

## Bulgaria (2007)

NIT Ratings	1997	1998	1999	2001	2002	2003	2004	2005	2006	2007
Democracy Rating	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.18	2.93	2.89
National Governance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.50	3.00	3.00
Electoral Process	3.25	2.75	2.25	2.00	2.00	2.00	1.75	1.75	1.75	1.75
Civil Society	4.00	3.75	3.75	3.50	3.25	3.25	3.00	2.75	2.75	2.50
Independent Media	3.75	3.50	3.50	3.25	3.25	3.50	3.50	3.50	3.25	3.50
Local Governance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.50	3.00	3.00
Judicial Framework and Independence	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.25	3.00	2.75
Corruption	N/A	N/A	4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75

### Executive Summary

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 nine 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 will become a full member of the European Union (EU), completing its integrationist agenda that dominated political discourse within the country during the period of transition. Despite these positive achievements, more attention must be paid to reforming the judiciary and to fighting corruption and organized crime. Better efforts are also needed to bring the public back to politics, to reestablish its trust in democratic institutions, and to relegitimize politics as a tool for engendering social change.

**National Democratic Governance.** The Bulgarian system of democratic governance is well established and progressing steadily despite various problems. At the end of 2005, some political experts expressed doubts about the ability of the government, created by three partners with differing political conceptions, to overcome the considerable political fragmentation after the elections. However, the government and Parliament managed to

stabilize their positions and concentrated all their efforts during 2006 on intensifying progress in the reforms needed for Bulgaria's integration into the EU. The European Commission recognized the progress made and recommended that Bulgaria join the EU without safeguards in the areas of the judiciary and home affairs, preserving the right to invoke such safeguards until the end of 2009. At the same time, the Commission noticed that more efforts are needed to improve the functioning of the Bulgarian judicial system. *Owing to the stability of Bulgaria's reforms, which provided the ability to overcome fragmentation and earn integration into the EU, Bulgaria's national democratic governance rating remains at 3.00.*

**Electoral Process.** Regular presidential elections were held in Bulgaria in October 2006. Voter turnout was 42 percent in the first round and 41 percent in the second. For the first time in Bulgaria's recent history, the incumbent president was reelected. Georgi Parvanov, a former Bulgarian Socialist Party leader, won the elections with an impressive 75 percent of votes in the runoff. His major rival was the leader of the nationalistic Attack coalition, Volen Siderov. Siderov managed to double the electoral support that his party achieved at the last general elections in 2005, but not enough to threaten the positions of the incumbent president. Parvanov managed to win easily, not because of his performance as president over the last five years, but rather because parties from the right-center political spectrum did not succeed in nominating a strong, competitive presidential candidate. *There are no considerable changes that indicate an improvement or 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. The Bulgarian civil society sector was formed with a top-down approach, led by donor demands and visions and not by Bulgarian citizens. This is the major reason most NGOs are still heavily dependent on foreign donors and do not enjoy public support. A significant number of large foreign NGOs and their donors began to withdraw from Bulgaria in 2006, which will likely cause funding problems for some organizations but did not diminish activities during 2006. On the other hand, the accession of Bulgaria to the EU will open new funding possibilities to Bulgarian NGOs. New challenges are arising in developing special skills and capacity for writing project proposals and managing projects under the strict and bureaucratic rules of the European Commission. The government, National Assembly, and media have all gradually learned to call upon NGO expertise. However, partnerships between civil society and the government are primarily project-based to take advantage of international or state funds. *The sector's continuing pace and vibrancy in the face of diminished and shifting funding demonstrates maturity. Bulgaria's civil society rating improves slightly from 2.75 to 2.50.*

**Independent Media.** The structures for media freedom in Bulgaria remained largely unchanged in 2006. Print media are generally independent from state interference but still not fully independent from economic and political special interests. There were several cases in 2006 of attempts to prevent media criticism on certain issues. In May, Minister of the Interior Roumen Petkov released documents from the archives of the former Communist secret services disclosing that Georgi Koritarov, journalist with Nova Television (one of the country's three biggest channels), was a former counterintelligence agent. The files were released in retaliation for Koritarov's criticism of police forces and the Ministry of the Interior in general. Another case involved Ivo Indjev, journalist with bTV (a private nationwide television station), who was fired for releasing unconfirmed information about the property of incumbent president Georgi Parvanov shortly before the presidential elections. In April, a bomb exploded in the home of Vasil Ivanov, a journalist with Nova Television who had become well known for corruption investigations. Libel is still a criminal offense in the penal code, but in most cases the courts interpreted the law in favor of journalistic expression. The policy of the new prosecutor general (appointed in March 2006) was also changed in a similar direction. Shortly after taking office, he canceled the preliminary investigation of BBC journalists who created the film *Buying the Games*, which accused former Bulgarian International Olympic Committee member Ivan Slavkov of corruption. *Owing to attempts to interfere in media independence and attacks on journalists, combined with the media self-censorship that still exists in all media sectors, Bulgaria's independent media rating worsens slightly from 3.25 to 3.50.*

**Local Democratic Governance.** Local self-government in Bulgaria is exercised at the municipal level, with councils and mayors elected directly by secret ballot in universal and equal elections that have been consistently free and fair. Local governments are empowered to resolve problems and make policies. They are responsible to the local public, and mechanisms for public control exist. In 2006 for the first time, the ruling coalition (which has a constitutional majority) approved a proposal for fiscal decentralization allowing municipal councils to set local tax rates; this was subsequently advanced as a formal proposal in a working group for changes to the Constitution. As per new legislation, all municipalities will be able to collect their local taxes as of 2007. *Although more reforms are needed, the process of actual decentralization is slowly advancing, and Bulgaria's local democratic government rating remains unchanged at 3.00.*

