

# Bulgaria

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*Capital:* Sofia  
*Population:* 7.7 million  
*GNI/capita:* US\$10,270

The social data above was taken from the European Bank for Reconstruction and Development's *Transition Report 2007: People in Transition*, and the economic data from the World Bank's *World Development Indicators 2008*.

## Nations in Transit Ratings and Averaged Scores

	1999	2001	2002	2003	2004	2005	2006	2007	2008
Electoral Process	2.25	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
Civil Society	3.75	3.50	3.25	3.25	3.00	2.75	2.75	2.50	2.50
Independent Media	3.50	3.25	3.25	3.50	3.50	3.50	3.25	3.50	3.50
Governance*	3.75	3.50	3.50	3.75	3.75	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00
Judicial Framework and Independence	3.50	3.50	3.50	3.50	3.25	3.25	3.00	2.75	2.75
Corruption	4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50
Democracy Score	3.58	3.42	3.33	3.38	3.25	3.18	2.93	2.89	2.86

\* With the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

## EXECUTIVE SUMMARY

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In the 17 years since the collapse of communism, Bulgaria has managed to consolidate its democratic governance system with a stable Parliament, sound government structures, an active civil society, and a free media. Over this period, a number of general, presidential, and local elections have been held freely, fairly, and without disturbance. Power has changed hands peacefully. Bulgaria has made significant progress in establishing the rule of law, yet further efforts are needed. After a period of poor performance, the economy has recorded 10 years of robust growth. Economic reforms have advanced considerably, with more work needed to improve the business environment. In 2004, the country officially became a NATO member. On January 1, 2007, Bulgaria became a full member of the European Union (EU), completing its integrationist agenda, which dominated political discourse within the country over the period of transition. Despite these positive achievements, more attention must be paid to reforming the judiciary and to fighting corruption and organized crime.

**National Democratic Governance.** The national system of democratic governance in Bulgaria continued to function well in 2007. The three-party coalition government continued its term in office without serious threats to its stability and demonstrated a good capacity to negotiate issues, displaying the ideological and policy differences among its members. The pace of reforms slowed following Bulgaria's accession to the EU on January 1, 2007, but a full-scale national teachers strike brought the problem of reforming the secondary education sector to the forefront. The strike was resolved peacefully, and a comprehensive reform package for 2008 was adopted. *In 2007, the pace of many EU-related reforms slowed down, while at the same time the government remained stable and took the opportunity offered by the national teachers strike to promote reforms in the secondary education sector, which leaves the rating for national democratic governance unchanged at 3.00.*

**Electoral Process.** In May 2007, Bulgarians for the first time exercised their right to vote for members of the European Parliament. Voter turnout was 29 percent. Regular municipal elections were held in October; voter turnout was 42 percent in the first round and 29 percent in the second. Local elections were marked by the intrusion of business interests into politics and suspicions of vote buying. With low public interest, the elections featured no real engagement of political ideas and the races were reduced to a competition of personalities. At the same time, there was a strong popular perception that corruption is widespread among politicians. The local level also saw growing attention among business interests to gain control over local authorities and local decision-making processes, which perhaps contributes to

the phenomenon of vote buying, a potentially serious challenge to the Bulgarian democratic system. *There are no considerable changes to indicate either an improvement or a decline in the electoral process rating for Bulgaria, which remains unchanged at 1.75.*

**Civil Society.** Over the last 17 years, Bulgaria has managed to develop a vibrant civil society. However, the nongovernmental organization (NGO) sector has still not developed sustainable fund-raising mechanisms. Bulgarian civil society was formed with a top-down approach, led by donor demands and not by Bulgarian citizens. A significant number of large foreign NGOs and their donors withdrew from Bulgaria in 2007, which was likely to have caused funding problems for some organizations. On the other hand, Bulgaria's EU accession opens new funding possibilities. There are, however, some negative effects as a result of this process. Often, EU financial assistance is distributed by the state, and this might have a negative influence over NGO independence. There were positive developments in 2007, too. Some environmental organizations managed to engage young people in protest campaigns against unregulated construction projects on the Black Sea and at mountain ski resorts. *Owing to no considerable changes that indicate an improvement or decline, the civil society rating for Bulgaria remains unchanged at 2.50.*

**Independent Media.** The structures for media freedoms in Bulgaria remained largely unchanged in 2007. Print media are generally independent from state interference. Libel is still a criminal offense in the penal code, but in most cases the courts interpreted the law in favor of journalistic expression. According to several international organizations monitoring media development and performance, Bulgarian media are not fully independent from direct economic and indirect political interests. The economic interests of media owners can be inconsistent with their news functions. Editors and reporters respond to this environment through self-censorship. Another problem with the Bulgarian media is the inadequate transparency of media ownership, which fails to fully guarantee economic or political independence. In addition, the content of most print and electronic media is largely commercial, contributing to the general public's low interest in politics. *There were no considerable changes in the Bulgarian media sector in 2007, and the country's independent media rating remains unchanged at 3.50.*

