

# **A study of the legal basis for public support for cultural projects, in particular festivals, at national and local levels**

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The present study provides an overview of the legal basis for the support for cultural projects, in particular festivals, at national and local levels.

### The concept of festival, as used in the study

The concept of festival is not regulated under Bulgarian law. There is no single internationally recognised definition either – the concept as such has been the subject of numerous studies<sup>1</sup>. According to 2009 UNESCO Framework for Cultural Statistics Handbook No. 3 (2015) defining festivals simply as “thematic and public celebrations”<sup>2</sup> is the most practical approach. And the 2009 UNESCO Framework for Cultural Statistics (FCS) puts festivals in the category of “performance and celebration”, defining them further on as including “all cultural events, which happen locally and can be informal in nature”. With a view to render our work easier and have a common understanding of the term “festival” in project studies, including the present one, the broad explanatory definition of the researcher Liyubomir Kutin<sup>3</sup> is also taken into consideration. He states that “philosophical and cultural analysis regards the festival as a unity of nine categories, falling into three main groups”; in summary those are: anthropological (game, show, celebration); social and cultural (space, time, institutions); artistic (artists, programme, audience). Kutin distinguishes between the following types of festivals, as defined according to different criteria<sup>4</sup>: competitive (competitions) and representational; for new creations and for the interpretation of existing creations for pop and artistic (high) culture; traditional, experimental and vanguard; local, national and international; annual, biennale, triennial, quadrennial events; of short duration – intensive, and of long duration – closer to the regular cultural season; seasonal; public and private; for amateurs and professionalists; monoartistic and synthetic; etc.

As it turns out, the concept of “festival” is rarely used in the regulatory framework, and when it is, there is no definition. Taking the broad definition of the term “festival” – which corresponds completely to practice – allows us to examine legislative acts in the area of culture as applicable to festivals as well.

### Legal framework for support for cultural projects, in particular festivals, at national level

#### **Constitution of the Republic Of Bulgaria**

The Constitution of the Republic of Bulgaria<sup>5</sup> of course does not regulate public support for cultural projects specifically. However, in order to understand better the legal and regulatory basis it is worth reminding the constitutional provisions relating to the field of culture.

According to **art. 23 of the Constitution the state establishes conditions conducive to the free development of arts, and assists that development**. The Constitutional Court<sup>6</sup> held that “formulating such a requirement in the Constitution has the sole intention of setting an obligation for the State with regards to the development of Bulgarian art... The wording of art. 23 from the

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<sup>1</sup> Only a few of the numerous attempts and examples of definitions in research literature – see for examples the ones quoted in 2009 UNESCO Framework for Cultural Statistics Handbook No. 3: Festival statistics: Key concepts and current practices, 2015, p. 9; or group of authors: Festivals: Challenges of Growth, Distinction, Support Base and Internationalization, Course reader for Management of Performing Arts and Festivals, University of Arts, Belgrade, 2005/2006.

<sup>2</sup> Getz, D. – “Event Studies: Theory, Research and Policy for Planned Events”, Oxford: Elsevier, 2007.

<sup>3</sup> Кутин, Любомир – „Фестивалите в България – контекст, проблеми, перспективи“, Varna – Ruse, 2014; Кутин, Л. Фестивалът като феномен на художествената култура, Сталкер, Varna, 2004

<sup>4</sup> Кутин, Любомир – „Фестивалите в България – контекст, проблеми, перспективи“, Varna – Ruse, 2014

<sup>5</sup> In force since 13.07.1991, promulgated in the State Gazette no.56 from July 13<sup>th</sup> 1991, amended. SG. no.85 from September 26<sup>th</sup> 2003, amended SG. no.18 from February 25<sup>th</sup> 2005, amended SG. no.27 from March 31<sup>st</sup> 2006, amended SG no.78 from September 26<sup>th</sup> 2006, amended SG no.12 from February 6<sup>th</sup> 2007.

<sup>6</sup> Ruling No 1 from March 31<sup>st</sup> 2011, constitutional case No 22 from 2010 , promulgated in the SG. no.31 from April 15<sup>th</sup> 2011.

Constitution, according to which the state establishes conditions conducive to the free development of arts, and assists that development, amounts to a requirement for active behaviour. More specifically, it is an obligation to design and develop concrete policies in the area of various types of art. These policies should undoubtedly take into account the financial situation of the state but it cannot represent in itself reason for refusal to implement them.”

Article 54 provides for **everyone’s right to avail himself** of the national and universal human **cultural values**<sup>7</sup> and to develop his own culture in accordance with his ethnic self-identification; **freedom of artistic [...] creativity** is recognised and guaranteed by the law.

The present study proposes to make an overview of the legal financial framework. It is thus relevant that according to art. 84 the **National Assembly** passes, amends, and **rescinds the laws and passes the state budget** and the budget report. Any Member of the National Assembly or the Council of Ministers has the right to introduce a bill, and the State Budget Bill is drawn up and presented by the Council of Ministers (art. 87).

Bulgaria is a state with local self-government (art. 2). A municipality is the basic administrative territorial unit at the level of which self-government is practiced (art. 136, par. 1). This impacts also on public funding in the area of culture. According to art. 141 a municipality has its own budget but also the state ensures the normal work of the municipalities through budget appropriations and other means.

According to art. 20 of the Constitution the state establishes conditions conducive to the **balanced development of the different regions of the country**, and assists the territorial bodies and activities through its fiscal, credit and investment policies. The significance of culture for regional development has already been recognized in various European and national strategic and regulatory documents<sup>8</sup>. Therefore, this article of the Constitution can be interpreted as an argument for the case that the state has to assist territorial bodies and activities in the area of culture, as an important factor for regional development.

### **Act on the Public Finances**

The Act on Public Finances<sup>9</sup> (APF) governs the budgetary framework, the general composition and structure of public finances so it is the starting point for the present study on public support for cultural projects, in particular festivals.

The APF regulates the design, **adoption and implementation of public finances** at various levels in the following manner:

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<sup>7</sup> Definition in the Law on the Cultural Heritage, see below.

<sup>8</sup> EU (2011) Council conclusions on the contribution of culture to the implementation of the Europe 2020 strategy, 2011/C 175/01, 15.6.2011 ; see summarized arguments for example in Розалина Лъскова, „Културата и развитието на човешкия капитал (чрез образование, заетост и социално включване) – аргументи и възможности за европейско проектно финансиране след 2014 г.“, Sofia, June 30<sup>th</sup> 2013.

<sup>9</sup> In force since 01.01.2014, promulgated in the SG, no 15 from February 15<sup>th</sup> 2013. It repeals the Law on the Composition of the State Budget, Law on Municipal Budgets.

	Organises and leads the development, introduction and performance:	Introduced and passed by:	
		Whom?	How?
<b>State budget</b>	Council of Ministers, through the Minister of Finance and first-level budgetary spending units	National Assembly	specific laws for the relevant budget year
<b>Municipal budgets</b>	Mayors	Municipal Council	under the APF

In specific budget organisations, their managers organise and manage budget development and performance<sup>10</sup>.

According to art. 18 the first-level budgetary spending units on the budgets of the Council of Ministers, the Ministries and the state agencies apply a **programme form of budget**. For the purpose of the present study it is relevant that programme budgets are applied by the National Assembly, mayors, the Minister of Culture (art. 11, paragraph 3). This means that budget expenditure is classified according to policy areas/ function areas and budget programmes (art. 18, paragraph 3). This lends additional clarity and accountability for the spending of funds. For instance, the budget of the Ministry of Culture (MC) for 2015 includes: 1) Policy in the area of movable and immovable cultural heritage preservation and 2) Policy in the area of creating and popularising contemporary art in Bulgaria and abroad, as well as access to quality art education; the second category consists of eight budget programmes: National Culture Fund, Film Art, Performing Arts, Festivals, competitions, events and celebrations, Ensuring protection of intellectual property, Assisting the development of Bulgarian culture and arts, Bulgarian publishing sector, libraries and community cultural centres, Popularising Bulgarian culture abroad, Training of personnel in the area of culture and arts.

For example the section for culture in the 2014 budget for Sofia Municipality has the following structure of expenses from the aggregate budget: “expenses for culture (total)”, which includes: 1) Culture – state responsibility, including – community cultural centres; Municipal libraries etc, and 2) Culture – municipal responsibility, including the Culture Directorate, theatres and regions; the Municipal Cultural Institute “Sofia History Museum”, etc. According to art. 52 the budget **interrelations of the municipal budget with the central budget** shall include transfers for general subsidy for financing the delegated by the state activities; local activities; target subsidy for capital expenditure; other target expenditure; financial compensations from the state.

The APF also regulates the budget procedure. It is important to understand its process in order to see when important decisions are taken (incl. in the field of culture), and at what stages and how there can be intervention. In the beginning of 2015 the 2016 budget procedure started. It has two main stages:

1) By April 20<sup>th</sup> 2015 the Council of Ministers should take the decision to approve the mid-term budget forecast for the 2016-2018 period (art. 72), which contains a description of the priorities of the government policies (art. 73). This three-year forecast is drafted by the Ministry of Finance on the basis of various factors and assessment, and of budget forecasts by Ministers.

2) In October 2015 the government should approve the 2016 draft state budget as well as the updated mid-term budget forecast for the 2016-2018 period, which represents the motivation for the draft law.

The Minister of Finance develops the draft state budget on the basis of various assessments and forecasts, including the projects of first-level budgetary spending units (such as ministries, municipalities; art. 78).

<sup>10</sup> With some exceptions, as stated in the law.

Locally the mayor develops the municipal budget forecast based on various factors (art. 83) such as: the strategy for municipality development and the municipal development plan, adopted by the Municipal Council; proposals by the local community. According to art. 84 the Mayor of the municipality presents the draft budget for public discussion in the local community by November 30<sup>th</sup>. The Mayor puts forward the budget forecast to the Municipal Council, which approves it, and then the Mayor presents it to the Ministry of Finance.