**Judicial Framework and Independence.** The basic framework for an independent judiciary and political, human, and civil rights is in place in Bulgaria, but many problems persist that were in some ways addressed in 2006. The Constitution was amended to introduce a higher level of transparency and accountability in the judiciary. A new prosecutor general was appointed after the end of the previous mandate, with the new appointee adopting a number of measures to improve the working of the

prosecution and to make prosecutors more transparent and accountable, including a comprehensive review of all prosecutors and a number of dismissals on various grounds. The enforcement of court decisions has improved with the licensing of private enforcement firms. The ombudsman received the right to petition the Constitutional Court, which increases channels available to citizens to protect their constitutional rights. In March 2006, a constitutional amendment was adopted that will bring major changes to the Bulgarian judicial framework. The most important of these is a new requirement that the prosecutor general, chairperson of the Supreme Administrative Court, and chairperson of the Supreme Court of Cassation must annually inform the Parliament about the activities of the courts in prosecuting, investigating, and applying the law. *Owing to advancements in many aspects of the transparency, accountability, and practical functioning of the judiciary, Bulgaria's rating for judicial framework and independence improves from 3.00 to 2.75.*

**Corruption.** During 2006, many practical measures for fighting corruption were implemented. These mostly affected prosecutors, customs officers, traffic police, and several midlevel officials in Sofia, but the process has not yet reached the higher levels of the administration. The state's involvement in the economy remains limited, but there have been no major improvements in economic freedom indicators. The institutional framework and practice of financial disclosure by public officials have improved. *Even though current anticorruption measures in Bulgaria have created an expectation for more sizable improvements in the near future, the situation in 2006 was basically unchanged, so the rating remains at 3.75.*

**Outlook for 2007.** There will be two developmental highlights in Bulgaria in 2007. First, the country will be a first-year member of the EU. This will have an impact in several dimensions: participation in EU decision-making procedures, including national election of members of the European Parliament; administering the process of absorption of EU structural and cohesion funds; and the continuation of judicial reform and development of measures to fight corruption and organized crime. Bulgaria will be subject to very strict monitoring by the European Commission under the threat of triggering safeguard clauses envisaged in the accession treaty in the areas of justice and home affairs. The second highlight will be the local elections to be held in the fall. Coupled with the expected constitutional amendment giving power to municipal councils to set local tax rates, these elections will be pivotal for future developments in local governance.

### **National Governance (Score: 3.00)**

After 16 years of difficult transition, Bulgaria has succeeded in establishing a

stable democratic system of governance. Adopted in 1991, the Constitution introduced a parliamentary regime with a system of checks and balances guaranteed by the legislative, executive, and judicial branches. According to the Constitution and the Law on Access to Public Information, in force since 2000, Bulgarian citizens have the right to obtain information about government activities. The law includes a mechanism to initiate proceedings when these rights are violated. On the other hand, the Law on the Protection of Classified Information, in force since 2002 as a condition of Bulgaria's membership in NATO, is still often used by the government to refuse access to information. There have been many cases where the court adjudicated access but the government used legal or administrative instruments to block it. According to the nonprofit Access to Information Program Association, numerous institutions, NGOs, and citizens initiated cases charging violations of the law in 2005 and 2006, which indicates that Bulgarian civil society has recognized the right of access to public information as an important instrument to control the government.

During the Communist era, Bulgaria's economy was fully dominated by the state. In 1990, the country began a slow and difficult process of economic liberalization and privatization. Most of the largest companies remained state owned until 1997 and maintained their monopoly market positions. After 1998, privatization efforts were intensified; and by 2006, state influence over the economy was much less significant compared with the free market forces of the private sector. As a whole, there are no significant government barriers to economic activity. Since 1998, Bulgaria's score in the annual Index of Economic Freedom produced by the Heritage Foundation has improved markedly. Despite a slight worsening (owing entirely to data collection parameters) in Bulgaria's 2006 index, the country remains classified as "Mostly Free."

Throughout Bulgaria's largely peaceful transition, no important political players have questioned democracy as the desired basis for the country's political system. Bulgarian citizens recognize the legitimacy of state institutions, and government authority extends over the full territory of the country. A considerable Turkish minority (about 9 percent of the population) lives mostly separated from the majority but at the same time is well represented politically. These positive trends aside, in recent years public opinion polls have registered a growing public distrust of democracy as the best form of government. The public's assessment of the political elite, mainstream political parties, key democratic institutions, and the transition process itself has been mostly negative. These negative public perceptions have found their political representation in the emergence of an extremist political formation called Attack. The coalition is a typical social anti-establishment voice relying on an anti-Turk and anti-Roma campaign. It was created shortly before the June 2005 general elections but managed to pass the 4 percent parliamentary threshold. Initial interpretations of this surprising development were focused largely on the traditional protest vote

in Bulgaria. However, after the 2006 presidential elections, in which the Attack coalition leader, Volen Siderov, finished second behind the incumbent president, Georgi Parvanov, many country experts had to revise their conclusions.

Bulgaria has a one-chamber National Assembly, the 240-member legislature, which is directly elected for a four-year term. Until 2001, the Bulgarian political system was dominated by two parties: on the left, the Bulgarian Socialist Party (BSP), successor to the former Communist Party; and on the right, the Union of Democratic Forces (UDF). Between 1995 and 2001, one of these parties had a majority in the Parliament, and the center of actual decision making shifted from the National Assembly to the government and political party leadership. This bipolar episode ended with the victory of the National Movement Simeon II (NMSS) in the 2001 general elections, increasing the political importance of the National Assembly. This trend was reinforced after the June 2005 general elections when none of the major political parties won a majority.

The Bulgarian National Assembly receives sufficient resources to meet its constitutional responsibilities and has established strong committees and subcommittees. It also consults with a considerable number of experts and NGOs in the legislative process. Over the last 17 years, the National Assembly has developed a tradition of transparency and accountability. Committee hearings and legislative sessions are open to the public and the media, and most bills are posted on the Parliament's Web site. All sessions are broadcast live on the parliamentary radio channel, and some are broadcast on television. Information about the government's decisions and activities can be found on its Web site and through the ministries' public relations offices. The work of the Council of Ministers is observable only through regular press conferences and through a daily bulletin published on the government's Web site.