**Local Democratic Governance.** Two major opportunities for better local governance opened in Bulgaria in 2007. First, the Constitution was amended to allow municipalities to set their own local tax rates. Second, EU structural funds contain large allotments that can significantly benefit municipalities and districts. At the same time, the quality of local governance in Bulgaria may be diverging between municipalities with improving practices and others falling into the hands of local business interests. The local elections in late 2007 indicated a worrisome trend in vote buying by some candidates, which may decrease the level of democratic control over the local authorities. The resource base of many local governments to fulfill

policies is still limited, and decentralization is advancing slowly. *Improved access to funding for the formulation and implementation of policies by local governments in Bulgaria was counterbalanced by vote buying and other negative practices during the 2007 local elections, which leaves the local democratic governance rating for Bulgaria unchanged at 3.00.*

**Judicial Framework and Independence.** The performance of the Bulgarian judiciary has been a problem area throughout the period of transition. While the judicial system is independent and basic human, civil, and political rights are in place, the implementation of justice is criticized by both public and external observers. The Law on the Judicial System was changed to make the Supreme Judicial Council a permanent body and to create an inspectorate for monitoring the integrity of the judicial process. The first public accounts on the activities of the two supreme courts and the prosecution were made in front of Parliament in 2007. Transparency in the activities of the prosecution has improved, with many regional offices allowing Internet access to information about individual cases. A specific strategy for the development of the prosecution was undertaken at the request of the prosecutor general. *While improvements continue to be made in Bulgaria's judicial sector, more are needed, and the rating for judicial framework and independence remains at 2.75.*

**Corruption.** In 2007, Bulgaria demonstrated weaknesses in the institutional setup for fighting high-level corruption. At the same time, the mechanisms for reporting, monitoring, investigating, and prosecuting public officials with respect to their property status were significantly enhanced and more actively used by the National Audit Office. Fighting corruption at lower levels, especially in customs, has improved visibly. Also, the general public and businesses reported the lowest levels of bribery since such measures started. This evidence is supported by studies of improvements in the business environment and Bulgaria's ratings for economic freedom. *While the fight against high-level corruption is stagnating, there are visible improvements at lower levels, with corruption reported by the public and businesses and an increasing level of economic freedom; thus Bulgaria's corruption rating is improved from 3.75 to 3.50.*

**Outlook for 2008.** In 2008, Bulgaria will begin receiving EU structural funds, which will be a major challenge at both national and local levels of governance. Municipalities will have the opportunity for the first time to set local tax rates within certain limits. In 2008, a package of reforms is envisaged for the secondary education sector. With respect to the judiciary and security branches, monitoring by the European Commission on progress in the judiciary and in fighting corruption and organized crime will continue, while the new National Security Agency may become operational.

# MAIN REPORT

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## National Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007	2008
n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00

The current Constitution of Bulgaria has been in place since 1991; it provides for a system of governance featuring a parliamentary regime and checks and balances guaranteed by the legislative, executive, and judicial branches. Citizens are involved in the political process through elections, via consultations during the legislative process, and through civil society organizations and the media. Bulgaria's political system is stable, with two consecutive governments having served their full constitutional terms without any major political disturbances and a third government well under way. Democracy has firmly taken root in society, and even though the public voices its dissatisfaction with the performance of Bulgarian democracy, no alternative non-democratic projects exist or seem viable. The anti-democratic messages of the xenophobic Attack party, which entered Parliament in 2005 and whose leader placed second in the 2006 presidential elections, tempered considerably in 2007 during the campaigns for the European Parliament elections in May and local elections in October.

Among the three branches of government, the judiciary is highly independent and creates an imbalance in democratic accountability. This problem was addressed in 2007 by introducing annual reports from the three highest figures in the judicial branch to Parliament on the state of the judiciary, as well as by changing the Law on the Judicial System to make the Supreme Judicial Council a permanent body whose members are no longer engaged in everyday work as judges, prosecutors, or investigators. The functioning of the Bulgarian judicial system is under review by the European Commission, which in its May 2007 evaluation marked progress but noted further needed improvements.

Bulgarian citizens and media have access to government information under the Law on Access to Public Information, in force since 2000. The law includes a mechanism to initiate proceedings when these rights are violated. In recent years, citizens and civil society organizations have actively exercised their right to information, and the nongovernmental organization (NGO) Access to Information Program reports a correlation between the decrease in government impediments to providing information and increasing public awareness and skills in using the law. In spring 2007, the State Commission for Information Technologies and Telecommunications attempted to introduce amendments to the Law on Access to Public Information, which some feared would severely worsen the performance of the law and decrease public access. After public outcry and petitions to Parliament

with assistance from opposition parliamentarians (MPs), the amendments actually were much more positive, but the fact that a state agency tried to change the law, to the detriment of citizens, is worrisome.