Also, under art. 77, the National Municipality Association can make proposals in the municipalities section of the draft state budget; it presents them in the Ministry of Finance and the Minister of Finance conducts consultation with the association.

Upon approval of the draft budget by the Council of Ministers, the state budget is passed by the National Assembly as a law (art. 86, paragraph 2). The annual **State Budget Act** includes a programme for the budgets of first-level budgetary spending units (ministries, municipalities) – expenditure by policy areas and/or budget programmes (incl. in the field of culture). Thus for instance the 2015 State Budget Act in its article 17, paragraph 1 provides that the budget of the Ministry of Culture for 2015 is adopted, and in paragraph 2 approves the allocation of expenditure by policy areas and budget programmes as follows: 1. Policy in the area of movable and immovable cultural heritage preservation: BGN 13 590.6 thousand, 2. Policy in the area of creation and popularisation of contemporary art in Bulgaria and abroad, as well as access to quality art education : BGN 108 456.2 thousand, 3. Budget programme “Administration”: BGN 4 646.8 thousand, Total: BGN 126 693.6 thousand. Annex No 7 to art. 51 shows expenditure for culture in different columns for all municipalities in values and as natural indicators for activities delegated by the state.

According to art. 92 the Council of Ministers adopts a decree on the implementation of the state budget up to 1 month after the publication of the annual State Budget Act. The decree shall specify the indicators for different budgets and budget programmes.

The law also provides for the cases where the Council of Ministers, the Minister of Finance, first-level budgetary spending units and municipal councils may introduce changes to the budgets. The APF also regulates the drafting of annual budget reports etc.

### **Non-Profit Legal Entities Act**

Many festival organisers are non-profit legal entities (NPLEs) and are regulated by this law<sup>11</sup>. Under art. 4 the state can support and encourage the non-profit legal entities registered in the central register in carrying out public benefit activities through tax, credit interest, customs and other financial and economic relief, as well as financing, under conditions and by order provided for in relevant special laws. The main such special law for financing in culture is the Protection and Development of Culture Act.

### **Protection and Development of Culture Act**

The Protection and Development of Culture Act<sup>12</sup> (PDCA) sets out the main principles and priorities of national cultural policy, cultural organisations and bodies engaged in the protection of culture, of its national identity and the **ways for support and financing of cultural activity and artists**, which are particularly relevant for the present study (art. 1). The PDCA is the main special law, which sets the frame for financing cultural projects, in particular festivals.

#### ***“Cultural organisations”: subject of the law, including in relation to financing***

Before examining the provisions of the law related to financing of cultural projects and festivals, it is worth clarifying to what extent they fall within the scope of the PDCA. The law uses the

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<sup>11</sup> In force since 01.01.2001, prom. SG, no 81, from October 6<sup>th</sup> 2000, last am. SG, no 42, from June 5<sup>th</sup> 2009.

<sup>12</sup> Promulgated in the SG, no 50, from June 1<sup>st</sup> 1999, last amended SG no 68 from August 2<sup>nd</sup>, 2013.

**concept of “cultural organisations”** – are cultural and art festival organizers such? Chapter two defines and regulates cultural organisations (activities, types, etc.). Art. 3 in relation to additional provisions provides that:

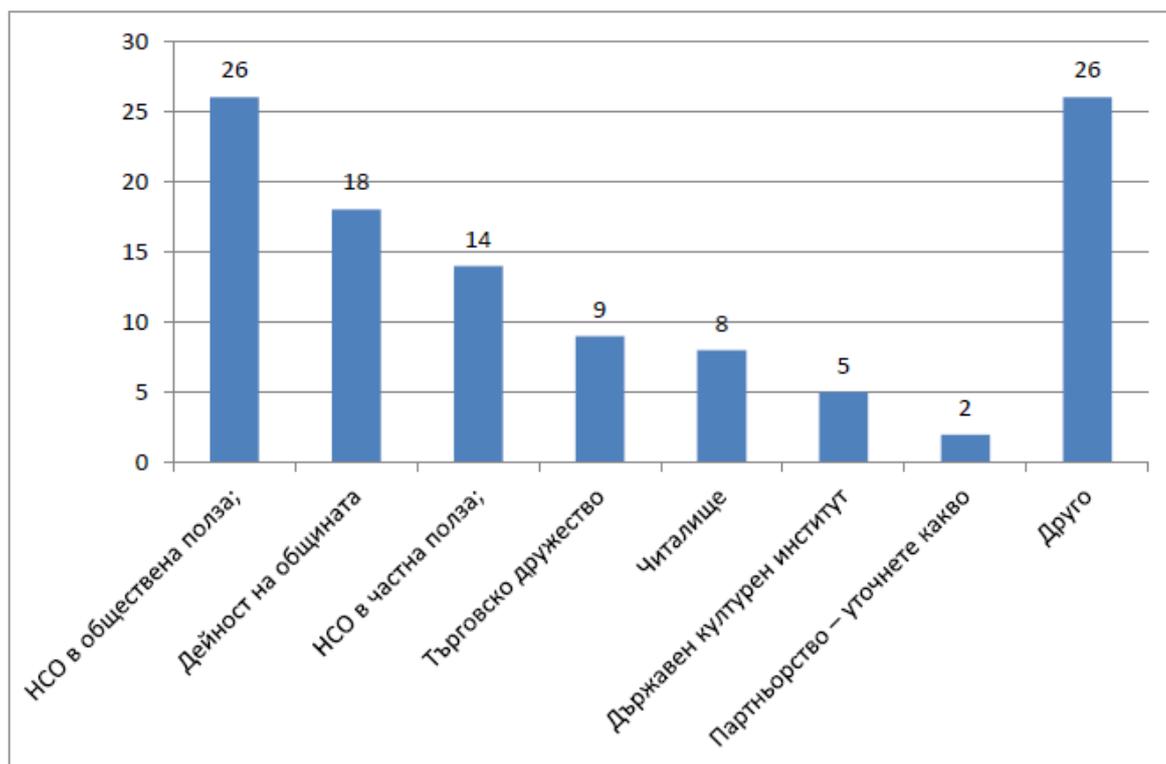
- The activity of cultural organisations is “creating, disseminating and preserving cultural valuables”. The definition for “cultural valuable” is contained in the Law on the Cultural Heritage (LCH): its art. 7 states that “cultural valuables shall be nonmaterial or material evidence for human presence and activity, natural fact or phenomenon, which is of importance for the person, community or society and has scientific or cultural valuables”<sup>13</sup>.
- In the case of cultural organisations the cultural valuable created/ disseminated/ preserved should be “in the field of theatre, music, cinema, audiovisual art, literature, fiction translation, dance, circus, plastic art, architecture, design, folklore, including cultural heritage preservation”.
- Cultural organisations are structures:
  - which are established under PDCA art. 4, paragraph 1, i.e. “cultural institutes”: state or municipal cultural organisations established with a special Act or with an act of a body of the executive power or local authority”; or
  - which are established under PDCA, art. 10, paragraph 1, subparagraphs 1 and 2, i.e. operating as “private cultural organisations”, provided that they are “persons registered by the order of the Commerce Act, the Non-Profit Legal Entities Act or the Co-operations Act”.

**Cultural and art festival organisers**, which are the focus of this study, **constitute “cultural organisations”** because/ when:

- They create, disseminate and/or preserve cultural valuables:
  - Culture and art festivals usually focus precisely on nonmaterial or material evidence for human presence (in the case of cultural heritage festivals) and/ or activity (in the field of culture and art); this “evidence” is “of importance for the person, community or society”, this being the main argument to make them public during the festival event, and usually have “cultural value”.
  - During festivals “dissemination” of cultural valuables (may) occur, as well as “creation” (when production is created particular for or during the festival), and “preservation” (cultural heritage festivals are an example).
- Practice shows that in compliance with the law culture and art festivals are usually organised by state or municipal “cultural institutes” or private organisations, registered by the order of the Commerce Act or the Non-Profit Legal Entities Act; community cultural centres are non-profit legal entities, under the special Law on Community Cultural Centres (see below). Example in the chart:

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<sup>13</sup> Paragraph 2 defines specific cultural valuables which are of importance for the Bulgarian Orthodox Church and the other registered religions; and paragraph 3 defines when fragments of archaeological or other objects, which are in a damaged condition, represent cultural valuables.



Фиг. 2. Видове фестивални институции в страната.

Source: Kutin, Liyubomir – Festivals in Bulgaria – context, problems, perspectives, Varna – Ruse, 2014

According to the author, the column “Other” contains unsustainable forms of organising festival events, no submitted information in the survey that was the basis for this chart, and often the initiative for the festival comes from an informal community or an non-established form of partnership.

According to PDCA art. 14 the Ministry of Culture (MC) conducts a policy for protection and development of culture. Within the meaning of PDCA “culture” is the activity of creation, study, dissemination and preservation of cultural valuables, as well as the results from this activity. In the light of above, culture and art festivals fall within the activities defined as “culture” and therefore can be subject to the MC policy for protection and development of culture.

### **Financing of cultural organization and their projects – main sources**

If a state cultural institute (may) organises a project or a festival, then in theory there are no obstacles to it being financed within the activity and budget of the state cultural institute. Under art. 5 state cultural institutes are financed from the budget of the MC entirely or partially, with funds from municipal budgets on the basis of concluded contracts with the MC or with the participation of other legal or natural persons. If the festival is organised by a state cultural institution with a particular institution outside the MC, the funds in the budget of the institute come entirely or partially from the budget of the relevant institution.

When municipal cultural institutes organise projects and festivals, they can be funded from their budgets, which under art. 8 comes from the municipal budget. The law stipulates that the amount of the subsidy for the relevant year for every municipal cultural institute may not be lower than the one for the previous year, regardless of the income from its activity; the expenses may not be lower than the ones set in the budget for the same purpose the previous year. This provides legal certainty for the sustainability of subsidies to municipal cultural institutes.

