



Bulgaria Report

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Sustainable Governance Indicators 2017

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Executive Summary

After the elections in October 2014, Bulgaria's second Borissov government was formed as a complex coalition of four parties and alliances. It is centered around the biggest party in parliament, the center-right Citizens for the European Development of Bulgaria (GERB), and its leader Boyko Borissov, who already served as prime minister from 2009 to 2013. The other three coalition participants, the Reformist Bloc (a center-right coalition of five parties), the Patriotic Front (a coalition of two nationalist parties), and the new Alternative for Bulgarian Revival (ABV) party, a center-left spinoff of the large socialist party led by former President Georgi Parvanov, were newcomers to parliament. In the beginning of 2016, after proposed constitutional amendments aimed at judicial reform were passed only partially, part of the Reformist Bloc went into opposition. Some months later, ABV withdrew its representative in the cabinet and, respectively, its support for the ruling coalition. When the GERB candidate lost in the presidential elections in November 2016, Prime Minister Borissov resigned. After the Bulgarian Socialist Party and the Reformist Bloc failed to forge a government, Rumen Radev, the newly elected president, appointed a caretaker government. In the snap election in March 2017, GERB remained the strongest party, while its former coalition partners did not make it into parliament. Borissov succeeded in becoming prime minister for the third time by forging a coalition between GERB and a coalition of three extremist and ultra-nationalist parties.

During the second Borissov government, economic policy performance improved due to the restoration of fiscal control, increases in the flexibility of the labor market and improved export performance. As a result, employment increased noticeably. These positive developments notwithstanding, Bulgaria still faces serious challenges in terms of improving overall skill levels, innovation capacity and productivity. Despite further increases in funding in 2016, research and innovation continue to number among the country's main problem areas. Other serious problems include the relatively low-skilled labor force and the exclusion of the non-qualified and of some minority groups from access to economic activity. Three main challenges in this area remain: reform of the education sector to produce a more adequate skill base for the 21st century; the negative demographic trend which, given the existing health care and pension systems, will continue to squeeze the labor market; and the need to further increase labor-market flexibility. The hostile public reaction to the

still relatively small inflow of refugees has exposed weaknesses in Bulgaria's integration policy and has fueled the resurging popularity of nationalistic and xenophobic parties.

As for the quality of democracy, the Borrisov government has – acting under pressure from one of its coalition partners, the Reformist Bloc – made some attempts to reform the judiciary and fight corruption. This has involved adopting some constitutional amendments and a discernible change in the behavior of the different colleges in the Supreme Judicial Council. However, the implementation of anti-corruption reforms has been slow and yielded little in the way of palpable change. Traditional media remain nontransparent in terms of ownership and serve narrow special business and political interests. Under the Borrisov government, the scope for popular decision-making was expanded significantly, with the November 2016 referendum almost passing the threshold for becoming obligatory for parliament.

The Bulgarian executive's institutional capacity to coordinate and plan strategically is quite limited. While EU membership has increased strategic planning, interministerial coordination is weak and there is no regular monitoring of institutional arrangements. The second Borrisov government has paid little attention to addressing these issues. The main change in the period under review has been the enhancement of the RIA framework. Along with the resumption of work by the independent Fiscal Council, the RIA framework bears the promise of better-informed legislation.

Internationally, as a member of the European Union and international community, Bulgaria continues to behave purely reactively, and almost never proactively, on issues ranging from international financial stability to climate change, international democratic assistance and migration. Even though the last of these issues has become extremely important in domestic Bulgarian politics, the country is still incapable of formulating a concise and well-defined position. While it never obstructs measures aimed at developing the framework for international cooperation, it is also never among the drivers of such changes.

Key Challenges

Over the past decade, Bulgaria's once relatively stable party system based on two parties with shifting identities has grown increasingly fragmented. Politics in such a system requires parties to form tenuous coalitions, which increases the likelihood of political crises. For example, under the second Borrisov

government, GERB's three coalition partners were newcomers to parliament, and none of them managed to re-enter parliament in the 2017 elections. Moreover, one of the partners, the Reformist bloc, underwent an internal split that resulted in one faction within the party going into opposition in early 2016. The strong potential for political instability presents one of the major challenges facing the country, since such instability inevitably affects both the government's ability to take a long-term perspective and the economy's ability to sustain growth.