After Bulgaria became a member of the European Union (EU) on January 1, 2007, the pace of reforms decreased. The government is a coalition between the leftist Bulgarian Socialist Party, the centrist Simeon II National Movement, and the largely Turkish, Movement for Rights and Freedoms. The three parties have differing ideologies, and, having achieved EU membership, made negotiations on reforms very difficult. Thus, even though the European Commission reported in June 2007 that considerable progress had been made, implementation was still lagging and the pace of reforms needed to increase.

Similar developments can be observed in other spheres of public policy, especially in education and health care. In 2007, reforms in health care were completely stalled in negotiations within the ruling coalition. The same was true for reforms in education until a national teachers strike in late September over salaries brought the problems of the secondary education system to the forefront. The government seized this opportunity to not only offer teachers salary increases of close to 50 percent, but also moved neglected reform steps to the fast-track to be implemented in 2008.

The Bulgarian military and security services went through reforms during the country's NATO candidacy. Insufficient progress in combating corruption and organized crime, however, has caused the government and Parliament to begin discussing changes to the internal security system. More specifically, a draft law was introduced in Parliament for the creation of a National Security Agency as a separate state agency accountable to the prime minister and the Council of Ministers. The process of drafting this law is in an early stage, and it will be one of the major developments in 2008.

#### Electoral Process

1999	2001	2002	2003	2004	2005	2006	2007	2008
2.25	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75

Bulgaria has developed a stable electoral system that ensures free and fair legislative, presidential, and municipal elections. Some recent problems aside, elections since 1991 have been free, fair, and in compliance with electoral law. The last parliamentary elections in 2005, presidential elections in 2006, and European Parliament elections in May 2007 were also generally assessed as free and fair by all political parties and observers. However, the last local elections, held in October 2007, demonstrated some negative effects of the increasing commercialization of politics. There were suspicions among political parties, the media, and the general public that numerous candidates for mayoral positions and municipal councils had attempted to buy votes.

According to the Bulgarian Constitution, all citizens over 18 have the right to vote by secret ballot. Bulgaria has a proportional electoral system for parliamentary elections, which ensures fair polling and honest tabulation of ballots. Up to 2005, legislation for parliamentary elections provided all political parties, coalitions, and candidates with equal campaigning opportunities. However, amendments to the electoral law in 2005 required a monetary deposit in order to register MP candidates. The rationale for the amendments was to reduce the number of parties participating in elections, since many represent niche interests. As a result, the number of registered parties and coalitions decreased from 65 in 2001 to 22 in 2005.

In the elections for members to the European Parliament in May 2007, the system of preferential voting was introduced. Many analysts insisted that this would increase public participation in politics, but there was no real impact on the final results. The law provided that changes in the order of candidates on the ballot would be made only in cases where one or more of the party candidates received more than 15 percent of the votes. The 2007 Law on Elections introduced certain voting limitations for Bulgarian citizens in the European Parliament elections that indirectly aimed to prevent many Bulgarian-Turks—who live permanently in Turkey—from voting. According to some observers, this was a positive step since these voters have significant influence over election outcomes without really being residents of the country. According to others, this is a dangerous precedent that violates political rights not only of Bulgarian-Turks, but of all Bulgarians living outside the EU, which could impact the overall functioning of democracy in the country.

In May 2007, when Bulgarian citizens voted for members of the European Parliament for the first time since Bulgaria joined the EU, the Bulgarian Socialist Party (BSP) and newly established Citizens for European Development of Bulgaria (GERB) won five seats each. The movement for Rights and Freedoms (MRF) followed with four seats, the antidemocratic and xenophobic Attack party gained three seats, and Simeon II National Movement (SIINM) got one seat. Surprisingly, both center-right parties, Union of Democratic Forces (UDF) and Democrats for Strong Bulgaria (DSB), failed to make the threshold of 5.6 percent.

Regular local elections were held in October 2007. BSP and GERB won most of the mayoral positions and municipal council seats in regional cities with almost equal electoral results. They were followed by MRF, which managed to keep and even broaden its influence at the local level, and by UDF and DSB. The 2007 local elections were marked by suspicions of vote buying, and there is growing interest within the private sector to gain control of local authorities. Businesses are interested in gaining access to EU structural funds, which will be administrated by municipalities starting in 2008. Another factor is the recent real estate boom, where having representation in local governance enables business interests to wield influence over construction permits and regulations.