When cultural projects and festivals are organised by regional cultural institutes under art. 9, they can be financed from their budgets, which in turn are funded by the local municipality,

additional target funds from the state budget and by contributions from municipalities where the regional cultural institutes operate.

Concerning private cultural organisations and organisations with mixed participation<sup>14</sup>, under PDCA art. 12 they **participate equally** with all others in **competitions for subsidy for creative projects and programmes**, subject to the conditions and procedure of this law.

### ***Instruments of the culture protection and development policy and its financing***

PDCA art. 2a, par. 1 provides that the Council of Ministers (CM) adopts a 10-year **National Strategy on Development of Culture** upon proposal by the Minister of Culture. So far Bulgaria still lacks such a strategy, despite serious effort in recent years by experts not only from institutions, but also almost 150 representatives of creative and civil organisations, divided into 27 working groups<sup>15</sup>. During this process there was also a working group on festivals. The lack of national strategy leads to a lack of clear priorities in terms of financing of cultural projects, in particular festivals.

### **Instruments of the Ministry of Culture**

As said earlier, the PDCA states that the **MC** implements a policy for culture protection and development. Under art. 14, paragraph 2 this policy (and respectively the MC policy for festival development) is carried out through **different means**. **In terms of financing** those can be: financial support for cultural initiative, target programmes, creative projects and other, after a competition; entire or partial funding of cultural institutes from the state budget.

Under art. 21 concerning the **national cultural calendar**, which includes national events, commemorations and prominent persons and is submitted by the MC and approved by the CM, this financing is a part of the MC budget for the respective year.

Concerning **financing performing arts** and **state budget** funds for state cultural institutes in the system of the MC, the PDCA firstly highlights the specificity of providing “funds for carrying out activities in the field of performing arts” (based on MC-approved methodology, formulae, and a system of delegated budgets); then the law stipulates that those funds from the state budget include the funds for implementing creative projects, financed by the MC via competitions (art. 23a, 23b, 23c).

The **Rules of procedure of the Ministry of Culture**<sup>16</sup> specify the structure, organisation of activity and number of staff in administrative unit of the ministry, but also the **functions of the Minister and specialized directorates**, which (may be) **relevant for the financial support** to cultural projects, in particular festivals. The Minister of Culture for instance directs the development of strategic goals and priorities, organises the drafting of short-term programmes, implements financial support for cultural initiatives under the National cultural calendar, and opens competitions for support of creative projects in various arts.

The Cultural Heritage, Museums and Visual Arts Directorate:

- proposes the topic and organises the preparation for the sessions of expert committees for state financing of creative projects in the fields of museums and visual arts, as well as drafts the specialised part of agreements;
- organises the procedure for granting target support and participates in the preparation of competitions for state support of projects in the fields of museums and visual arts;

The International and Regional Activities Directorate:

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<sup>14</sup> Under art. 11 those are established between the state, the municipalities, legal and natural persons or between some of them.

<sup>15</sup> <http://www.mc.government.bg/print.php?n=2874>

<sup>16</sup> In force since 17.12.2014, adopted by CM decree No 422 from 18.12.2014, promulgated in the SG no 106 from December 23<sup>rd</sup> 2014.

- proposes the topic and organises the preparation for the sessions of expert committees for state financing of creative projects in the fields of book publishing and libraries;
- organises the procedure for granting target support and participates in the preparation of competitions for state support of projects in the fields of book publishing and libraries;
- organises and coordinates national and regional events in the field of non-material cultural heritage such as fairs, retrospectives and amateur art festivals;

The Performing Arts and Art Education Directorate:

- organises the preparation for competitions for state funding of projects in the fields of performing arts and drafts the project financing agreements;
- provides expert opinions and develops assessment criteria for projects applying for financial support;
- organises cultural events in the field of performing arts, as a MC initiative;

The European Programmes and Projects Directorate:

- functions as a coordination unit for the absorption of EU structural funds and funds from other international financial institutions and donors for projects in the fields of culture, art and cultural heritage;
- functions as programme operator for Programme BG 08 “Cultural Heritage and Contemporary arts”, funded under the EEA Financial Mechanism and the 2009-2014 Norwegian Financial Mechanism;
- participates in the development of international culture projects and programmes, funded by the EU or other international financial institutions and donors.

### National Culture Fund

The National Culture Fund (NCF) is established under art. 24. It is a legal entity supported by the budget of the Minister of Culture. The **Fund** supports culture development (which encompasses culture and art festivals) by **raising, managing and spending funds aimed at implementing the national policy for culture.**

The NCF has the following bodies: 1. Board of managers (BM) chaired by the Minister of Culture and composed of 10 members; 2 Executive director. Under the PDCA the BM **adopts a work strategy and programme** for the Fund, as well as decisions to organise competitions for financing cultural initiatives, target programmes, creative projects, etc. Accordingly, BM is the one that decides on the weight of festivals within the NCF strategy and programmes.

Art. 31 regulates the **resources of the Fund**, which include for instance percentages from fines and sanctions under various laws in the field of culture, earnings from renting out national exhibits, etc, donations, wills, sponsorships, etc., and also a subsidy determined in the State Budget Act for the relevant budget year. As from mid-2015 a target subsidy of 10% from revenues from online and offline gambling under the Act on Gambling will go to the NCF<sup>17</sup>. The Observatory for Economics of Culture has proposed another way for increasing funds for culture, which consists of allocating 1% from the income tax of physical persons to the National Culture Fund budget or to another institution<sup>18</sup>.

The law stipulates that the Fund’s resources are provided after competition, in the conditions and procedure set by the Minister of Culture. Under art. 31, paragraph 2 those are **spent for: projects**

<sup>17</sup> Диана Андреева: „Икономическият потенциал на културата не се използва“, December 17<sup>th</sup> 2014, Dnevnik, [http://www.dnevnik.bg/intervju/2014/12/17/2439880\\_diana\\_andreeva\\_finansist\\_ikonomicheeskiiat\\_potencial\\_na/](http://www.dnevnik.bg/intervju/2014/12/17/2439880_diana_andreeva_finansist_ikonomicheeskiiat_potencial_na/); БТА: „Десетпроцентните отчисления по Закона за хазарта ще постъпват във фонд "Култура" от средата на годината“, 19.02.2015 г., <http://www.bta.bg/bg/c/VI/id/1019556>

<sup>18</sup> Диана Андреева: „Трябва да има сериозна промяна на финансирането на българската култура от 2013 година“, July 16<sup>th</sup> 2012, Focus Agency, <http://www.focus-news.net/opinion/0000/00/00/21767/>

**and programmes** of national, international and municipal importance for creating, preservation and dissemination of works of art and culture as well as for preservation and promotion of our cultural and historic heritage; support of cultural events and initiatives of national and international importance; programmes and projects for new experimental forms of cultural activity; increasing the access of children and youth to cultural activities; encouraging amateur art, etc. Providing NCF funds to festivals can fit into one of the many categories listed in PDCA art. 31, paragraph 2.

Under art. 33 governing the procedure for obtaining resources from the Fund with respect to the principle of equality **participation is open** to individuals working in the field of culture and to **all cultural organisations**, including non-profit organisations, and therefore festival organisations. The structure and activity of NCF, as well as the activity of the Fund's BM are set out in **rules** under PDCA art. 27, paragraph 1, subparagraphs 1 and 2. The rules presented on the NCF website were adopted by the fund's BM on 28.05.2014.

The conditions and procedure for carrying out competitions for providing resources from the NCF are determined in **Ordinance** No H-5 from June 27<sup>th</sup> 2007<sup>19</sup>. According to its provisions the NCF BM adopts annually by the end of March a **Programme for Competition Topics** during the calendar year. Then it takes the **decision(s) to open** the competitions according to the topics in the programme (competition conditions, total amount of finance, deadline and place for submitting application, special requirements, application form to be approved). The BM takes the decision to conduct **competitions for target support** of programmes and projects of national cultural importance, which are **not included in the annual programme**. Unlike the programmed once, these are not announced in 2 main daily newspapers and on the MC and NCF webpages (art. 4, par. 6). The competitions in the annual programme are carried out by an expert committee (Section IV). For the competitions for target support of programmes and projects of national cultural importance outside the programme, however, this is not specified (only Section III is applicable: eligible applicants and requirement for submitting an application form).

### Instruments for municipalities

**Municipalities** also develop and implement their policy for culture protection and development (art. 18). Concerning its financing, the municipal council adopts decisions for: financing municipal cultural institutes from the municipal budgets; setting local fees encouraging the cultural development of the municipality; carrying out competitions for cultural initiatives, creative projects, target programmes, etc. funded from the municipal budget.

Under art. 36 municipal councils establish a **municipal culture fund** and draft the rules of procedure for it.

The instruments for municipalities are examined in detail below, in the part for local legal frameworks.

### Other sources of financing

Under art. 35, par. 2 natural and legal persons and sole traders can secure the activity of cultural organisations, including festival organisers. The legislator has not provided further detail about this possibility. Also, as it does not concern public financing of culture, it falls outside the scope of the present study.

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<sup>19</sup> Issued by the Ministry of Culture, prom. SG, no 55 from July 6<sup>th</sup> 2007, am. SG no 92 from November 23<sup>rd</sup> 2012, am. SG no 40 from May 13<sup>th</sup> 2014.

## Law on Community Cultural Centres

As mentioned earlier, quite a few festivals are organised by community cultural centres. A special law – the Law on Community Cultural Centres<sup>20</sup> – regulates the foundation, structure, activity, financing and all important aspects of the functioning of community cultural centres.

**Community cultural centres** are traditional self-governing Bulgarian education associations, which also perform functions related to public instruction and culture. They are non-profit legal entities and all natural persons can participate in their activity (art. 2). Their legal goals are development and enrichment of cultural life in cities and village, preserving customs and traditions, inclusion to the values and achievements of culture and art. To meet these goals community cultural centres carry out the following **activities**: supporting amateur art; organizing celebrations, concerts, commemorations and youth activities (art. 3). A large interpretation of this provision would lead to the conclusion that festival organisation is also part of these activities. In addition, the associations of community cultural centres (art. 4a) and the union of national community cultural centres (art. 4c) organise initiatives (including nation-wide) such as festivals, fairs, celebrations, etc.