In the 2001 – 2008 period, Bulgaria managed to generate rapid economic growth primarily by attracting foreign capital to the country and by adding previously unoccupied low-qualified labor to the workforce. Today, these old mechanisms for generating growth are no longer available, and Bulgaria consequently needs to strengthen its internal growth drivers. At present, however, it seems improbable that Bulgaria will soon be capable of raising the economy's skill levels, innovation capacity, productivity and policy effectiveness to match that of the more advanced EU member states.

In addressing this challenge, Bulgaria faces a variety of key challenges. First, and quite probably foremost, the judiciary needs to be reformed with two primary objectives in mind: to eliminate the illicit mechanisms within an unaccountable judiciary that allow individuals to acquire privilege and political and economic influence; and to level the playing field for legitimate competitive business entrepreneurship. Some changes were introduced in 2016, but most of the challenge remains to be met. Concretely, 2017 will be the year of two key choices in the judicial branch: the election of a new Supreme Judicial Council when the current council's 5-year mandate expires, and the appointment of a new chair of the Supreme Administrative Court. The extent to which things will change for the better is a function of who is elected for these posts.

Second, education reforms are needed so as to combat the exclusion of various – especially minority – groups from adequate labor-market participation or even basic literacy, and to foster the creation of a skilled and flexible labor force. It is unclear whether the various, non-systematic and partial, reform efforts of the last years have the potential to yield improved education results, but it is clear that the present state of the system is incapable of providing a labor force with the requisite skills and training in the long term.

Third, the health care and pension systems need to be reformed to meet growing citizen expectations while simultaneously enhancing the systems' financial sustainability and limiting the pressures they exert on labor contracts.

Fourth, despite visible improvements over the last decade, infrastructure must continue to be enhanced, especially at the regional level.

The growing political fragmentation observed in the last two parliaments is Bulgaria's most significant challenge going forward. In particular, the resurgence of nationalistic and xenophobic parties increases the likelihood that those parties and social groups opposing reform will successfully preclude the formation of the necessary majorities.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 6

The Bulgarian economy continues to be characterized by a discrepancy between macro- and microeconomic developments. Macroeconomically, the Bulgarian economy has performed well in recent years – surprising many – resulting in an upward revision of all forecasts and initial data on growth. The currency board (in place since 1997) and government finances have significantly stabilized. Despite these developments, the European Commission continues to consider Bulgaria as featuring excessive macroeconomic imbalances. This contrast can be attributed to the fact that Bulgaria is a relatively poor economy integrating and catching up to a highly developed common market such as the EU. While this process is bound to generate temporary or even persistent imbalances, this does not necessarily mean that the process is unsustainable.

Microeconomically, doing business in Bulgaria continues to be problematic. While the country's score in the respective World Bank ranking has marginally improved, its relative position has sunk. Competition in many important sectors, especially energy, remains limited; red tape is reported by businesses to be a significant burden; the labor market is improving, but significant skills mismatches remain a challenge. Previously announced reforms in health care, education, and labor markets are yet to be implemented.

Citation:

European Commission (2017): Country Report Bulgaria 2017 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2017) 68 final/3, Brussels (https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-bulgaria-en_3.pdf).

World Bank (2017): Doing business 2017: Bulgaria. Washington, D.C. (<http://www.doingbusiness.org/~media/wbg/doingbusiness/documents/profiles/country/bgr.pdf>).

Labor Markets

Labor Market
Policy
Score: 4

The drop in unemployment that set in in 2013 has accelerated in 2016. This is more pronounced for employed than for self-employed people, indicating that hiring conditions have improved. The labor market reforms of 2015, creating more flexible hiring in the agricultural sector and starting a program for free language and computer literacy courses for the unemployed and underemployed, may be bearing fruit. Despite these improvements, the serious long-term problem of a skills mismatch continues. The relatively low overall proportion of economically active people in the total population indicates that some of the low-skilled are de facto excluded from the labor force. Among the employed, many occupy jobs which are below their level of education and skill. The employer organizations have demanded revisions of social security thresholds and a regional differentiation of the minimum wage, but these proposals have not been taken up by the government.

Citation:

European Commission (2017): Country Report Bulgaria 2017 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2017) 68 final/3, Brussels (https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-bulgaria-en_3.pdf), 29-32.