These positive aspects aside, there are still some problems in the functioning of the National Assembly. It is a common practice among parliamentarians of the ruling and opposition parties to vote with their colleagues' electronic voting cards. Despite efforts by the former and present Parliament Speaker to cope with this questionable practice, it continues. Another problematic area is the quality of legislation passed by the Parliament. Because of Bulgarian integration into the EU, the National Assembly had only a short period in which to pass or amend an increased number of laws and amendments, which negatively affected the quality of the process. There have been cases in recent years where laws passed or amended had to be returned to the Parliament for revision.

During 2006, Bulgaria has been governed by the coalition cabinet of the BSP, NMSS, and Movement for Rights and Freedoms (MRF). None of the major political parties succeeded in winning enough votes in the June 2005 elections to form an independent government, resulting in the longest and

most complicated negotiations since 1989. In August 2005, the Parliament approved a government after more than 50 days of intensive discussions and after the BSP and the MRF failed to elect a minority government in July. Many political observers noted that the new government is marked by a high level of distrust among coalition members. The BSP and the NMSS were fervent political opponents in the preelection campaign, exchanging allegations of corruption, lack of governance experience, and so forth. Moreover, there were serious differences in the governance programs of the two parties. Many BSP members and followers did not trust the MRF because of the party's expedient political shifts and flexible commitments over the last 16 years.

Despite these negative factors, the coalition government has managed to stabilize its structures and keep the general positive trend in the country's development. While criticizing Bulgaria for shortcomings in several policy areas (specifically judicial reform and the fight against organized crime and corruption), the European Commission acknowledged Bulgaria's progress toward meeting the membership criteria and recommended that the country become a full-fledged EU member on January 1, 2007. In economic terms, Bulgaria has also continued to grow over the last six to eight years. Projected gross domestic product growth for 2006 is estimated at 6 percent, while foreign investments reached US\$5 billion by the end of 2006.

Apart from the indisputable achievements of the government, there are several worrisome trends. The first is related to continuing public disaffection with the long and difficult period of transition and the way in which the political system has functioned so far. There are many people in the society who perceive themselves as losers in Bulgaria's transition and tend to support more radical options in order to punish the country's current political elite. This trend is apparent in the public opinion surveys measuring perceptions about the performance of the government and Parliament. When asked to evaluate the performance of these two institutions, only 21 percent respond positively to the Parliament and 36 percent to the government.<sup>1</sup>

Support for the Attack coalition leader in the last presidential elections was also indicative in this respect. It is true, on the one hand, that some of the negative public perceptions stem from the country's long and exhausting transition, and the government and political elite have not been able to bring significant change to the current situation in the short term. On the other hand, various policy issues, such as integrating minorities into Bulgarian society and political life, have been consistently ignored. If no policy actions are undertaken in these areas, public trust in democratic institutions and mechanisms will most likely remain low, while support for populist and anti-system political options will continue to grow.

Bulgaria's civil service is regulated by the Law on Administration of 1998 and the Law on the Civil Service of 2000. These introduce competition for civil servant appointments, with selection based on the professional qualifications

of candidates. The Law on the Civil Service has been amended several times since its adoption (most recently in August 2004) to improve recruitment and performance. Yet there is room for improvement in the selection of candidates and the efficiency and quality of administrative services available to citizens. One of the official motives for the adoption of the Law on the Civil Service was its potential to curb corruption. Public opinion surveys in 2006 have indicated that civil servants are still perceived as one of the most corrupt professional groups in Bulgarian society.

The executive is subject to supervision by the legislature. Every Friday, ministers are obligated to answer questions raised by members of Parliament (MPs). In addition, governmental structures are obligated to provide information upon request on behalf of parliamentary committees or MPs. The executive is also supervised by the National Audit Office (NAO) through regular financial or performance audits of all government agencies. The NAO has 11 members, elected and dismissed by the Parliament, to which it reports annually. For example, an NAO report in April 2004 resulted in the creation of an ad hoc parliamentary committee to investigate spending in various EU-funded programs in the Ministry of Regional Development and Public Works.

Since military and security services are under the jurisdiction of the executive branch, they are also subject to the control of the Parliament, which discusses and approves security budgets as part of the total state budget. MPs also monitor the performance of different military and security structures operating under the Ministries of Defense and the Interior. At the same time, to avoid centralizing power in this key area, the government proposes, and the president approves, candidates for directors of the security services and the chief of staff of the Bulgarian armed forces. There is also judicial oversight of the military and security sector—a special prosecutorial body investigates military and security officials in Bulgaria.

The Bulgarian military and security services have gone through reforms during Bulgaria's NATO candidacy. The government established a modern system of democratic control based on clear organizational and functional structures, responsibility, and accountability. As a result, more information is currently available to the public and NGOs, especially about the activities of the Ministry of Defense. Several NGOs are working on problems in the security sector and civil control over the armed forces. Still, some problems exist regarding access to information. Often, military or security officials take advantage of the new Law on the Protection of Classified Information. With similar justification, some lawsuits against members of the military and security sector have been classified and closed to the public.

#### **Electoral Process (Score: 1.75)**



The Bulgarian Constitution provides all citizens over 18 with the right to vote by secret ballot in municipal, legislative, and presidential elections. Small glitches aside, elections since 1991 have been free, fair, and in compliance with electoral law. The last parliamentary elections in 2005 and presidential elections in October 2006 were also generally assessed as free by all political parties and observers.

There is a strong history of different parties coming to power consecutively and peacefully in Bulgaria. No Bulgarian government since 1990 has been reelected, suggesting that democratic procedures in Bulgaria are effective and no party has attempted or been successful in using its position in power to win elections. The last presidential election held in 2006 registered the second victory of a left-wing candidate, representing the BSP. The last local elections in October 2003 were the first in recent Bulgarian history to take place without international observers, an acknowledgment that the country has managed to establish a tradition of free and fair elections.