The last general elections in 2005 were won by the left-wing BSP, successor to the Bulgarian Communist Party, with 34 percent of the votes and 82 seats. After failing

to elect a minority government in coalition with the ethnic Turkish MRF, the BSP agreed to a government coalition with the previously ruling SIINM. Since 1990, the party has tried to move away from its Communist legacy and build a modern leftist organization. In 2003, it was accepted for full membership in the Socialist International, indicating international recognition of the party's reformation. Sergey Stanishev, a former BSP international affairs secretary, is the current party leader and was appointed prime minister after the 2005 elections. BSP has lost some of its public support since it has been in power, but the results from the 2007 European Parliament and local elections showed that the party still remains one of the most popular among voters. For the first time in recent history, the presidential elections in 2006 reelected the incumbent, former BSP leader Georgi Parvanov, who won with an impressive 75 percent of the votes in the runoff.

Electoral support for the Attack coalition, a political formation benefiting from the traditional protest vote in Bulgaria, is an effect of deeper public perceptions about the unfairness of the country's transition process. Although Attack does not question the current democratic system, the ease with which its xenophobic message won popularity and a position in the Parliament is worrisome.

In December 2006, a new party formation, Citizens for European Development of Bulgaria (GERB), was established by the incumbent mayor of Sofia, Boyko Borisov. GERB managed to create a stable local organization and achieved good results at the 2007 European Parliament and local elections. Public opinion polls from the end of 2007 indicated that GERB is the first political party in Bulgaria with 22 percent of public support.

The Bulgarian Constitution guarantees all citizens the right to organize political parties, movements, or other political entities. It bans the establishment of political organizations that act against national integrity and state sovereignty; that call for ethnic, national, or religious hostility; or that create secret military structures. Additionally, the Constitution prohibits the establishment of organizations that achieve their goals through violence. Until 2005, no substantial organizations "played the ethnic card" in their political rhetoric or practice. The Attack coalition was the first to use anti-minority statements in a campaign, which led a broad alliance of NGOs to initiate a court case still under consideration in 2007.

Political party registration is transparent and uncomplicated and requires a threshold of 5,000 members. The large number of parties participating in local elections indicates that local interests usually work through independent participation, a strategy that is less likely to succeed at the national level. Voter turnout in the October 2007 local elections was 42 percent in the first round and 29 percent in the second round. Voter turnout in the European Parliament elections held in May 2007 was 29 percent. According to the Alpha Research agency, approximately 6 percent of the population is currently affiliated with political parties. This low number reflects a growing distance between voters and politicians, based on public disappointment with government reforms from both the Left and the Right.



The general legislative framework in Bulgaria provides all minority groups with essential political rights and participation in the political process. Although MRF bylaws state that members are welcome regardless of their ethnicity or religion, the party essentially represents the interests of Bulgarian Turks. As part of the current governing coalition, MRF is well represented at all levels. However, there are problems that have become clearly visible over the last several years. The MRF has created a monopolistic, strict, and hierarchical clientelistic structure that controls the lives of Bulgarian-Turks not only politically but economically. In practice, few political options exist for Bulgarian-Turks, since the MRF is the only party that guarantees economic protection and development in return for votes.

By contrast, the Roma minority is still poorly represented in government structures, with some exceptions at the municipal level. Observers agree that the political system discriminates against the Roma minority and impedes its political expression. Equally important, however, is the fact that a political party consolidating and representing Roma interests at the national level still does not exist, despite attempts to create one.

#### Civil Society

1999	2001	2002	2003	2004	2005	2006	2007	2008
3.75	3.50	3.25	3.25	3.00	2.75	2.75	2.50	2.50

The Bulgarian Constitution guarantees citizens the right to organize freely in associations, movements, societies, or other civil society organizations. There have been no administrative or other barriers to NGOs over the last 17 years, nor do they experience significant state or other influence on their activities, which are regulated by the Law on Non-Economic Purpose Legal Entities.

The 2005 Bulgarian Statistics Register indicates that there are 22,366 registered nonprofit organizations in the country. Of these, 4,010 are foundations, 18,305 are societies, and 51 are local branches of international nonprofits. The number of active groups is not known, but according to the Central Register for Nonprofit Legal Entities, in 2007 there were 4,592 registered nonprofit organizations acting for public benefit. Both private and public benefit NGOs are involved in human rights, minority issues, health care, education, women's issues, charity work, public policy, the environment, culture, science, social services, information technology, religion, sports, and business development. There are no clear statistics on volunteerism in Bulgaria.