Taxes

Tax Policy
Score: 7

Bulgaria's government revenues are a mix of direct taxes, indirect taxes and social security contributions. The direct taxes, both personal and corporate, are a relatively small component of the tax revenues, and are based on a strategy of having very low rates which are uniformly spread over a very broad tax base with very limited exemptions. The system of indirect taxes is centered on a VAT with a flat rate of 20% for all products except tourist packages. Excise taxes have to conform to European Union requirements, the strategy of Bulgaria being to set rates at the low end of what is set out in its membership obligations. Social security contributions are directed mostly toward pension and health insurance.

With its low rates and uniform and broad tax base, Bulgaria's tax system fully achieves the objective of horizontal equity and creates relatively good conditions for improving competitiveness, though this is limited to some extent by red tape and a highly bureaucratic tax administration. At the same time, the flat income tax and the low direct-tax burden limit the extent of vertical equity. As a result, the difference between income inequality before and after taxes and benefits is relatively small.

While the tax-to-GDP ratio has remained among the lowest in the EU, revenues from direct and indirect taxes have substantially increased in 2015 and 2016. Part of the increase, which has helped the government to balance the budget in 2016, has been due to a number of government measures to improve tax collection launched in October 2015. However, the shadow economy and the VAT gap remain large.

Citation:

European Commission (2017): Country Report Bulgaria 2017 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2017) 68 final/3, Brussels (https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-bulgaria-en_3.pdf), 20-21.

Budgets

Budgetary Policy
Score: 8

Bulgaria has featured sound budgetary policy for most of the last 20 years. After the country's fiscal stance temporarily deteriorated in 2013 and 2014, though budgetary discipline was restored again in 2015-16. The Ministry of Finance achieved its targeted balanced budget in 2016 and stabilized the debt-to-GDP ratio, which had increased by about 10 percentage points in 2013-14, though it remained at a relatively low level of about 25%. Various fiscal rules, including the target of a medium-term balanced budget, a ceiling for public spending ceiling set at 40% of GDP and a public debt ceiling of 60% of GDP, have helped make budgetary policy sustainable. Adherence to these rules is observed by an independent fiscal council. The council, in operation since 2016, has already published a number of opinions and recommendations, including a review of the Bulgarian Convergence Program for 2016-2019 and of the 2017 draft budget.

Citation:

European Commission (2017): Country Report Bulgaria 2017 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2017) 68 final/3, Brussels (https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-bulgaria-en_3.pdf), 20-21.

Research and Innovation

R&I Policy
Score: 3

Bulgaria ranks among the lowest in the EU in terms of spending on R&D. The country's R&I system suffers from a strong separation of the public and the private sector and a far-reaching institutional fragmentation. However, R&D outlays have risen since 2007 and have recorded significant increases by more than a quarter each year in 2014 and 2015. These increases have largely stemmed from increased spending by enterprises – in 2014 primarily through non-Bulgarian sources, though in 2015 most of this was financed by the Bulgarian enterprises themselves. A similar process of private funding

replacing public funds has begun in the startup sector as well. These developments could signal a sustained increase in research and innovation activities.

Citation:

Todorova, A., Slavcheva, M. (2017): RIO Country Report Bulgaria 2016. Luxembourg: European Union (<https://rio.jrc.ec.europa.eu/en/country-analysis/Bulgaria/country-report>).

Stabilizing
Global Financial
Markets
Score: 4

Global Financial System

As a member of the European Union and the European System of Central Banks, Bulgaria participates in the discussions on the regulation of international financial markets. However, the country has not been among the proactive promoters of changes, even though the 2014 banking crisis in Bulgaria has somewhat increased interest in the issue. While the failure of the fourth-largest Bulgarian bank in the summer of 2014 was contained relatively swiftly and did not spill over to other banks, it exposed serious weaknesses in Bulgaria's bank supervision mechanisms.

II. Social Policies

Education

Education Policy
Score: 4

The Bulgarian education system is dominated by government-owned institutions at all levels. Public spending on education as a proportion of GDP is comparable to that of other East-Central European countries. The quality of education in Bulgaria falls considerably short of the needs of a modern competitive economy, as can be seen by the country's relatively poor PISA results.

Available labor-market data indicate that there are serious skill mismatches, with secondary and tertiary schools producing a surplus of people specialized in areas where labor demand is low, and severe deficits of people specialized in areas where demand is high, such as engineering and IT. According to the QS World University Ranking, only one Bulgarian university, Sofia University, ranks among the world's top universities, its rank for 2016 being in the group occupying 651 to 700th place, a slight improvement relative to 2015.