Under art. 21 and others community cultural centres **raise funds** from various sources such as membership fees, donations, etc., as well as through a subsidy from the state and municipal budgets. The proposals for annual subsidies for those centres in municipalities are drafted by the MC in coordination with regional administrations and municipalities. By decision of the Municipal Council community cultural centres can receive additional funding exceeding the subsidy allocated, through the municipality's own revenues. The funds from the state and municipal budgets for community cultural centres are allocated by a special committee and once provided, the centre are in charge of their management.

Under art. 26a community cultural centres implement an **annual programme for the development of activities in community cultural centres** in the specific municipality, based on financial agreements with the municipality mayor. This annual programme includes proposals by the presidents of centres, presented to the mayor no later than November 10<sup>th</sup> the previous year. The mayor then presents it for approval by the municipal council.

In principle, community cultural centres can benefit from the possibilities for financial support, provided in the PDCA.

## Law on the Cultural Heritage

The Law on the Cultural Heritage (LCH)<sup>21</sup> provides for the conservation and protection of the cultural heritage of the Republic of Bulgaria. Under art. 2, par 1 **cultural heritage** covers the nonmaterial and material immovable and movable heritage as combination of cultural valuables, which bear the historical memory, national identity and have scientific or cultural valuables. Under art. 6 cultural heritage is for instance: ground, underground and underwater archaeological sites and reserves; architecture and ethnographic sites and complexes; works of art and applied arts; folk crafts; audio-visual heritage; oral tradition and language; customs, rituals, feasts, rites and beliefs; music, songs and dances, etc. Festivals can be focused on cultural heritage as well as **cultural valuables** (as defined in art. 7 and discussed in the part on PDCA). Moreover, under art. 180, par. 1 the presentation of cultural valuables is activity on exposure and popularisation of their cultural and scientific values before the society. Festivals often, even regularly, aim at presenting and popularising the cultural value of cultural valuables.

Under art. 17 the **funds for cultural heritage protection at a municipal level** can be provided through (upon decision by the municipal council):

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<sup>20</sup> Promulgated in SG no 89 from Oct. 22<sup>nd</sup> 1996, amended last SG no 68 from August 2<sup>nd</sup> 2013.

<sup>21</sup> In force since 10.04.2009 г., prom. SG no 19 from March 13<sup>th</sup> 2009, last am. SG no 98 from November 28<sup>th</sup> 2014.

- the possibility for the municipal council to establish a municipal culture fund, under the conditions and procedure set out in the PDCA; such a fund can finance thematic festivals as well;
- **target funds** from the municipal budget for the mayor's activity, who organises and coordinates the municipal policy for cultural heritage protection by providing assistance and "carrying out activities [...] of popularisation of cultural valuables". According to a large interpretation of this provision it is possible to use the target funds from the municipal budget aimed at the popularisation of cultural valuables for the organisation of festivals, the idea, goal and topic of which is the popularisation of cultural valuables.

If a **museum** organises a festival in order to present cultural valuables (LCH under art. 35, par. 1 the basic museum activity is conservation and exposition of movable and immovable cultural valuables), then the provisions for financing museums of LCH art. 39 and 40 are applicable. In general museums are financed with funds from the state and municipal budgets, their founders, own income, collected state fees for services, issuing of documents and copies, projects protected under international and national programmes, donations, bequests, sponsorship.

### Film Industry Act

Under art. 3, par. 1 of the Film Industry Act<sup>22</sup> (FIA) the **purposes of state support for the film industry include**: stimulating the making, distribution, promotion, and showing of national film productions; promoting the creation and distribution of film works of high artistic value. Most film festivals pursue those two purposes.

**Bulgarian National Film Centre Executive Agency** (BNFC) is a body with the Minister of Culture. It is a legal entity having its registered office in Sofia, the support of which is provided by the budget and revenues from its activity. The BNFC activity, structure, organisation of work and composition are defined in the rules of procedure, adopted by the Council of Ministers after proposal by the Minister of Culture<sup>23</sup>.

Under art. 18 the **funds** collected from own revenues and the **BNFC subsidy from the state budget** are used for the state support of projects in the area of making, promotion, distribution, and showing of Bulgarian films and of films created in co-production. The law provides for the allocation of these funds, art. 18, par. 2, subpar. 2 being applicable to festivals:

- "up to 5% for funding under art. 34". FIA art. 34 stipulates that the BNFC supports the **promotion of Bulgarian films** at international and national film festivals, weeks and fairs of Bulgarian cinema by way of earmarked funds for advertising materials, film copies, subtitling, and other expenditures related to their showing<sup>24</sup>.

The remaining funds are allocated in the following manner:

- no less than 10%: for financing under art. 32 for state support for the distribution and showing of films for Bulgarian and European films, and the coproductions as defined by the law (according to the relevant conditions, form and amount);
- no less than 80%: for financing under art. 28, par. 1 for state support in field of film production for the making of Bulgarian (debut) films and the coproductions specified;
- up to 5%: for financing under art. 30a for state support for Bulgarian films related to national events and celebrations of events and famous personalities.

<sup>22</sup> Prom. SG no 105 from December 2<sup>nd</sup> 2003r, last am. SG no 68 from August 2<sup>nd</sup> 2013.

<sup>23</sup> Adopted by CM decree No 97 from 13.05.2004, prom. SG no 42, from May 21<sup>st</sup> 2004, am. last SG 62 from July 12<sup>th</sup> 2013.

<sup>24</sup> In par. 1, point 12 of the Additional provisions to the FIA "promotion" is defined as any activity, organised with the purpose to promote the film and encourage its distribution and sale, including the presentation of the film at national and international events, film festivals and film markets.

FIA art. 6, par. 1, subpar. 7 provides that the **BNFC organises** and supports **festivals**, panoramas, and viewings of Bulgarian and foreign films in Bulgaria. FIA art. 26 provides a summary about the areas of **state support through the BNFC** and target financial funds in accordance with the Financial Aid Act.

**The amount of state funding** for the implementation of the national film industry policy is **proposed and motivated by the National Cinema Council** (a consultative and expert body with the Agency) **together with the executive director before the Minister of Culture**; the National Cinema Council also develops and proposes to the Minister of Culture via the executive director of the Agency a National Programme for the Development of the Film Industry (art. 9, par. 3).

Under art. 16 the transfer of funds from the budget of the MC to BNFC is determined by the Act on the annual state budget (apart from that BNFC manages other revenue as well). **FIA art. 17 provides for the structure of this transfer and a maximum amount of the subsidy to the Agency.** In constitutional case No 22 from 2010<sup>25</sup> the Constitutional Court held that this article is **unconstitutional** with Decision No 1 from March 31<sup>st</sup> 2011. The Constitutional Court declared that § 83 of the Act on the annual state budget for 2011 (SG, no 99 from December 17<sup>th</sup> 2010) is unconstitutional, which led to FIA art. 17 being amended. The contested wording is the following:

**“The Annual Budget of the Republic of Bulgaria shall allocate if possible:**

1. A subsidy to the Agency with an annual amount shall be based on the sum of the average preceding year budgets up to 7 feature films, up to 14 long documentaries, and up to 160 minutes of animation;
2. funding for membership fees to international organisations, funds and programs in the film industry sector, of which the Republic of Bulgaria is a member;
3. funding for the support of the Agency.”

The wording before the amendment required that the Act on the annual budget provide a subsidy for the Agency, funds for membership fees and the support of the Agency but in principle and not if possible. Moreover, under subpar. 1 the amount of the annual subsidy to the Agency “could not (*have been*) lower than the amount of average budget for the previous year for 7 feature films, 14 long documentaries, and 160 minutes of animation”.

Here are the most important passages of the reasoning of the Constitutional Court regarding the regulatory logic of financing in the field of culture and art (apart from the aforementioned passages from the Constitution of the Republic of Bulgaria):

**“[...] the state by means of the state budget has the obligation to provide support to the state bodies it has created. [...] the phrase “if possible” in at least two of the assumptions governed by the Film Industry Act art. 17 renders the regulatory text confusing and casts doubt on the achievement of the goals it pursues, as it allows for uncertainty where there is obligation for a specific behaviour. Therefore on the basis of art. 4, par. 1 from the Constitution it is unacceptable.”**

**“The phrase “if possible” [...] is unacceptable also in the light of art. 23 from the Constitution. According to the said provision the state establishes conditions for the free development and of arts and assists in this process. [...] Determining such a requirement in the Constitution has the sole purpose to set an obligation for the state regarding the development of Bulgarian art. Accordingly, any law treating its implementation or lack of such as equal opportunities shall be unacceptable. [...] The state does not have the right to free itself by means of law from its constitutional obligations.”**

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<sup>25</sup> Prom. SG no 31 from April 15<sup>th</sup> 2011.

“[...] **there are no obstacles to amending [...] laws regulating budget revenues and expenditure via the transitional and final provisions of annual laws on the state budget of the Republic of Bulgaria.**”

It is also worth noting Judges Blagovest Pnev and Rumen Nenkov’s arguments, who could play a role in similar rulings (in the future) in a different court chamber:

“[...] **both the current and previous wordings of FIA art. 17** have the same **unconstitutional goal**: setting up a methodology (algorithm) in advance in order to determine the specific amount of the annual budget subsidy for film art, which should be an obligatory part of every state budget act to follow. [...] **The amount of budget subsidies [...] cannot be set in advance** as it depends on the state of the economy and society’s priority needs in a given moment of time. Therefore, when adopting the annual state the budget, **the National Assembly cannot be required by another law in force** to determine a separate budget item for a subsidy with an amount already fixed.”

“[...] **there is no reason to privilege film art over all other types of art** – theatre, opera, ballet, circus, painting, architecture, etc”.