The growth of civil society in Bulgaria after 1989 goes hand in hand with the emergence of programs and grants for NGO development. The sector was formed with a top-down approach led by donors. A positive result of the donor-driven emergence of Bulgarian NGOs is their well-developed instructional framework, human resources, and networking capacity. One of the major shortcomings is their

inability to involve the community in decision making. NGOs expect resources from the central and local governments but are doing little to empower their own target groups within the community. Thus, citizen participation in civil society primarily takes the role of passive beneficiary.

Most ethnic and religious groups, including Turks, Roma, Muslims, Armenians, and Jews, have their own NGOs engaged in a variety of civic activities. Although the Roma ethnic minority is not represented in government, some Roma NGOs function as political discussion clubs and proto-parties. There are around 150 functioning Roma NGOs throughout the country, and the number of registered Roma groups is at least three times greater. Churches engage in charitable activities by distributing aid and creating local networks that assist the elderly and children. Organizations of Muslim, Catholic, and Protestant communities are among the most dynamic in the country. Although the Orthodox Church remains the most influential in Bulgaria, only a small percentage of the population attends services regularly. Anti-liberal nonprofit institutions are constitutionally banned, and none are officially registered. Several informal organizations could be considered anti-liberal, but they have weak public influence.

NGO registration is inexpensive and takes approximately one month to complete. Public NGOs are not obliged to pay taxes on their funding resources, but they must be listed and report their activities annually in the register. NGOs are allowed to carry out for-profit activities, provided the work does not clash with their stated organizational aims and is registered separately. Groups must pay normal taxes on all such for-profit work, and they must invest all net profits in their main activities.

A significant number of large foreign NGOs and their donors withdrew from Bulgaria in 2007, which is likely to cause funding problems for some organizations. On the other hand, the accession of Bulgaria into the EU opens new funding possibilities, with EU financial assistance often distributed by the state. This might have a negative influence over NGO independence, favoring those NGOs that are supportive of government policies and programs.

Despite these issues, there are some positive recent developments in Bulgarian civil society. Environmental organizations managed to engage a large number of young people in protest campaigns against unregulated construction projects on the Black Sea and at mountain ski resorts. In 2001, a permanent parliamentary Committee on the Problems of Civil Society was created to serve as a bridge between civil society and the Parliament, reflecting the government's changing attitudes toward the NGO sector. The committee's public council includes 21 members representing 28 NGOs. Other parliamentary committees recruit NGO experts as advisers for public hearings on issues of national importance. Despite this positive practice, no formal mechanism exists for civil society to consult in the development of legislation.

The partnership between the media and NGOs has become reliable and stable. Additionally, NGOs have been involved in preparing projects and monitoring the spending of financial assistance received through EU pre-accession and accession

programs. However, partnerships between civil society and the government continue to work primarily on a project-based approach. As noted by Balkan Assist, interaction between the government and civil society is most often built on the “opportunistic” goal of securing financial resources from international or domestic government funders.

The activities of interest groups are largely unregulated. Bulgarian think tanks have advocated for increased transparency and decreased clientelism and have repeatedly urged the Parliament to legalize and regulate lobbying. As a result, the Committee on the Problems of Civil Society launched a bill in 2002 calling for the registration of lobbyists, but there were still no developments on this legislation at year’s end.

Bulgaria has three major independent trade unions, and the rights of workers to engage in collective bargaining and strike are protected by law. Trade unions take part along with the government and employers in the Tripartite Commission for Negotiations on various issues. There is also a growing number of farmers groups and small-business associations. The activity of trade unions is focused mostly on bargaining with the government for common social policies rather than protecting the labor rights of employees in private companies.

Bulgaria’s education system is largely free of political influence and propaganda. Low wages and poor funding for secondary education led to a teachers strike in September–October 2007. The government agreed to raise teacher salaries in exchange for an agreement on a package of reforms. According to data from the National Statistical Institute for 2005–2006, there are 5,838 educational institutions in Bulgaria, including 2,470 child care centers, 2,654 primary and secondary schools, 661 professional schools, and 53 colleges and universities. Of these, 303 are privately owned, including 32 child care centers; 255 primary, secondary, and professional schools; and 16 colleges and universities.

#### Independent Media

1999	2001	2002	2003	2004	2005	2006	2007	2008
3.50	3.25	3.25	3.50	3.50	3.50	3.25	3.50	3.50

The Bulgarian Constitution proclaims that media are free and shall not be subject to censorship, and the country’s media freedoms are further developed in legislation. A court decision is required for an injunction or confiscation of printed matter or other media. The right of citizens to seek, obtain, and disseminate information is also guaranteed by the Constitution and the Law on Access to Public Information.