Bulgaria has a proportional electoral system, except in presidential and mayoral 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 now require a deposit in order to register MP candidates: 40,000 lev (approximately US\$25,500) for coalition candidates, 20,000 BGN (approximately US\$12,750) for individual party candidates, and 5,000 BGN (approximately US\$3,200) for individual candidates nominated by citizen committees. The rationale for the amendments was to reduce the number of parties participating in elections, since many do not represent actual social interests and only contribute to voter confusion. As a result, the number of registered parties and coalitions decreased from 65 in 2001 to 22 in 2005. Additionally, an integrated white ballot replaced the system of separate colored ballots. This is also considered a positive step, as the colored ballots were confusing to some voters and prompted endless quarrels among the parties over color choices.

The last general elections, held in June 2005, were won by the left-wing BSP, successor to the Bulgarian Communist Party, with 33.98 percent of votes and 82 seats. After failing to elect a minority government in coalition with the ethnic Turkish party MRF in July, the BSP agreed to a government coalition with the previously ruling NMSS in August 2005. Since 1990, the party has tried to move away from its Communist legacy and build a modern leftist organization. Following the 1997 crisis, when protesters took to the streets to force the resignation of the BSP government, the BSP adopted Atlanticist ideas in its platforms. 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 June 2005 elections.

The previously ruling centrist NMSS won 21.83 percent of votes and 53 parliamentary seats. Although declaring prior to the 2005 parliamentary elections that it would not enter into a coalition with the BSP, the NMSS had to finally agree on such an arrangement. This inconsistency was motivated largely by the need to maintain political stability for the sake of Bulgaria's forthcoming accession to the EU. The NMSS was created only three months before the 2001 general elections by Simeon Saxe-Coburg-Gotha, Bulgaria's former king, but succeeded in winning most of the votes and forming a government. Though lacking a clear political and ideological identity, the NMSS managed to complete its full four-year term in office. In 2003, the NMSS was admitted to the Liberal International, the world federation of liberal political parties, as an associate member. After entering the ruling coalition, the party of the former Bulgarian king concentrated its efforts on maximum participation within the government. As a result, the party's electoral activity has been neglected. The movement neither participated in the 2006 presidential elections with its own candidate nor supported candidates in the running. All this negatively affected its electoral positions, and by August 2006 the movement was only the third largest political formation in the country in terms of electoral support.<sup>2</sup>

The MRF achieved the best election results in its 15-year history, winning 14.07 percent of votes and 34 seats in the June 2005 general elections. The party was established in 1990 to represent the Turkish minority in Bulgaria and has held seats in the Parliament ever since. The MRF gained representation in the government for the first time in the 2001 elections and has continued to broaden its base of power. The party supports centrist political positions and is a member of the Liberal International. Ahmed Dogan has led the party since its establishment.

Though the June 2005 elections reflected the ongoing disintegration of the center-right political space, the major electoral surprise was the appearance of the extremist Attack coalition. It achieved unexpectedly good results and succeeded in entering the Parliament, leaving behind all major center-right political formations. The coalition won 8.93 percent of votes and 21 parliamentary seats. The Attack coalition is a typical anti-establishment political formation benefiting from the traditional protest vote in Bulgaria. It was formed by Volen Siderov, a journalist who was editor in chief of *Democracia*, the official newspaper of the UDF in the 1990s. Siderov has produced the TV program *Ataka* for the last few years, and this launched his current political career as the Attack coalition's leader.

The Attack coalition's message is predominantly anti-Turk and anti-Roma, suggesting that the Bulgarian majority is threatened by the growing influence of Turkish and Roma minorities. The coalition accuses the entire political elite of corruption and betraying Bulgarian national interests. It also

opposes Bulgarian membership in NATO and insists that European integration should strictly observe Bulgarian national interests. Initial interpretations of Attack's surprising electoral victory were related largely to the existence of a traditional protest vote in Bulgaria. However, after the 2006 presidential elections, in which Siderov finished second behind incumbent president Georgi Parvanov, many country experts had to revise their initial analysis. It is clearer now that electoral support for the Attack coalition and Siderov is not only an effect of transitory social disaffections, but also rooted in 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 message won popularity and a position in the Parliament is disturbing.

In December 2006, a new party formation appeared on the Bulgarian political landscape. Citizens for European Development of Bulgaria (GERB) was established by the incumbent mayor of Sofia, Boyko Borissov, who served as a firefighter in the Communist regime. After the collapse of the system, Borissov left the service to start a private business. During the 1990s, he was a bodyguard of Bulgaria's former Communist dictator Todor Zhivkov and after that of Simeon Saxe-Coburg-Gotha, the former monarch who returned from exile to create a political movement and later become prime minister. In 2001, Borissov was appointed by Saxe-Coburg-Gotha as general secretary of the Ministry of the Interior. Though this position is not a political post, Borissov became the most popular figure in the government shortly after his appointment. He built his successful political career on personal charisma and anti-crime rhetoric in combination with a clever media strategy. In October 2005, Borissov won the elections for mayor in Sofia and later created a nonprofit organization that became the basis for his political party. Public opinion polls from the end of 2006 indicated that the GERB has attracted considerable public support (14 percent), ranking second after the ruling BSP.

The presidential elections on October 22 and 29, 2006, marked for the first time in Bulgaria's recent history the reelection of the incumbent president. Georgi Parvanov, a former BSP leader, won the elections with an impressive 75 percent of votes in the runoff. The unprecedented victory of Parvanov came as a logical result of Bulgaria's internal political developments. After heated and prolonged negotiations, the center-right political formations managed to reach an agreement on a single presidential candidate. However, the nomination of the former president of the Constitutional Court, Nedelcho Beronov, came as a result of a compromise between the leaders of the two largest center-right political formations, UDF and Democrats for Strong Bulgaria rather than out of a real intention to win the elections. The former constitutional judge failed to rally the support of right-wing voters and remained third in the first round of the presidential elections. Many people expected that Borissov, the current mayor of Sofia, would run for president. According to public opinion polls, Borissov enjoys wide public

support and had a good chance of winning the elections. His decision not to participate in the elections secured the easy victory of Georgi Parvanov. In this contest, the major rival of the current president was Attack's Volen Siderov. He managed to double the electoral support received in the 2005 elections, but not to an extent that would threaten the position of the incumbent president.

