
	Self-supporting entities	0		0		0		0	
Total debt		**753**		**560**		**420**		**4,583**	
DEBT SERVICE									
Gross new borrowings		22		79		22		80	
Debt repayment		207		292		292		417	
Total debt service		229		371		314		497	

Pazardjik, City of

	2002 realized	2003 realized	2004 realized	2005 Budget
KEY RATIOS AND INDICATORS				
TOTAL ACCOUNTS				
Total revenue growth rate [1] (%)	46.25	-10.96	21.91	-15.98
Total expense growth rate [2] (%)	31.48	-12.26	10.28	28.23
Total revenues per capita (New BGN)	233,817	204,565	249,393	209,544
Total expenses per capita (New BGN)	232,390	200,342	220,940	283,321
Total tax revenues/ total revenues (%)	8.02	9.00	6.98	6.67
Total intergovernmental revenues/total revenues (%)	58.82	63.68	64.42	65.27
Total transfers/total expenses (%)	47.18	35.03	42.22	35.85
Financing deficit/surplus as % of total revenues (%)	0.61	2.06	11.41	-35.21
OPERATING ACCOUNTS				
Operating revenues/total revenues (%)	84.53	92.66	89.87	93.99
Operating expenses/total expenses (%)	87.02	93.49	95.23	76.28
Tax revenues/operating revenues (%)	9.49	9.71	7.77	7.09
Intergovernmental revenues (operations related) /operating revenues (%)	—	—	—	—
Fees/operating revenues (%)	13.91	16.84	16.41	18.37
Transfers (op. related)/operating expenses (%)	—	—	—	—
Primary operating balance/operating revenues (%)	-2.24	1.51	6.20	-9.42
Gross operating balance/operating revenues (%)	-2.32	1.19	6.12	-9.73
Net operating balance/operating revenues (%)	-3.14	0.00	5.12	-11.35
Financing (deficit/surplus)/operating revenues (%)	0.72	2.23	12.69	-37.46
Tax revenues/operating expenses (%)	9.27	9.83	8.28	6.46
CAPITAL ACCOUNTS				
Capital revenues/total revenues (%)	15.47	7.34	10.13	6.01
Capital expenses/total expenses (%)	12.98	6.51	4.77	23.72
Intergovernmental revenues (capital related)/capital revenues (%)	—	—	—	—
Net operating balance/capital expenses (%)	-20.58	0.06	109.04	-33.27

Pazardjik, City of

	2002 realized	2003 realized	2004 realized	2005 Budget
DEBT				
Total debt growth rate (%)	—	-25.62	-25.04	991.78
Total debt per capita (New BGN)	5,887	4,302	3,225	35,211
Total debt /total revenues (%)	2.52	2.10	1.29	16.80
Total debt in yrs of gross operating balance (yrs)	-1.28	1.91	0.23	-1.84
Debt [3] growth rate (%)	—	-25.62	-25.04	991.78
Debt per capita (New BGN)	5,887	4,302	3,225	35,211
Debt/total revenues (%)	2.52	2.10	1.29	16.80
Debt in yrs of gross operating balance (yrs)	-1.28	1.91	0.23	-1.84
Short-term debt/debt (%)	13.28	17.86	—	—
Interest expense growth rate (%)	-56.59	265.44	-72.09	261.39
Interest expenses/total revenues (%)	0.07	0.30	0.07	0.29
Debt service growth rate (%)	357.11	62.47	-15.40	58.08
Debt service/total revenues (%)	0.76	1.39	0.97	1.82
Gross new borrowings/debt (%)	86.72	0.00	100.00	1,099.26
Gross new borrowings/debt repayment (%)	315.60	0.00	143.74	1,099.26
Gross new borrowings/capital expenses (%)	16.93	0.00	30.62	52.35
Debt repayment/gross operating balance (%)	-35.25	99.65	16.34	-16.71

[1] Excludes new borrowings.
[2] Excludes debt repayment.
[3] Gross financing deficit/surplus= net financing deficit/surplus - debt repayment.

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