“[...] **the old methodology** for fixing the minimum **amount of the annual subsidy** for film art on the basis of average budgets for the previous year [...] **does not make this volume** of film production **compulsory**. On the contrary, according to this methodology the smaller the number of films produced during the year, the larger the minimum budget financing for film production in the following year should be. [...] This automatically leads to an **obvious risk to legal certainty, citizens’ sense of justice and level of legal consciousness**, i.e. it **violates** the principle of rule of law under art. 4, par. 1 from the **Constitution.**”

### **Law on Patronage**

The Law on Patronage<sup>26</sup> regulates the public relations connected with gratuitous provision of aid by natural and legal persons (patrons) for creating, preservation and promotion of culture works. The law aims to stimulate natural and legal persons to support the development of the Bulgarian culture (art. 1 and 2). Under art. 4, par. 3 the following are not patrons: the state; municipalities; commercial companies and non-profit legal persons with a specific percent of state and municipal participation; state enterprises under art. 62, par. 3 from the Commercial law; budget enterprises. Thus this law does not fall within the scope of the present study on the legal basis of public financing for cultural projects, particularly festival.

Under art. 27 of the law the state supports and encourages patrons through tax, credit and interest, customs and other financial and economic reliefs determined in the respective special laws. Also, with a view to stimulating patronage, art. 30 provides for an annual state award bestowed by the Minister of Culture. Thus the state provides indirect support to culture and art. It is worth analysing in depth various reliefs and incentives for patrons but this can be the topic of another, more specialised study. The section on fiscal legislation includes a short comment on tax reliefs.

However, article 31 from the Law on Patronage attracts attention. It stipulates that the **state organises a lottery to support culture** under the conditions and by the order of the Act on Gambling and least 75% from the revenues after taxes and expenses are used for national funds, established by law and aimed at supporting the creation of works of culture. Such a provision might be better placed in the PDCA. Nonetheless, unfortunately it seems the executive power interprets it as a recommendation only and so far no such lottery has been organised. As Diana Andreeva from the Observatory of Economics of Culture commented<sup>27</sup>: “In Finland for example

<sup>26</sup> In force since 23.12.2005 , prom. SG no 103 from December 23<sup>rd</sup> 2005, last am. SG no 20 from March 9<sup>th</sup> 2012.

<sup>27</sup> Диана Андреева: „Трябва да има сериозна промяна на финансирането на българската култура от 2013 година“, July 16<sup>th</sup>, 2012, Focus Agency, <http://www.focus-news.net/opinion/0000/00/00/21767/>

the art lottery provides about 27-80% of the Finish budget for culture. This can represent a serious source of revenue but, unfortunately, in the past 20 years there has been no political will for its realisation.”

### **Creative Funds Act**

This old law<sup>28</sup> (CFA) regulates creative funds, which are established “in order to assist a comprehensive development of creative activity and the implementation of the policy for culture, art and science.” It has been in force since 1973 and has not been explicitly repealed by the PDCA, nor by means of the immediate repealing effect that constitutional provisions have on contradictory existing law (as stated in a ruling by the Supreme Administrative Court (SAC)<sup>29</sup>).

According to art. 2 “**creative funds are established with** the Union of Bulgarian Writers, Union of Bulgarian Composers, Union of Bulgarian Painters, Union of Bulgarian Filmmakers, Union of Artists in Bulgaria, Union of Bulgarian Musicians, Union of Bulgarian Scientific Researchers, Union of Architects in Bulgaria, Union of Bulgarian Translators and the Culture Committee”.

Under art. 3, par. 1 the **resources** of creative funds are “**used**” for instance for “**events** for popularisation of the best works of literature, art and science and of the highest achievements in the sphere of artistry”. Moreover, practice has shown that unions of creators can be organised into festivals (one such example is Sofia Theatre Salon “Icarus”, initiated by the Union of Artists in Bulgaria together with Sofia Municipality, which is a regular element of Sofia’s cultural calendar and the National cultural calendar). Based on this, the resources of creative funds with unions of creators can theoretically be used to support festivals. Nevertheless, the present study will not concentrate on this assumption since the resources of creative funds are not public support for cultural projects for the following reasons:

Creative funds are established with unions of creators, which are non-profit legal entities. What is more, **creative funds do not allocate public resources**, not even indirectly, since the **SAC has repealed the allocations for them** with the aforementioned decision. According to CFA art 4, a) through i), the resources in them are raised from 2% of the remuneration for natural persons’ creative work and from contributions constituting a percentage of legal persons’ revenues, as stated in the law; those legal persons include cultural institutes, which are financed from the MC budget, municipal budgets, etc. Under art. 5 the Council of Ministers distributes the sources of raising the resources under art. 4, a) through i) to be submitted to the respective creative union fund. This was done by means of an Ordinance from 1972<sup>30</sup>. In 2003 the SAC repealed this provision on the grounds of its illegality, as it is contradictory to “PDCA art. 2, art. 5, par. 2, art. 10, par.2, art. 24 and 33 and the purpose of the law”<sup>31</sup>. The reasoning of the decision states that “[...] additional funding for creative activity via the sources stated in CFA art. 4 is directly connected to the implementation of the party policy in the field of socialist culture and art. [...] The purpose and the manner of regulating financing of creative funds with unions of creators and with the CC in the CFA are closed linked to specific social and economic conditions, the change of which is legally established with the adoption of the 1991 Constitution. [...] The PDCA from 1.VI.1999, promulgated in the State Gazette, defines the main principles and priorities for the national cultural policy [...] the principles of transparency and control are ensured when budget funds for this aspect of social life are collected and spent. In practice, this has eliminated the possibility under art. 7 and 8 from the ordinance **to provide cultural institutes with budget resources in the form of contributions from other organisations.**”

<sup>28</sup> In force since 01.05.1973 , am. for the currency denomination on 05.07.1999 ; prom. SG 27 1973 (0xBAA), am. SG no 20 from March 9<sup>th</sup> 1979, am. SG no 153 from December 23<sup>rd</sup> 1998.

<sup>29</sup> Decision No 7040 from 08.07.2003, on administrative case No 345/2003 ( SG, no 64 from 2003, [http://www.ciela.net/svobodna-zona-darjaven-vestnik/document/2135469175/issue/2334/reshenie-%E2%84%96-7040-ot-08072003-g-po-adm-d-%E2%84%96-345/2003-g-\(obn-dv-br-64-ot-2003-g\)](http://www.ciela.net/svobodna-zona-darjaven-vestnik/document/2135469175/issue/2334/reshenie-%E2%84%96-7040-ot-08072003-g-po-adm-d-%E2%84%96-345/2003-g-(obn-dv-br-64-ot-2003-g))

<sup>30</sup> Council of Ministers decree No 35/22.12.1972, prom. SG, no 34/1973 .

<sup>31</sup> Decision No 7040 from 08.07.2003 r, on administrative case No 345/2003 , SG, no 64 from 2003.

**The creative fund with the Ministry of Culture** was established under CFA art. 2, as indicated in its rules of procedure<sup>32</sup>. Under art. 4 of the rules of procedure, the resources of the MC creative fund are used “events (festivals, decade, competitions, symposia, etc) for popularisation of the best works of literature, art and science and of the highest achievements in the sphere of artistry, for development of the Marx and Lenin theory and criticism in the sphere of the artistic and scientific work”. By the way the rules of procedure, particularly this article, were amended last in 1998, as was the CFA. Despite that the wording quoted has been preserved (in the law as well!). Under the rules of procedure the MC creative fund draws its resources from the sources and to the amounts defined in the CFA and in accordance with the Ordinance, declare illegal by the SAC. In this light, even if we take into account the current existence of the MC creative fund in the legal world, there can be no allocations to the fund, which are budget resources in the form of contribution. As the reasoning of the SAC goes: such a form of financing of function of the MC creative fund is contradictory to the rationale introduced with the establishment of the National Culture Fund by the PDCA.

### **Act on "13 Centuries Bulgaria" National Donation Fund**

The National Donation Fund “13 Centuries Bulgaria” is a legal entity established with a special law<sup>33</sup>. Therefore one wonders to what extent this body, created by the legislator and with a management council including the Minister of Culture (art. 7, par. 2), is part of the framework for financing cultural projects in the country. As the law stipulates, the Fund is aimed at assisting donation activities carried out by Bulgarian and foreign natural persons and legal entities in support of various fields, including culture, the restoration and preservation of historical and cultural valuables. Under art. 13 the Fund’s property consists of: donations, bequests and devises; proceeds from the management of the Fund’s property; proceeds from charity campaigns, fund raising campaigns, aid and other contributions; but also a subsidy from the central budget, determined by the Act on the state budget of the Republic of Bulgaria for the respective year. In this sense The National Donation Fund “13 Centuries Bulgaria” (and the law on it) are relevant for the present study. There have already been cases of festivals supported by the Fund, including through the budget subsidy resources.

Under art. 8 the management board (consisting of 9 members, among which the Minister of Culture, the Minister of Health, the Minister of Education and Science and the Minister of Labour and Social Policy, the remaining members being elected) has the following functions: manage and direct the property of the Fund; approves the Fund’s annual budget. The management board adopts rules for the organisation and the activities of the Fund, which also regulate financing in detail. According to these rules the Executive director can take independent decisions concerning the management of the Fund’s property, as well as spend resources to exercise the donator’s will, to the maximum amount of BGN 10 000.

### **Regulatory framework about indirect public support for cultural projects**

The special laws included in this part of the study will not be examined in detail, as they regulate specific and complex subjects, which do not establish mechanisms for direct financial support for cultural projects, in particular festivals, but rather affect them indirectly. Still it is worth keeping in mind their specificities.

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<sup>32</sup> Approved by CMD No 26 from June 5<sup>th</sup> 1973 , prom. SG no 49 from June 5<sup>th</sup> 1973r, am. SG no 101 from December 27<sup>th</sup> 1977, am. SG no 94 from August 12<sup>th</sup> 1998.

<sup>33</sup> Prom. SG no 12 from February 9<sup>th</sup> 2001, am. last SG no 68 from August 2<sup>nd</sup> 2013r.