The Bulgarian president is elected directly but has limited powers and plays a mostly ceremonial role. Owing to this characteristic, the presidential elections are not that important for political actors in terms of controlling the actual power mechanisms. But Bulgarian politicians take presidential elections very seriously since they provide an opportunity for parties to test their electoral positions and to consolidate their public support. From this perspective, the 2006 presidential elections were indicative of the political and electoral situation in Bulgaria on the threshold of accession to the EU. There are many in the country who perceive the transition period as a time when the former Communist nomenklatura transformed its political power into economic power, a decade of criminal privatization where "the people" lost out while "the elites" profited. The center-right parties that succeeded the UDF, an organization established in 1990 as a coalition of anti-Communist political parties and civic organizations, have tried unsuccessfully to take advantage of this public disaffection with the country's transition.

There are several reasons explaining this failure. First, all of the center-right parties have pro-European, pro-Western, and pro-market agendas, and it is not possible for them to abandon the major consensus of the post-1989 transition. Second, these parties have been part of the country's ruling elite and are perceived by the public as winners (rather than losers) as a result of Bulgaria's economic and political transformation. All of this creates an opening for the emergence of a new Right that draws on antitransition sentiments and would most likely be very similar to the current right-wing political parties in Poland and Hungary. The gains for Attack's leader, Volen Siderov, at the presidential elections and the broad public support that Sofia mayor Boyko Borissov enjoys indicate that they would be the most likely major political figures to attempt to harness public disaffection and occupy the open space on the right of the political spectrum.

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 antiminority statements in a campaign, which led a broad alliance of NGOs to initiate a court case against the coalition and its leader in December 2005.

The case remained under consideration throughout 2006.

The political party registration process is liberal and uncomplicated, and parties can appeal rejected applications. In October 2004, the Parliament passed on first reading a bill raising the threshold for new party registration from 500 to 5,000 members. Although somewhat positive, the new law fell short of expected party funding reforms, including more transparent fund-raising and a reduction in the range of funding sources allowed by law. The Bulgarian electoral system is multiparty-based, with mechanisms for the opposition to influence decision making. Twenty-two political parties and coalitions were registered to participate in the 2005 parliamentary elections, and 146 were registered for the 2003 local elections. 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. According to data from the Alpha Research polling agency, 30 percent of participants in the 1999 local elections and 41 percent in the 2003 local elections voted for small or locally represented political entities.

Voter turnout in the June 2005 legislative elections was 55 percent. During the October 2006 presidential elections, voter turnout was 42 percent in the first round and 41 percent in the second. Voter turnout in the 2003 local elections was around 50 percent in both rounds. In all cases, the numbers are lower than in previous elections. According to the Alpha Research agency,<sup>3</sup> approximately 6 percent of the population is currently affiliated with political parties. These data reflect a growing distance between voters and politicians, based on public disappointment with government reforms from both the Left and the Right. As a result, people are less confident that they can solve problems through political and collective instruments and turn instead to individual strategies. This also resulted in growing public support for extremist or nondemocratic political ideas represented by formations like the Attack coalition.

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, this Turkish minority party is well represented at all levels of government. However, there are problems that have become clearly visible over the last several years. The MRF has created a monopole, strict, and hierarchical clientelistic structure that controls the lives of Bulgarian Turks not only politically, but also to a greater extent 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. The general hypothesis is 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, even though there have been attempts to create one.

No particular business or other interest interferes directly in electoral procedures. However, there are suspicions that powerful economic interests influence the decisionmaking process by lobbying political parties or providing illicit party financing. A scandal exploded at the start of 2004 when it became clear that some Bulgarian companies close to the BSP had received oil gifts from the former Iraqi regime of Saddam Hussein. There are suspicions that the oil gifts were destined for the BSP in return for political support of the Iraqi regime. In October 2005, the BSP was mentioned in the UN Independent Inquiry Committee's final report<sup>4</sup> on the oil-for-food investigation. BSP leadership denied the allegations and claimed the party never profited from oil deals with the former Iraqi regime.

### **Civil Society (Score: 2.50)**

The Bulgarian Constitution guarantees citizens the right to organize freely in associations, movements, societies, or other nonprofit organizations. There have been no administrative or other barriers to NGOs over the last 16 years, nor do they experience significant state or other influence on their activities, which are regulated by the Law on Noneconomic Purpose Legal Entities.

The 2005 Bulgarian Statistic 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 groups actually active is not known, but according to the transparent public document known as the Central Register for Nonprofit Legal Entities, in 2006 there were 4,592 registered nonprofit organizations acting for public benefit. Both private and public benefit NGOs are focused on crucial areas of Bulgarian society, including 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, not Bulgarian citizens. According to a 2005 *Civil Society Without the Citizens* report by Balkan Assist, a Bulgarian nonprofit association, this is the main reason Bulgarian

NGOs have low levels of citizen involvement and are financially dependent on foreign donors. A positive result of the donor-driven emergence of Bulgarian NGOs is their well-developed instructional framework, human capital, and networking capacity. One of the major shortcomings of Bulgarian NGOs is their inability to involve the community in their decisionmaking. NGOs expect resources from the central and local governments, but they 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 a weak public influence.

NGO registration is inexpensive and takes approximately one month to complete. By law, all NGOs that work for public benefit are listed in the Central Register for Nonprofit Legal Entities. Groups are allowed to engage in for-profit activities under certain conditions, and all groups are required to conduct annual audits. The law distinguishes between NGOs acting for public benefit and those that act for private benefit. 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. According to existing legislation, 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.

Even though the Law on Corporate Taxation of 1997 instituted various tax incentives, these have not induced businesses to give money to NGOs. The state usually funds some specific NGOs in the area of social services, but most NGOs rely on funding from foreign sources. Regrettably, a significant number of large foreign NGOs and their donors began to withdraw from Bulgaria in 2006, which is likely to cause funding problems for some organizations. On the other hand, the accession of Bulgaria into the EU will open new funding possibilities. However, the development of special skills, such as proposal writing and project management, must occur under the

strict and bureaucratic rules of the European Commission. According to Balkan Assist, more than 80 percent of funding for local NGOs comes from abroad.