There is still no specific legislation protecting journalists from victimization by state or nonstate actors. Libel, which can include criticizing government officials, is a criminal offense in the penal code. Both prosecutors and individual citizens can bring libel charges, with penalties running as high as US\$6,400. Since the penal

code was amended in 2000, a number of cases have been brought, but in most the courts interpreted the law in a manner that favored journalistic expression, with only a few convictions. The previous prosecutor general filed several charges against reporters for illegal use of surveillance devices investigating corruption. However, the policy of the new prosecutor general (appointed in March 2006) is leaning in favor of journalistic expression. Shortly after taking office, the prosecutor general canceled a preliminary investigation of BBC journalists who created the film *Buying the Games*. The film accused former Bulgarian International Olympic Committee member Ivan Slavkov of corruption.

In general, there is free competition among media outlets and differing viewpoints. Print and electronic media have successfully emancipated themselves from governmental control, while the state-owned National Radio and National Television are still not sufficiently independent from the state. They are governed directly by the Council for Electronic Media (CEM), whose nine members are appointed by the National Assembly and the president. Although the CEM is not under government orders, the parliamentary majority approves its budget. Throughout its existence, the council has had a reputation of political dependence. The licensing of private electronic media was a CEM task until 2001, when it was placed under parliamentary control. In 2005, the Parliament adopted a strategy for developing broadcast media, but licensing has not yet started, which has led to insecurity in Bulgaria's electronic media sector.

While media in Bulgaria are generally free from direct government interference, it is not certain whether they are independent of special interests, either political or economic. According to the 2007 Media Sustainability Index, prepared by the International Research & Exchanges Board, the economic interests of media owners are not always consistent with the news function of the media. Editors and reporters respond to this environment through self-censorship. Another problem is the lack of ownership transparency, which hinders full economic or political independence. Reporters Without Borders reports that Bulgarian media were more dependent on political and economic interests in 2007 than in 2006. Bulgaria was ranked 35 in the 2007 Worldwide Press Freedom Index of 168 countries published by the organization.

With the exception of a few local newspapers and the official *State Gazette*, all print media in Bulgaria are privately owned. Overall, there are more than 500 newspapers and magazines. At the end of 2006, the nation's largest newspapers were *Troud*, *24 Hours*, *Standard*, *Monitor*, *Sega*, *Novinar*, *Douma*, *Dnevnik*, and the weeklies *Democracia Dnes* and *Capital*. *Troud* and *24 Hours*, which enjoy the highest circulation, are owned by the German publishing group Westdeutsche Allgemeine Zeitung. The newspaper market includes many other dailies, guaranteeing that readers have a broad selection of information sources and points of view.

As of 2003, there were 89 radio stations in Bulgaria. Of these, 11 provide national coverage and 1 is state owned. There are also 77 local radio stations. As for television, there are 98 stations in the country: 3 reach national audiences through wireless broadcasting, 1 is state owned, and the rest are cable networks.

The public's interest in politics has declined over the last few years, which has resulted in a decrease in circulation at the top newspapers, especially those with ties to political parties. Only the BSP-affiliated *Douma* maintains wide public significance. Low public interest in newspapers has led to their increased commercialization. It is often suspected that newspapers are used by different economic players to pursue financial or political interests. The largest private newspapers are printed by IPK Rodina, the state-owned print house. In some cases, this permits a degree of government interference. However, during the last few years this has not resulted in any direct political pressure. There are a number of private distribution networks, as well.

Among Bulgaria's most important journalistic associations are the Media Coalition and the Free Speech Civil Forum Association; another, the Journalists Union, is a holdover from the Communist era currently attempting to reform its image. More than half of the journalists in Bulgaria are women. The publishers of the biggest newspapers are united in their own organizations, such as the Union of Newspaper Publishers. Of the few NGOs that work on media issues, the most important is the Media Development Center, which provides journalists with training and legal advice.

The Bulgarian media code of ethics, signed in 2004 by 160 national and regional outlets, includes standards for the use of information by unidentified sources, preliminary nondisclosure of a source's identity, respect of personal information, and nonpublication of children's personal pictures (unless of public interest). Adopting the code of ethics demonstrated that Bulgarian media have matured enough to assume self-regulation. As a next step, two commissions on ethics in all media started in 2006 to collect and deal with complaints and infringements of the code. The major functions of the commissions include promoting adherence to the code, resolving arguments between media outlets and audiences, and encouraging public debate on journalistic ethics.

The Internet in Bulgaria is free of any regulation and restrictions, and access is easy and inexpensive. Over the last few years, the number of Bulgarian Web sites has grown significantly. According to data reported by the Alpha Research polling agency in July 2007, the percentage of adult Bulgarians who have access to the Internet has expanded to 30.5 percent over the last year.

#### Local Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007	2008
n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00

The municipality, with an elected municipal council and mayor, is the basic unit of local governance in Bulgaria. Municipalities can formulate, implement, and regulate policies, own property, make budgets, and conduct financial transactions. The public's right to hold local referendums and general assemblies is also envisaged by the Constitution.