### **Radio and Television Act**

Under art. 70 of this law<sup>34</sup> revenues to the budget of Bulgarian National Radio (BNR) and Bulgarian National Television (BNT) include financing from fund "Radio and television" and a **subsidy from the state budget** (together with own income from commercials and sponsorship; revenue from additional activities; interest and other income). BNR and BNT are national public providers of radio-services, respectively of audio-visual media services, which – through the public financial resources allocated to them – have the following legally established **functions**: assist the development and popularisation of the Bulgarian culture and Bulgarian language, as well as of the culture and the language of the citizens in compliance with their ethnic belonging; provide through their media services access to the national and European cultural heritage (art. 6, par. 3). As public media services providers they: submit for broadcasting cultural information; provide access to the national and global cultural valuables; encourage the creation of works of Bulgarian authors; promote the Bulgarian performing art (art. 6, par. 2).

Under art. 70 the BNR and BNT subsidy from the state budget is for preparation, creation and broadcasting of national regional programmes. BNR and BNT assist the creation and the performance of national audio and audio-visual production by allocating for the **creation of new Bulgarian productions** no less than respectively 5 % and 10% of the subsidy of the state budget and fund "Radio and television" (art. 71). BNR and BNT also have the right **to include free of charge in their news reports and information about events** for which other radio or television operator has exclusive rights for reporting (art. 48). Cultural projects, in particular festivals, can benefit from media coverage and participation in another type of partnership (for instance regarding Bulgarian projections) with BNR and BNT. Thus this law sets the frame for indirect support through the resources of state national media.

### **Law On The Copyright And Related Rights**

This law<sup>35</sup> (LCRR) regulates the relationships related to the creation and distribution of artistic works. Under its art. 3 any literary, artistic and scientific work resulting from creative endeavour and expressed by any mode and in any tangible form is **the subject matter of copyright**. Therefore the legal framework set by this law is relevant to festivals as well (because they are focused on the subjects of copyright – artistic works) and should be applied to their organisation. However, in terms of public support and financing of cultural projects, in particular festivals, the LCRR is relevant only with its **references to the PDCA about the revenues of the NCF**.

### **Corporate Income Taxation Act**

Under art. 31 of this law<sup>36</sup> accounting **expenses of donation not exceeding 10%** of the positive financial result are recognised for **tax purposes** in those cases where the donations have been made in favour of:

- State-budget enterprises within the meaning of the Accountancy Act (which contains a reference to the Act on the Public Finances) – such as the Ministry of Culture, state and municipal institutes, etc.
- cultural institutes, or for the purpose of cultural exchange under an international treaty, Bulgaria being a party thereto;
- not-for-profit legal entities registered in the Central Register of not-for-profit legal entities for the purpose of carrying out activities for the public benefit – such as many cultural organisations running festivals;

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<sup>34</sup> Prom. SG no 138 from November 24<sup>th</sup> 1998г, last am. SG no 107 from December 24<sup>th</sup> 2014.

<sup>35</sup> In force since 01.08.1993, prom. SG no 56 from June 29<sup>th</sup> 1993, last am. SG no 25 from March 25<sup>th</sup> 2011.

<sup>36</sup> In force since 01.01.2007 г., prom. SG no 105 from December 22<sup>nd</sup> 2006, last am. SG no 12 from February 13<sup>th</sup> 2015.

- exception to the previous case is the aid provided freely to organisations supporting culture within the meaning of the Law on Patronage amounting to up to 15% of the profit before taxation, which is recognized for tax purposes.

The total amount of donation expenses recognized for tax purposes may not exceed 65% of the accounting profit.

### **Income Taxes on Natural Persons Act**

As in the provisions of the Corporate Income Taxation Act, under art. 22, par. 1 of the Income Taxes on Natural Persons Act<sup>37</sup> the **aggregate of the annual bases** of natural persons is **reduced by the donations made during the year** (and the total amount of tax relief cannot exceed 65%):

1. relief of up to 5% where the donation is in favour of:

- state-budget enterprises within the meaning of the Accountancy Act, including in the field of culture (see above);
- cultural institutes, community cultural centres and for the purpose of cultural exchange under an international treaty, Bulgaria being a party thereto;
- not-for-profit legal entities registered in the Central Register of not-for-profit legal entities for the purpose of carrying out activities for the public benefit, with the exception of those organisations which support culture within the meaning of the Law on Patronage;

2. relief of up to 15% for donation in favour of culture, which the law defines as support provided gratuitously under the Law on Patronage;

Under art. 13, par. 1, subpar. 22 the **state and national awards granted to authors** in the field of culture, the awards granted to winners in competitions under programmes and projects which are either wholly or partially financed by the National Culture Fund, as well as the **granted state pecuniary awards for special merits** for the state and the nation (such as awards to persons for their exceptional merits and general contribution to culture) **are non-taxable**.

Under art. 29, par. 1 **the taxable income** originating from business activities of natural persons is determined by way of **subtracting the operating expenses** from the income received, the operating expenses being as follows:

- by 40% for: **author's remuneration**, including the income originating from the sale of works of culture and art, providing that the said sale has been carried out by the authors thereof, as well as income originating from the performance of actors-performers; income originating from craftsmanship which is subject to a patent tax pursuant to the Local Taxes and Fees Act;
- by 25% for the income originating from working as a **freelance practitioner** (as do culture and art creators).

### **Value Added Tax Act**

Under art. 66 of the VAT Act<sup>38</sup> the rate of the value added tax in Bulgaria is 20%. There is only one exception whereby the tax rate for accommodation in hotels and similar establishments is 9%. Bulgaria remains one of the few European countries (not only EU member states), which does not have a differentiated tax rate in the field of book publishing for instance.

Under art. 42 **delivery exempt from VAT is:**

1. the sale of tickets by cultural organizations and institutes under the PDCA, regarding:

<sup>37</sup> In force since 01.01.2007, prom. SG no 95 from November 24<sup>th</sup> 2006r, last am. SG no 12 from February 13<sup>th</sup> 2015.

<sup>38</sup> In force since 01.01.2007 , prom. SG no 63 from August 4<sup>th</sup> 2006, last am. SG no 107 from December 24<sup>th</sup> 2014.

- circus, musical and musical-scenic performances and concerts;
- museums, exhibition galleries, libraries and theatres;
- architectural, historical, archaeological, ethnographic and museum reserves and complexes;

2. the activity of the BNR, the BNT and the Bulgarian Telegraph Agency, for which activity they receive payments from the state budget.

Under art. 58, par. 14 **exempt from taxes** is the **importation** of goods within the permitted duty free import, **in cases of**:

- imported video and audio materials of cultural character produced by the United Nations or one of its specialised agencies;
- imported collectors' pieces and works of art of a cultural character which are not intended for sale and which are imported by museums, galleries and other institutions (if the goods are imported for free or, if imported against payment, they are not imported by a taxable person);

**Special procedure for the taxation** of the price margin is applied to deliveries of **works of art, collector's items and antiques**.

## Legal framework of public support at a municipal level

### **Local Government and Local Administration Act**

Under the Local Government and Local Administration Act<sup>39</sup> (LGLAA) the municipality is the basic administrative territorial unit where the local government is carried out (art. 2). Under art. 17 the local government is expressed in the right and real possibility for the **citizens and the bodies elected by them to decide independently on all issues of local importance** which has been vested by the law to their competence in the fields of: culture; the maintenance and the preservation of cultural, historic and architectural monuments; development of [...] recreation and tourism. The municipal council determines the policy for construction and development of the municipality (art. 20). Citizens participate in municipal governance both through the bodies elected by them (municipal councils and mayors) and directly through a referendum and general assembly of the population.

Under LGLA art. 52 the municipal council adopts an independent budget for the municipality, apart from the state budget, on the basis of own sources of revenue and state subsidies, allocated between municipalities according to criteria, determined with a law. Municipal cover local needs as well as needs in relation to the performance of state functions (art. 54).

**Under art. 21, par. 1 the municipal council** adopts and amends the annual budget of the municipality, has controlling functions and approves the report about its fulfilment (subpar. 6); approves strategies, prognoses, programmes and plans for the development of the municipality (subpar. 12); decides on any other issues of local significance – which refers to the abovementioned fields (subpar. 23); takes decisions about acquiring, management and disposal with municipal property (subpar. 8). These provisions are part of the **legal grounds** for adopting **local cultural strategies**, as well **various financial instruments** in the field of culture.

However, there is a practice for municipal councils, exercising these powers, to decide directly and allocate funds for specific projects and initiatives, in the absence of an adopted regulatory act for the application of a specific financial instrument (programme, fund or other). Even if there is a decision, ordinance or other act by the municipal council regulating a specific procedure for financing projects, there is no obstacle in the law (unless prohibited by the respective decision, ordinance or other), **it is possible and it often happens that municipal**

<sup>39</sup> In force since 17.09.1991, prom. SG no 77 from September 17<sup>th</sup> 1991г, last am. SG no 53 from June 27<sup>th</sup> 2014.

**councils allocate funds directly**, particularly in budget items “Other”. This (may) lead to lack of transparency in the spending of resources and infringes on the principle of equality of cultural organisations. This highlights the importance of regular civil control over specific practices (meetings and decision) of municipal councils, particularly given the fact that the principles of good governance still are not a “natural” priority of Bulgarian decision-makers.

In some places, there have been discussions on the limits of powers of the municipal council and the mayor. In case there is no specific regulatory act by the municipal council, practice from previous years shows that mayors would establish the rules of project financing by means of an order<sup>40</sup> because the **mayor** is a body of the executive power (both mayors of districts and mayors of municipalities; art. 38). The mayor of the municipality has the following functions: manage the entire executive activity of the municipality; organise the implementation of the municipal budget (including the part for culture); organise the implementation of long-term programmes, the implementation of acts by the municipal council, etc. The municipal administration (with the mayor) is the one which allocates the funds for festivals, within the budget for culture and cultural events, as voted by the municipal council.