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. This reflects 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 preaccession 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 and the publicizing of lobbying activities. There was no development on this bill during 2006.

Bulgaria has three major independent trade unions, and the rights of workers to engage in collective bargaining and to strike are protected by law. Participation is free, and the state respects the right of workers to form their own organizations. 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. Balkan Assist's *Civil Society Without the Citizens* report concluded that Bulgarian civil society has a limited impact on the behavior of large businesses, and people are often afraid to hold companies responsible for violations of their rights or failures to meet obligations. 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. The most serious problems facing Bulgarian students are the continually revised educational requirements imposed by the Ministry of Education, such as changes in the required number of years of schooling and mandatory comprehensive examinations. Education reform has proved to be fairly difficult and unpopular. 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 (Score: 3.50)**

The Bulgarian Constitution proclaims that media are free and shall not be subject to censorship, and legal provisions concerning media freedom are further developed in legislation. An injunction on or confiscation of printed matter or other media is allowed only after a court decision. 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 of illegal use of surveillance devices against reporters investigating corruption. However, the policy of the new prosecutor general (appointed in March 2006) is leaning more in favor of journalistic expression. Shortly after taking office, he canceled the prosecutor's preliminary investigation of the BBC journalists who created the film *Buying the Games*. The film accused former Bulgarian International Olympic Committee member Ivan Slavkov of corruption.

In general, Bulgarian media are independent from the state, and there is free competition among different outlets and 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 generally developing broadcast media, but licensing has not yet started in practice, which has led to insecurity in

the country'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, or whether they are protected from indirect government interference. According to the Media Sustainability Index,<sup>5</sup> published in the beginning of 2006, the practice of self-censorship in Bulgaria is omnipresent because some media outlets are either owned by certain business groups or owners have certain political or business affiliations. As a result, critical coverage or investigations into media business partners are often restrained, while improprieties of the competition are widely published.

Self-censorship is more visible at smaller media outlets, especially in cities with a more developed business sector. For example, in May 2006 Minister of the Interior Roumen Petkov released documents from the archives of the former Communist secret services disclosing that Georgi Koritarov, a journalist with Nova Television (one of the three biggest channels in Bulgaria), was a former counterintelligence agent working for the Communist state security services. These files were released in retaliation for Koritarov's criticism of police forces and the Home Ministry in general. In another case, the journalist Ivo Indjev was fired from bTV shortly before the presidential elections for releasing unconfirmed information about the property of incumbent president Georgi Parvanov; bTV claimed there had been a violation of journalistic ethics, but the firing was seen by many commentators either as political interference or as a case of media self-censorship. Another case indicative of the media environment in Bulgaria involved Vasil Ivanov, a journalist with Nova Television, who had become well-known for corruption investigations over the last year. In April 2006, a bomb exploded in his home, fortunately unoccupied at the time. Cases like these reinforce the practice of self-censorship among journalists in all media.

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 with the highest levels of circulation were *Troud*, *24 Hours*, *Standard*, *Monitor*, *Sega*, *Novinar*, *Douma*, *Dnevnik*, and the weeklies *Democracia Dnes* and *Capital*. The Bureau for Independent Audit of Circulation provides information on newspaper circulation, but many believe the figures are not reliable.<sup>6</sup> *Troud* and *24 Hours*, which enjoy the highest circulation,<sup>7</sup> 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 any 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. The Journalists Union, a holdover from the Communist era, is trying to reform its image. Currently, 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 problems, the most important is the Media Development Center, which provides journalists with training and legal advice.

In November 2004, journalists from 160 national and regional press and electronic/online media outlets signed the Bulgarian media code of ethics. The code includes standards regarding the use of information by unidentified sources, the 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 working in June 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, and the quality and availability of a broader range of opinions has increased. According to data reported by the Alpha Research polling agency in February 2006, the percentage of adult Bulgarians who have access to the Internet has expanded to 23 percent over the last year.

## **Local Governance (Score: 3.00)**

Under Chapter 7 of the Bulgarian Constitution, the basic unit of local self-government is the municipality. Direct elections are held for municipal councils and mayors (Law on Local Elections of 1995), and municipalities have the right to enact certain regulations, own property, maintain budgets, and make financial transactions (Law on Local Administration of 2002, Law on Local Taxes and Fees of 1997, and Law on Municipal Debt of 2005). The Constitution also envisages direct local democracy through public referenda and general assemblies.

In principle, local authorities in Bulgaria do have competences to design, institutionalize, and implement solutions in the public interest, but the process of decentralization is still far from completed. While the interaction between central authorities and local governments is well structured at the legislative, executive, and civil society levels, and consultations take place regularly between the Parliament, the government, and the National Association of Municipalities in the Republic of Bulgaria, the major impediment to decentralization is the inability of local governments to independently set any taxes or tax rates. In late 2006, Bulgaria's ruling coalition introduced a formal proposal to a parliamentary working group aimed at making changes to the Constitution, including allowing municipal councils to set certain local tax rates. This is the first time a proposal for a formal constitutional change has reached such a high level, but the working group's final document and a parliamentary vote are still pending.

In Bulgaria, municipal councils and mayors are elected under universal, equal, and direct suffrage in regular and free elections. These elections are usually hotly contested, with numerous parties and candidates involved. While national parties and local economic interest groups are active in these elections, the occasions when they dominate are rare, and more often than not municipal councils consist of more than two equally strong groups of councillors, which as a rule enter into coalitions much differently from the process at the national level. Local government bodies in Bulgaria are open to citizens regardless of their status, and there are many examples of women mayors (at the 2003 local elections, 19 women mayors were elected out of 263 municipalities) and different ethnic groups holding or being part of majorities in municipal councils. Independent candidates are regularly elected as municipal councillors and mayors, showing that parties or other groups cannot unilaterally determine access to local government positions.

Citizens and civic organizations are entitled to address the local authorities, and such practices have developed to some extent throughout the country. Also, there is a lively set of local and regional press and electronic media (mostly radio) focusing on local governance and the local public. These are promising mechanisms for transparency, as well as public and media control

over local authorities, but they are not effective enough at this stage of Bulgarian local government reform. This is due to the fact that major sources of local revenue come as central budget subsidies or from centrally-set local taxes and tax rates, which decreases the ability of local governments to promptly and adequately address the needs and demands of their citizens.