In February 2007, a major constitutional impediment to fiscal decentralization and bringing policy decision making closer to the local public was removed. An act of Parliament amended the Constitution to allow municipalities to set local tax rates according to their discretion, within certain limits specified by Parliament. This development was combined with an increased opportunity for municipalities to participate in the absorption of EU structural funds beginning in 2008. Additionally, municipalities are deriving greater revenues from managing their properties, owing to the continued rise in property values and improvements in the collection of local taxes, which was transferred to the municipalities.

The usually hotly-contested local elections in Bulgaria were especially so in 2007. They marked the real entrance to positions of power by GERB, a new and popular political party. In some of the larger cities, GERB managed not only to win the mayoral position, but also to secure majorities in the municipal council. In other municipalities, however, the tendency to have councils without clear leading parties (requiring complex coalitions) was preserved. For the next four years, Bulgarian municipalities will be split between ones with clear one-party power and ones with complicated coalition politics.

The result of these developments may be both a risk and an opportunity. Municipalities may start to diverge in their performance along the dimensions of administrative and managerial capacity, access to resources, and clarity of political responsibility. Such a divergence may create redistributive pressures, which could divert public energy away from improving governance. On the other hand, an opportunity exists for some municipalities to start leading others in good governance practices and thus to enhance the overall performance of local governments in Bulgaria.

#### Judicial Framework and Independence

1999	2001	2002	2003	2004	2005	2006	2007	2008
3.50	3.50	3.50	3.50	3.25	3.25	3.00	2.75	2.75

Basic rights such as freedom of expression, association, and religious beliefs, as well as the rights to privacy, property and inheritance, and economic initiative and enterprise, are enshrined in the Bulgarian Constitution and generally protected in practice. Major problem areas are discrimination against the Roma minority and against certain religious beliefs, cases of abuse of the rights of suspects, and significant delays in judicial decisions.

The European Commission report in June 2007 on judicial reforms in Bulgaria, indicates that progress has been made but challenges remain. Progress areas include the introduction of new legislation, such as amendments to the Constitution allowing an independent inspectorate to monitor the judicial system, and the adoption of a new Law on the Judicial System to balance the independence and accountability of the judiciary, relative to the public and other branches of power.

This is done in three ways. First, the amendments provide Parliament with the right to public hearing of accounts by the prosecutor general, the chairperson of the Supreme Administrative Court, and the chairperson of the Supreme Court of Cassation about court activities, as well as prosecution and investigation in applying the law. The first such accounts were publicly made in front of the Parliament in 2007.

Second, the right of the minister of justice to propose personnel decisions to the Supreme Judicial Council was made operative through the new Law on the Judicial System and the creation of an inspectorate under the Supreme Judicial Council. The inspectorate is envisaged to be an independent body, elected by Parliament, that will monitor the performance of magistrates and propose sanctions to the Supreme Judicial Council.

Third, the new Law on the Judicial System has made the Supreme Judicial Council a permanent body, which takes its members out of everyday judicial work for the duration of its mandate. In this manner, the governance of the judiciary is functionally separated from jurisprudence activities, clarifying the roles and incentives of the different members of the branch.

Another new development in the judicial system in 2007 was the Action Plan for Reforms in the Prosecution. This plan is based on the American Bar Association's 2006 Prosecutorial Reform Index for Bulgaria, which assessed weaknesses in Bulgaria's justice system and was prepared on an initiative of the prosecutor general. Reforms include programs for qualifying and training prosecutors, the creation of ethics commissions at all levels of the prosecution, improved communication with other members of the judicial system, and active and transparent relations with the media and public. These reforms still require implementation, an aspect of Bulgarian governance criticized by the European Commission throughout 2007.

In reality, the Bulgarian judiciary provides an effective check on both the legislature and the executive. The Supreme Judicial Council, which has five-year mandates, consists of 25 members appointed in a manner preventing complete political control over the council. The Bulgarian Constitution is applied directly by the Constitutional Court, consisting of 12 justices appointed in equal quotas by Parliament, the president, and the Supreme Judicial Council, with rotating nine-year mandates. Both bodies have successfully opposed government decisions and acts of Parliament. The two supreme courts have also made decisions in favor of citizens against government bodies on numerous occasions.

Judges in Bulgaria are appointed and dismissed by the Supreme Judicial Council, with all new appointments in the system during 2007 following the legally-envisaged competitive procedures. Also in 2007, the Supreme Judicial Council continued its activities in sanctioning judges whose performance was unsatisfactory. The authority of the courts is recognized, and judicial decisions are enforced effectively. New legislation adopted in 2005 allows private firms and court clerks to enforce court decisions, which has since led to significant improvements in both the number and the value of enforced decisions.