### **Protection and Development of Culture Act**

Under PDCA art. 18 municipalities form and implement their policy for protection and development of culture combining the principles of the national cultural policy with the local conditions and traditions. To this aim, and **according to art. 18, par. 2, the municipal council** takes various decisions specified by the law, including **decisions** for (and relevant for the present study): financing of the municipal cultural institutes from the municipal budgets (subpar. 1); supporting the development of amateur art (subpar. 8); conducting competitions for cultural initiatives, creative projects, target programmes etc. financed by the municipal budget (subpar. 3). The last one constitutes the **legal ground** on the basis of which municipal council (may) adopt decisions and the respective regulatory acts, such as ordinances and manuals, about **programme and project financing sessions**.

Decisions by the municipal council, taken on the basis of the aforementioned PDCA provisions, frequently concern the **(co)organisation and (co)financing of local festivals**. As presented in another study<sup>41</sup>, so far Sofia Municipality has not organised large festival events. In other cities, however, festival activities are usually part of the functions of municipal administrations and community cultural centre. Unfortunately, the wide spread practice is that locally-organised festivals run without any specially coordinated and approved rules of procedure, and distribution of rights and responsibilities.

Under PDCA art. 36 the municipal council creates a **municipal culture fund** and approves the rules of procedure for its work. **Very few municipalities** have made use of this possibility, provided by the law. Resources from the municipal culture funds can be provided for festival activities as well, since under art. PDCA 36, par. 3 they are spent for: the implementation of projects and programmes in the field of culture; the support for the conducting of cultural events; participation in joint financing with natural and legal person for cultural initiatives with Bulgarian and international participation; support to amateur art. The resources in municipal culture funds are raised from: resources granted during target programmes and projects in the field of culture; donations, bequests and sponsorship; interests from the fund’s accounts; other sources, as specified by a municipal council decision.

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<sup>40</sup> On this topic: Ирина Карпузанова, „Двойният аршин на Община Варна“, June 17<sup>th</sup> 2010, <http://www.vlastta.com/displaynews/7727>

<sup>41</sup> Кутин, Любомир – „Фестивалите в България – контекст, проблеми, перспективи“, Varna – Ruse, 2014.

## Regulating the main instruments for financial support to cultural projects by municipalities

### Sofia

#### Sofia Culture Programme

Sofia Culture Programme was created in 2007 by Decision No 252 of the Sofia Municipal Council (SMC) first as an art patronage culture programme. In 2008 the programme was transformed and renamed into Sofia Culture Programme (SCP). It runs on the basis of the PDCA, the Municipal Budget Act (repealed by the Act on the Public Finances, see above), LGLAA, and the **Rules on the work of the SCP**, adopted by the SMC<sup>42</sup>.

**The priorities, lines of action, programmes**, maximum amount of financing per project per programme and the opening of calls for applications under the SCP are decided upon and adopted by the SMC, which approves the relevant decision of the SCP Creative Council (regulated in the rules), based on LGLAA art. 21, par. 1, subpar. 8 and 23, and art. 6, par. 1, subpar. 7, par. 1, subpar. 2 and subpar. 9, as well as art. 31 from the Rules on the work of SCP.

#### Sofia Municipality Cultural Events Calendar

This calendar can include only events of proven artistic and culture value. Its last two editions were successful and took place on the territory of Sofia Municipality (or for the section “Sofia around the world” – elsewhere). **The annual total amount of funds for the calendar and the funds for separate sections**<sup>43</sup> are adopted annually by the SMC. **The document detailing the mission, goals, principles, priorities and evaluation criteria** is also adopted by a SMC decision<sup>44</sup>. The events of the calendar are funded from the budget of the Culture Directorate with Sofia Municipality.

A special committee, appointed by order of the mayor, classifies events into sections (each section gets a percentage of the total calendar budget). An expert committee composed of Culture Directorate officials examines the applications submitted by regional administrations.

The cultural calendar itself, i.e. the events on it, is also subject to approval by SMC decision, on the basis of LGLAA art. 21, par. 1, subpar. 8, 12 and 23<sup>45</sup>. This decision gives the power to the mayor to take the necessary actions for implementation and control the resources spent.

#### Cultural Innovations Fund, Sofia

This relatively new fund was created by SMC decision<sup>46</sup> on the basis of LGLAA art. 21, par. 1, subpar. 8 and 23 and art. 25, par. 1, subpar. 2 and 8 of the Non-Profit Legal Entities Act. As the second is the legal basis for the fund, it is not a municipal fund within the meaning of PDCA. It functions according to a **Regulation** of its work<sup>47</sup>. The fund is not a legal entity. It is a structure with Sofia Development Association, a legal entity operating under the Non-Profit Legal Entities Act and created by SMC decision. Sofia Development Association coordinated the activities related to Sofia’s application for European Capital of Culture 2019<sup>48</sup>.

According to art. 12 from the Fund Regulation the Fund’s property comes from an initial donation from: the budget of Sofia Municipality; donations and bequests from Bulgarian and

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<sup>42</sup> Annex I to Decision No123 from Minutes No11/ 08.03.2012 by SMC.

<sup>43</sup> “Strategic events”, “Significant events”, “Sofia around the world”, “Celebrations and anniversaries”, “Bulgarian communities abroad”, “Sofia municipality summer programme”.

<sup>44</sup> For example for the year 2015 – by SMC Decision No 736/06.11.2014.

<sup>45</sup> For example for the year 2014 – by Decision No from 06.02.2014 .

<sup>46</sup> Decision No 429 on Minutes No 43 or from.07.2013.

<sup>47</sup> Annex to Decision No 429 on Minutes No 43 from 18.07.2013, amended – Decision No 692 on Minutes No 70 from 23.10.2014.

<sup>48</sup> Decision No 677/2.12.2010 by SMC.

foreign natural and legal persons; interests, dividends, rents of property; subsidies, aids, grants, sponsorship and other revenue. The Fund grants financial resources on a competition principle to authors, authors' collectives, schools, non-profit organisations and citizens' initiatives, according to the annual financing priorities (art. 8). The Fund also raises funds regularly and by campaigns, resources being donated by local and corporate donors. It also creates donor lines for financing projects on various topics.

Under art. 10 the Executive director together with the Advisory Board develops the rules for spending the Fund's resources on an annual basis. These are presented for discussion to the Board of Trustees<sup>49</sup> no later than December 10<sup>th</sup> the previous year. After the discussion and opinion of the Board of Trustees, they are submitted for approval by the MB of Sofia Development Association no later than January 31<sup>st</sup> of the current year.

### Other programmes

Projects including activities in the field of culture can receive support under the European Projects and Civil Society Development Programme (**Europe Programme**) of Sofia Municipality if they correspond to the programme's priorities, objectives and criteria. Europe Programme supports civil society in the creation and access to various practices related to Bulgaria's EU membership. The rules for work under the programme were adopted by a SMC decision<sup>50</sup>.

### Plovdiv

Under PDCA art. 18, by a Plovdiv Municipal Council decision<sup>51</sup>, the **Ordinance** on the order and conditions for **financing initiatives** in the field of culture and their inclusion in **Plovdiv Municipality's cultural events calendar** was adopted. The ordinance regulates the order and conditions for financing projects and their inclusion in the cultural calendar, which is on a competition principle. Under art. 2 its goal is to support civil organisations and cultural operators, to involve them in the implementation of the municipal policy for culture and to ensure maximum effectiveness, publicity and control over the allocation of financial resources of Plovdiv Municipality, as well as to organise event of national and international importance, which would attract new audiences and render the city more popular.

Under art. 3 the annual resources for cultural activities for the respective calendar year are determined by a Municipal Council decision, which reflects a vote on the total budget of Plovdiv Municipality and the budget of Culture, Education and Development Directorate – activity 759 “Other cultural activities”, par. 1098. The decision to finance projects is taken once a year.

Under art. 9 from the ordinance the projects approved by the committee are included in the cultural events calendar of Plovdiv Municipality, which is then submitted for vote by the Plovdiv Municipal Council<sup>52</sup>.

The cultural calendar includes various events and festivals, organised and funded by Plovdiv Municipality. In this sense and according to the information on the municipality website (probably according to the current Rules of procedure of the municipal administration) the Culture Department – unit of specialised administration directly subordinated to the deputy

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<sup>49</sup> Members of the Board of Trustees can be all donors to the Fund with a financial contribution of no less than BGN 25000 over the last twelve months. Membership is granted from the moment of accepting the donation, according to the order of Section VIII from the Regulation and for a period of 12 months. Sofia Municipality has 5 members of the Board of Trustees, who are elected at a SMC meeting after proposal by the Management Board of Sofia Development Association.

<sup>50</sup> SMC Decision No 759 recorded on Minutes No 26 or 11.12.2008 and amended by SMC Decision No 95 on Minutes No 35 28.02.2013.

<sup>51</sup> Decision No 393, Minutes No 18 from 29.10.2013, am. by Decision No 161, Pr. No 9 from 29.05.2014.

<sup>52</sup> Thus for instance the 2015 cultural events calendar was adopted by Decision No 239, Minutes No 13 from 24.07.2014.

mayor in charge culture, education, tourism, innovations, development and European policies: has the following functions: prepares the cultural calendar of Plovdiv Municipality and organises the implementation of the municipal cultural programme; organises local, national and international festivals, open-air events, exhibitions and concerts, part of the municipal cultural programme; within the budget funds, provides financial support to initiatives by external projects and includes them in the municipal cultural calendar. The criteria are not published.

**Plovdiv 2019 Municipal Foundation** was founded in 2011 after a Plovdiv Municipal Council decision<sup>53</sup> on the basis of LGLAA art 21, par. 1, subpar. 14 and NPLEA art. 33. The foundation was established with initial capital of BGN 100000, allocated from the 2011 Plovdiv Municipality budget. The foundation is managed by a Management Board, an Executive director and an Artistic director. According to the act for its foundation<sup>54</sup> it popularises the cultural and historic heritage of the city, supports the sustainable development of culture in Plovdiv, prepares Plovdiv's application for European Capital of Culture 2019. The foundation performs the following tasks: organises cultural events; organises, produces, researches cultural life in Plovdiv; initiates, plans strategically and provides expert evaluation of projects under the ordinance by Plovdiv Municipal Council, etc. The foundation also announces its own competitions for cultural project financing.