The capacities of local authorities to derive revenues from municipal property management and the taking on of debt have increased recently, owing to rising property values in the country and to the Law on Municipal Debt of 2005, but these cannot fully overcome the overall revenue deficiencies as municipalities remain significantly dependent on central government decision making. However, once the centrally defined revenues are obtained by the local governments, they have complete discretion over spending. Also, in another recent move toward greater taxing capacity, all municipalities starting in 2007 will be empowered to collect local taxes rather than relying on collection and then transfer from the national tax collection office. This change improves tax collection incentives for local taxpayers and tax collectors and is a preparatory step for greater constitutional change in local tax policy.

### **Judicial Framework and Independence (Score: 2.75)**

The Bulgarian Constitution has provisions protecting freedom of expression, association, and religion as well as the rights to privacy, property and inheritance, and economic initiative and enterprise. In practice, the protection of these rights by the state and by nongovernmental actors is generally effective. However, there are still problems, including discrimination against the Roma minority and certain religious beliefs, as well as cases of rights abuse and significant delays in the criminal justice system.

Historically, problems with the Bulgarian judicial system over the past decade have stemmed from the 1991 Constitution, which granted the judicial branch significant independence without sufficient accountability to the other branches and society as a whole. Judicial reform was begun in the last five years as a key condition of Bulgaria's integration into the EU. Since then, the ruling majorities in the Parliament have attempted to reform the judicial system, but with mixed success.

In 2003, the Constitutional Court struck down a new law to reorganize the judiciary, declaring that only a Grand National Assembly<sup>8</sup> has the right to change the structure of state power. In September 2003, the Constitution was changed to reduce the immunity of magistrates. In April 2006, the

Parliament amended the Constitution once again, allowing the country to remove from office the heads of the Supreme Courts and the prosecutor general at the Parliament's proposal and the president's approval. However, in September 2006 the Constitutional Court abolished this amendment, arguing that it would negatively affect the independence of the judicial branch and could be adopted only by a Grand National Assembly.

These difficulties aside, the European Commission recognized the progress made in reforming the judiciary and recommended that Bulgaria join the EU without a safeguard in the areas of the judiciary and home affairs. At the same time, the Commission noted that more efforts are needed to improve the functioning of the Bulgarian judicial system. An option for triggering safeguard clauses is envisaged in the accession treaty that could be used in justice and home affairs in case there is no progress in the judicial reform. In particular, the European Commission will closely observe efforts against corruption and organized crime.

In March 2006, a constitutional amendment was adopted that will bring major changes to the Bulgarian judicial framework. The most important of these is a new requirement that the prosecutor general, chairperson of the Supreme Administrative Court, and chairperson of the Supreme Court of Cassation must annually inform the Parliament about the activities of the courts in prosecuting, investigating, and applying the law. Also, a constitutional provision was introduced explicitly allowing the newly established national ombudsman to petition the Constitutional Court. These changes are aimed, on the one side, at increasing the level of transparency and accountability in the judicial system and, on the other side, at enhancing the ability of citizens to more actively protect their constitutional rights.

The Bulgarian judiciary, whose main body of power is the Supreme Judicial Council (SJC), provides a check on both the legislature and the executive. The SJC has 25 members appointed for five-year mandates. The Bulgarian Constitution is applied directly by the Constitutional Court, which consists of 12 justices appointed in equal quotas by the Parliament, the president, and the SJC for rotating, nine-year mandates and has established itself as a legitimate, independent, and impartial body. However, some decisions of the Constitutional Court create doubts about the impartiality of the Court in interpreting the power of the judiciary in relation to the executive and legislative branches. The most recent example of such a decision came on September 13, 2006, when the Court overthrew the impeachment procedure of the prosecutor general and the chairpersons of the two Supreme Courts, which had been earlier adopted by the Parliament as part of the March 2006 constitutional amendment.

In general, Bulgarian citizens are equal before the law, but various problems foster a public perception of distrust. These problems include slow and inconsistent adjudication, attempts to influence courts and corruption, and the lack of transparency and public access to information about court

decisions. An April 2006 report<sup>9</sup> demonstrates that in many respects the efficiency of Bulgarian courts is comparatively in line with that of courts in other EU member countries, but there are areas where significant delays occur, particularly in the pretrial and in-between-court phases of criminal trials. It is precisely these occurrences that create the public impression that there is a class of people in Bulgaria that enjoys impunity and is capable of avoiding justice.

Another major development in the criminal justice system in 2006 was the appointment in February of a new prosecutor general after the end of the mandate of his much criticized predecessor. Over the course of the year, the new prosecutor general introduced a number of reforms to the system, including the completion of a thorough review of all activities over the last decade, the introduction of a new anticorruption unit, and many changes in personnel. He has also been active in asking the SJC to terminate a number of prosecutors for several transgressions discovered during this review process and ongoing investigations of organized crime. Various observers note that the new head has introduced major improvements in the transparency, accountability, and effectiveness of prosecutors.

Judges in Bulgaria are appointed and dismissed by the SJC, and amendments to the Law on the Judicial System, in force since April 2004, regulate the appointment of judges. Previously, junior judges were appointed without the legally required concourses and based on family and personal relations, but there were no reports that these practices continued in 2006, and all new appointments appear to have followed the legally envisaged competitive procedures. Also, the SJC has been more active than in previous years in dismissing judges whose performance is clearly inferior—specifically judges who have consistently failed to issue timely decisions and created severe case backlogs. New legislation adopted in 2005 allows private firms, along with court clerks, to enforce court decisions, and the licensing of these private enforcement entities was completed in 2006. Initial reports indicate that as a result, the speed in enforcing court decisions has picked up considerably.