## Corruption

1999	2001	2002	2003	2004	2005	2006	2007	2008
4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50

By 2007, each branch of power in Bulgaria had an established body with the specific task of fighting corruption, including a parliamentary commission and committees within the Council of Ministers and Supreme Judicial Council. In 2006, a coordinating council consisting of representatives from these three bodies was created. Various inspectorates also exist in the executive branch. In this setup, no one government unit is responsible for the fight against corruption, and the results are relatively weak.

An important innovation in addressing high-level corruption is the change in the Law on Publicity of the Property Owned by Persons Occupying High State Positions, wherein Bulgarian officials must declare property information or suffer penal prosecution, and political parties risk losing state subsidies and registration for national and local elections if not in compliance. The National Audit Office has the right to cross-check the declarations with documentation provided to other public bodies, to publicize the information, and to address the National Revenue Agency and the prosecution regarding possible corrupt practices. At present, while the National Audit Office has actively used its new rights, it is too early to tell whether this will lead to the prosecution of high-level corruption.

The 2007 European Commission report on Bulgaria's post-accession judiciary indicates substantial progress in curbing corruption at the borders and at the local level of government. This evidence is corroborated by the finding of a leading Bulgarian NGO that perceptions of corruption have dropped significantly by businesspersons interacting with customs officers.<sup>1</sup> Among a test sample of businesspersons, one study showed a drop in reported corrupt practices, such as bribery, by almost 50 percent between the end of 2005 and the beginning of 2007.<sup>2</sup> Evidence that corruption in Bulgarian business has decreased significantly over recent years is also reported by the World Bank's measurement of the frequency of bribe payments, which between 2002 and 2005 dropped by half. The Bulgarian branch of Transparency International indicates a slight improvement in perceptions of corruption, with Bulgaria's score in 2007 improving to 4.1 from 4.0 in 2006.

The Bulgarian economy is free from excessive state involvement. The private sector produces more than 80 percent of the gross value added and provides about 75 percent of the country's employment. Above 90 percent of all state assets subject to privatization, have been privatized. The budget has been in surpluses since 2004, and another surplus is envisaged for 2008. The ratio of state budget expenditures to gross domestic product was less than 39 percent in 2007, but the projected budget for 2008 plans an increase in the level of state redistribution.

Over the past two years, the most burdensome direct tax—the social security contribution—has dropped by about one-third, with the economy responding with rapid growth in reported wages in the private sector, indicating a decrease in hidden salaries and the shadow economy. In 2007, Bulgaria registered a significant



improvement in the Fraser Institute's ranking of economic freedom, moving from 6.3 to 6.9. The data for 2007 from the Heritage Foundation's Index of Economic Freedom is more difficult to interpret, because there were major changes in data sources and in the classification of countries. However, the index for Bulgaria registers a slight drop from 64.3 to 62.2.

Administrative pressure on economic activity in Bulgaria has continued to slowly decrease, owing mainly to the lower share of government expenditures in proportion to total economic activity, and with the private enforcement of court decisions. However, many other opportunities for corruption remain, especially in licensing, registration of firms, and safety and other regulations, as well as in public procurement tenders. The reform of the public register of legal entities, which envisages taking this activity out of the courts and computerizing it, was delayed at the end of 2007.

All state bodies are obliged under the Law on Administration, the Law on Public Servants, and the Law on Public Procurement to publicize job openings and procurement contracts and to use objective criteria for selection. State bodies regularly announce job openings in the media and on their Web sites. Public procurement announcements are also publicized in the media and on the Internet, with many procedures becoming more competitive after Bulgaria's EU accession. However, there are still reports of cronyism and preferential treatment in the appointment of officials and public procurements.

Bulgarian media feel free to report corruption, and numerous stories appear every month. Yet there are still problems regarding the media's heavy spin and lack of consistent investigation and follow-up of these allegations. As a result, while media are indeed instrumental in exposing cases of corruption, they may also be nurturing the public's perception of the widespread nature of the problem. During the local elections in October 2007, the media exposed and created public intolerance against the practice of purchasing votes by some candidates, which caused the police to raid several campaign centers and the prosecution to investigate a number of alleged vote buyers. In general, the Bulgarian public is highly sensitive to the issue of corruption, and there's a significant level of intolerance for it. Corruption is regularly among the top concerns in national polls and surveys.

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<sup>1</sup> Center for the Study of Democracy, Anticorruption Reforms in Bulgaria, Key Results and Risks, Sofia, 2007, p. 17, table 3, <http://www.csd.bg/fileSrc.php?id=2152>.

<sup>2</sup> *Ibid.*, p. 13, figure 3.