### **Varna**

**Municipal Culture Fund – Varna**<sup>55</sup> was established in the beginning of 2014 by Varna Municipal Council. The Fund was established on the basis of LGLAA art. 21, par. 1, subpar. 6, 12 and 23 and PDCA art. 36. At the time of its creation a **Regulation** for its work was adopted as an annex to the decision for establishment, on the basis of PDCA art. 36, par. 1<sup>56</sup>, as well as Guidelines for application for funding of festivals, competitions and creative projects for 2014.

According to information from Varna Municipality no resources are granted to festivals **outside the Culture Fund**. Only festivals organised directly by the municipality are eligible for funding. Under the **Rules of procedure** of the municipal administration, the Festival and Projects Department with the Culture and Spiritual Development Directorate: organises and contributes to international festivals and competitions, part of Varna Municipality cultural calendar; organises and runs the aforementioned nine international festivals and competitions.

In the **2011-2013 period** cultural projects were funded under the **Varna – Territory of Creation programme**, the scope of which was continued and expanded by the Fund. The annual rules for this programme are approved by order of the Mayor<sup>57</sup>, on the basis of LGLAA art. 44, par. 1, subpar. 1 and 2<sup>58</sup>. As Varna Administrative Court held in 2013: “in case of absence of a higher regulatory act which governs or delegates the right to organise its implementation, the municipality mayor has exerted their power to establish internal rules to regulate the organisation of project selection and project financing within the budget, as voted by the Municipal Council.”

Apart from the Varna – Territory of Creation programme the municipal council takes decisions and adopts a cultural events calendar according to Annex 24 International and local cultural

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<sup>53</sup> Decision No 262, Minutes No 17 from 14. 07. 2011.

<sup>54</sup> Amended by Decision No143, Minutes No 7 from 12. 04. 2012.

<sup>55</sup> Decision No 1346-2/28/12.02.2014, examined and approved for a second time a month later by Decision No 1394-2/29/12.03.2014 because of dispute by Varna's regional governor, Order No RD -14-7706-87/26.02.2014 by regional governor of the region with administrative centre the city of Varna.

<sup>56</sup> The current version of the Rules of Procedure is Annex No 1 to Decision No 1909-9/37/19.12.2014, by means of which the Municipal Council amended the Regulation and Application guidelines for 2015.

<sup>57</sup> The first rules (for 2011) were approved by Order No 0500 from 05.03.2010 by the Mayor of Varna Municipality.

<sup>58</sup> As confirmed by Varna Administrative Court, <http://www.admcourt-varna.com/site/files/Postanoveni-zakonni-aktove/2014/01-2014/0361eb13/65212314.htm>

events, to the budget of Varna Municipality. As discussions from the end of 2013<sup>59</sup> in the Steering committee (SC) for Culture and Spiritual Development with the Municipal Council show, there are no written rules, regulation and/or clear criteria about the (amount of) financing of festivals in that regard. Decision No 4508-7/48/22.11.2006 of Varna Municipal Council is some sort of reference or basis. It adopts a list of festivals and competitions, in which Varna Municipality was involved in 2007 in terms of organisation of funding. The list contains the names of festivals, which are grouped into three categories: 1. Festivals and competitions organised and entirely funded by Varna Municipality (seven); 2. Festivals and competitions, which have financial support from the municipality amounting to 50% of their total budget (nine); 3. Varna Municipality has the possibility to finance up to 25% of the total budget of festivals and competitions of regions and towns and villages in the municipality, upon presentation of the project and detailed financial plan; the funds for this category are allocated from the budget line for culture.

### **Burgas**

Cultural projects are financed in Burgas Municipality through competitions and since 2014 – according to **the Regulation on the conditions, order and criteria for providing financial resources for co financing cultural projects** on the territory of Burgas Municipality. This Regulation was adopted on the basis of LGLAA art. 21, by decision of Burgas Municipal Council<sup>60</sup>. It governs the provision of financial resources (after competition) from the budget of Burgas Municipality for the implementation of cultural **projects which are not part of the municipal cultural calendar** and are organised by independent organisations and freelance artists in Burgas Municipality. The managing authority for the target funds under the Regulation is an expert committee, appointed by order of the Mayor. It has adopted rules about its work.

The funds provided after competition and on the basis of this Regulation are still quite limited. The allocation of most resources for cultural projects and activities is according to the following principle: when the budget for the relevant year is determined, Burgas Municipal Council adopts the amounts of funding for the **Municipal culture programme** (for instance, when the budget for the 2014 was determined the municipal council adopted a municipal culture programme with a budget of BGN 615 700<sup>61</sup> in budget item “Other culture activities”, amounting to BGN 830 750 (municipal activities)). The realisation of the municipal culture programme and of international, national and local competitions, festivals and other events which are part of it, is prepared and organised by the Culture and Public Relations Directorate with Burgas Municipality, under art. 43, point 1a from the rules of procedure of the municipal administration.

In addition, the **municipal enterprise Summer theatre, festivals and concerts**, established by Burgas Municipal Council decision from 28.02.2008, has been entrusted with the organisation of one of the most visible festivals in Burgas.

### **Ruse**

Cultural projects are financed in Ruse through competitions and according to **Rules on the order and conditions for providing financial resources for projects in the field of culture and art** from the budget of Ruse Municipality<sup>62</sup>, as adopted by the municipal council. These rules repeal the 2007 Rules on the order and conditions for financing artistic projects<sup>63</sup>.

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<sup>59</sup> Minutes No 29 from 23.10.2013 and Minutes No 30 from 14.11.2013 from the meetings of the SC Culture and Spiritual Development of Municipal Council Varna.

<sup>60</sup> Decision by Burgas Municipal Council on point 24, Minutes No 26 from 23.07.2013.

<sup>61</sup> Minutes No 33 from meeting on 13.02.2014.

<sup>62</sup> Adopted with Decision No 774 from 28.01.2010 by Ruse Municipal Council, amended by Decision No 827 from 18.03.2010 and amended last by Decision No 907 from 20.02.2014.

<sup>63</sup> Rules on the order and conditions for financing artistic projects, adopted by Decision of Ruse Municipal Council No 1387/03.08.2007.

The draft programme and draft budget for larger traditional festivals such as the March Music Days International Festival are adopted by a municipal council decision on the basis of LGLAA art. 21, par. 2, in relation to art. 21, par. 1, subpar. 1, and art. 17, par. 1, subpar. 5<sup>64</sup>.

On the basis of LDLAA art 21, par. 1, subpar. 14 and NPLEA art. 33 and onwards, Ruse Municipal Council<sup>65</sup> has established a municipal association **Ruse – Free Spirit City**. Ruse Municipality is the founder of the foundation. The foundation started with an initial capital of BGN 10000, allocated from the Ruse Municipality budget for 2012<sup>66</sup>. In terms of culture the foundation has the mission to uphold spiritual values, encourage policies which contribute to the development of culture, are of service to society and are in the context of Ruse's application for European Capital of culture 2019. By a municipal council decision the foundation's budget for 2013 provides for resources for organizing a cultural programme that accompanies Ruse's application for European capital of culture 2019<sup>67</sup>. Ruse Municipal Council adopts **Main activity guidelines** and a Work programme for the foundation for the respective year<sup>68</sup>. The foundation's activities and projects supported by it include events within the campaign Ruse – Free Spirit City, which go beyond traditional formats established in the cultural calendar of Ruse Municipality, including festivals.

### **Veliko Tarnovo**

Veliko Tarnovo has an Art and Culture Veliko Tarnovo programme, which functions according to **Rules on the order and conditions for cofinancing projects in the field of culture and art**, part of the budget of Veliko Tarnovo Municipality. The rules were adopted and are updated by a Municipal Council decision<sup>69</sup> on the basis of LGLAA art. 21, par. 2 and PDCA art. 18, par. 2, subpar. 3. The annual amount of the funds and the maximum amount of cofinancing for a specific project proposal are determined on an annual basis in the municipal budget. For the year 2014 the total amount was BGN 50000.

When adopting the annual budget Veliko Tarnovo Municipal Council adopts also an annual **cultural calendar**<sup>70</sup>. In previous years it would adopt also the detailed accounts on target expenditure and subsidies, including the ones for specific festivals, apart from the culture calendar<sup>71</sup>. Sometimes the Municipal Council takes a decision and approves the municipality's financial participation in festival organisations during the year as well<sup>72</sup>.

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<sup>64</sup> For instance for the 2015 edition – Decision No 1250, adopted with Minutes No 44/11.12.2014.

<sup>65</sup> Decision No 380, adopted with Minutes No 17/15.11.2012.

<sup>66</sup> Allocated on the basis of par. 61-02 Transfers from activity 759 Other cultural activities, par. 10-98 – Lot – Ruse-European capital of culture 2019.

<sup>67</sup> Decision No 568, adopted with Minutes No 24/25.04.2013. Decision No 745, adopted with Minutes No 29/19.09.2013.

<sup>68</sup> For instance Decision No 958, adopted in Minutes No 36/20.03.2014.

<sup>69</sup> For instance for 2015 by Decision No 1421/12.02.2015. of Veliko Tarnovo Municipal Council.

<sup>70</sup> For instance according to Annex No 17, Minutes No 61 from the 61<sup>st</sup> meeting of Veliko Tarnovo Municipal Council on 12.02.2014.

<sup>71</sup> Minutes No 12 from a Municipal Council meeting on 16.02.2012.

<sup>72</sup> For instance Decision No 1364/23.06.2011 regarding the 14<sup>th</sup> edition of the International Folklore Festival Veliko Tarnovo.