### **Corruption (Score: 3.75)**

In Bulgaria, the regulatory and administrative framework for fighting corruption has reached a point where further institutional change seems less expedient than actual implementation and enforcement. In this respect, 2006 saw two main developments. The first involves concrete cases where two relatively prominent midlevel government officials—the head of the Sofia Central Heating Company and the administrator of one of the city’s regions—were dismissed amid allegations of corruption. In the first case, the

dismissal was followed by an official investigation, arrest, and pending indictment. Several of the above-mentioned prosecutor dismissals were based on evidence of conflicts of interest and improper contacts with organized crime suspects. Additionally, the consolidation of state revenue collection into a single agency with a single information system, the introduction of cameras to control traffic violations (a traditional source of small-scale corruption), and the installation of equipment at border checkpoints to standardize customs duties have all eliminated opportunities for corruption.

The second main development in fighting corruption was the last comprehensive report of the European Commission,<sup>10</sup> which found that Bulgaria had made sufficient progress, among other things, in fighting organized crime and corruption. Consequently, there are no grounds at present either for postponing its membership by one year or for activating precautionary clauses envisaged in the accession treaty.

The Bulgarian economy is generally 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. Over 90 percent of all state assets subject to privatization have been privatized. The budget has had surpluses since 2004, and another surplus is envisaged for 2007. The ratio of state budget expenditures to gross domestic product has decreased visibly over the last year of available data to below 38 percent. After a sizable drop in 2006 in the rate of the most burdensome tax in Bulgaria—the social security contribution—a new, albeit smaller drop is envisaged for next year in the government's budget proposal. In 2006, the Bulgarian economy was ranked as "Mostly Free" in the Heritage Foundation's Index of Economic Freedom,<sup>11</sup> with scores on fiscal burden and government intervention ranking better than its overall score. In the Fraser Institute's Economic Freedom of the World Index,<sup>12</sup> Bulgaria has maintained its score at 6.3 on a scale where 10 represents maximum freedom.

The Bulgarian branch of Transparency International<sup>13</sup> indicates that the situation with corruption perceptions in the country remains virtually unchanged for a fifth consecutive year. Administrative pressure on economic activity in Bulgaria has continued to decrease slowly over 2006, owing mainly to the lower share of government expenditures in total economic activity and the start-up of private firms to enforce court decisions. However, many other opportunities for corruption remain, especially in licensing regimens, registration of firms, safety and other regulations, and public procurement tenders. The reform of the public register of legal entities, which envisaged taking this activity out of the courts and making it an entirely electronic procedure, has been considerably delayed and postponed to the end of 2007.

The Law on the Civil Service of 2000 limits the ability of civil servants to engage in private economic activities. At higher levels of government, there



is no such legal requirement, but limitations are imposed by the public through elections and the media and are also expected to be a part of the forthcoming ethics code for high-level government figures. The actual involvement of government officials in private economic activities is difficult to assess. There have been no major public or media exposures of illicit activities, suggesting that these violations are limited.

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 concourses for hiring. All employer and business associations, however, claim that public procurement procedures continue to create doubts about clientelism and preferential treatment and that proposals for changes in the legislation are blocked in the legislative process.

Financial disclosure by state officials in Bulgaria is conducted via the Public Register within the National Audit Office (NAO) under the Law on Publicity of Personal Property of High Government Officials in the Republic of Bulgaria. The Public Register is accessible to the public through guaranteed media access. Changes in the law have increased the ability of the NAO to investigate cases of conflicts between the Public Register and other registers and information sources. Also, the punishments for breaching the requirements of the law have been increased for all levels of the administration, but not for MPs.

Bulgarian media feel free to report corruption, and numerous stories alleging corruption appear every month. However, problems remain with the media's heavy spin and the lack of consistent, investigative follow-up on allegations. As a result, while media are indeed instrumental in exposing cases of corruption, they may also be nurturing public perception of a widespread problem. In general, the Bulgarian public remains 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 was an important aspect of campaigns for the Parliament, several mayorships in 2005, and during the presidential elections in 2006.

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**Notes**

<sup>1</sup> Monthly public opinion surveys: 2006, Alpha Research Polling Agency ([www.arsearch.org](http://www.arsearch.org)).

<sup>2</sup> According to data from Alpha Research polling agency, August 2006, <http://www.arsearch.org>.

<sup>3</sup> Average data from the regular surveys of Alpha Research agency during 2006, <http://www.arsearch.org>.

<sup>4</sup> Independent Inquiry Committee into the United Nations Oil-for-Food Programme, *Report on the Manipulation of the Oil-for-Food Programme* (27 October 2005), Committee Tables, Table III, pp. 16–17. Available at <http://www.iic-offp.org/story27oct05.htm>.

<sup>5</sup> Media Sustainability Index, report prepared by International Research & Exchanges Board (IREX), <http://www.irex.org/msi/2005/MSI05-Bulgaria.pdf>.

<sup>6</sup> Media Sustainability Index, report prepared by International Research & Exchanges Board (IREX), <http://www.irex.org/msi/2005/MSI05-Bulgaria.pdf>.

<sup>7</sup> According to private communication between authors and headquarters of the major newspapers.

<sup>8</sup> Under the 1991 Constitution in Bulgaria, there are two types of National Assemblies, ordinary and grand. A Grand National Assembly is elected in separate elections, has more deputies than an ordinary one, and is entitled to change the Constitution, whereas the texts concerning the form of government can be changed only by a Grand Assembly and not by an ordinary one.

<sup>9</sup> *The Judiciary: Independent and Accountable: Indicators on the Efficiency of the Bulgarian Judicial System* (Centre for Liberal Strategies, Sofia, April 2006).

<sup>10</sup> *Monitoring Report on the State of Preparedness for EU Membership of Bulgaria and Romania* (Commission of the European Communities, Brussels, September 26, 2006).

<sup>11</sup> Marc Miles, Kim Holmes, and Mary Anastasia O'Grady, *2006 Index of Economic Freedom* (Heritage Foundation and *The Wall Street Journal*, 2006), p. 121.

<sup>12</sup> James Gwartney and Robert Lawson, *Economic Freedom of the World 2006 Annual Report* (Fraser Institute, 2006), p. 62.

<sup>13</sup> Data can be found at <http://www.transparency-bg.org>.

