

SUBVENTIONS FOR LOCAL GOVERNMENT IN SPAIN

Summary

Subventions allocated to local governments can be divided into conditional (*incondionadas*) and unconditional (*condicionales*). Unconditional subventions aim to cover the costs of provision of the basic public services, including those commissioned by the state, to make their quality relatively similar across the country. Conditional subventions are granted to offset instances of disproportion between particular parts of the country. They are intended to stimulate the income-generating potential of the regions. The overall tendency in Spain is to reduce the scope of the unconditional subventions by distributing larger amounts of local revenues to local governments. The subvention policy, resulting from fiscal federalism, contributes to increased self-sufficiency and financial autonomy.

Translated by Janusz Kwitecki