The level of equity in the Bulgarian education system is average to low. Many children in upper-income families are able to attend private schools, which

seem to perform better than public schools. According to a 2016 ranking of Bulgarian middle schools, only 14 of the top-50 schools are regular public schools, the rest being either private schools, or math-focused middle schools. In addition, the school dropout rate among minorities, especially Roma, is significantly higher than the average, meaning that schools do not provide the same opportunities for all ethnic groups. Finally, geographic variance in the quality of the education provided by secondary and tertiary schools is very large, with schools in smaller towns and villages and in less populated areas unable to attract high-quality teaching staff.

As shown by the change in the head of the Ministry of Education in early 2016, education policy in Bulgaria has suffered from the lack of a clear sense of direction. Although the outgoing Minister Tanev and the incoming Minister Kuneva represented the same political party, the Reformist Bloc, their policy priorities and action plans differed significantly from each other. Whereas Tanev focus rested on secondary education, Kuneva focused on tertiary education.

Citation:

European Commission (2016): Education and Training Monitor Bulgaria. Luxembourg: European Union (https://ec.europa.eu/education/sites/education/files/monitor2016-bg_en.pdf).

Ilieva-Trichkova, P., P. Boyadjieva (2014). Dynamics of inequalities in access to higher education: Bulgaria in a comparative perspective, in: *European Journal of Higher Education* 4(2), 97-117.

Middle-school ranking: <http://www.danybon.com/obrazovanie/klasacia-na-uchilistata-v-bg-maturi-7-class-2016/>

World University Ranking: <http://www.topuniversities.com/university-rankings/world-university-rankings/2016>.

Social Inclusion

Social Inclusion
Policy
Score: 4

Compared to other EU countries, Bulgaria achieves poor results in preventing exclusion and decoupling from society. Bulgaria also suffers from a relatively high (compared to other EU countries) and rising level of inequality, as measured by the Gini coefficient. There is a general level of dissatisfaction with the state of society, which can be explained by the loss of subjective security during the transition to a market economy, the inability of state social policies to replace social networks disrupted by the transition, and the unfavorable international comparison in terms of material deprivation and poverty rates.

In general, Bulgaria's social policy is unsuccessful in including and integrating people with lower-than-secondary education, minorities and foreigners (mainly refugees or immigrants). As a recent analysis of upward income

mobility of the people in the lowest quintile for the 2010-2013 period indicates (Institute for Market Economics 2016), the major determinant of the lack of mobility is employment, and education and labor-market flexibility are among the major determinants of employment. The lack of regional differentiation in the level of the minimum wage and in social security thresholds, the prevailing limits to free business entry and exit, and poor judicial performance in the business sphere prevent people in the lowest quintile and in disadvantaged groups from being employed or starting a business. Additionally, there are no policies sufficiently tailored to the integration needs of specific groups such as minorities and immigrants. Another contributing factor to weak social inclusion is the fact that some political actors have a vested interest in keeping certain voter cohorts in a position of dependence.

The European refugee crisis of the last several years, of which Bulgaria has experienced a small part, has demonstrated two things. First, xenophobia and xenophobic parties are on the rise. Second, government policies in accommodating and integrating refugees have generally failed, while civic organizations have proven to be very active and, in fact, indispensable to helping address refugees' basic needs.

Citation:

Institute for Market Economics (2016): Dynamics of poverty. Analysis of socio-economic mobility and persistent poverty in Bulgaria. Sofia (http://ime.bg/var/images/Poverty_IME_pri116.pdf).

Health

Health Policy
Score: 4

The Bulgarian health care system is based on a regulated dual monopoly: on the one hand a state-owned and state-controlled health fund financed through obligatory contributions by all income earners, and on the other, a union of health providers that negotiate a national framework health contract with the fund. Public health care spending relative to GDP is similar to other countries in East-Central Europe and increased by about one percentage point of national income in the last decade. The system is inclusive and provides at least some level of health care for all who need it.

Inclusiveness, however, is undermined significantly by the fairly widespread practice of unregulated payments to doctors. Those who can afford to make these payments, receive faster, better care. The quality of health care services is average to lower. While life expectancy has risen and infant mortality has dropped, overall mortality and morbidity have remained high. A major efficiency problem of the Bulgarian health system is the lack of incentives for preventive measures and for stimulating healthier lifestyles, given that prevention is by far the least costly way of improving the health situation.

Save for some improvements in the organization of emergency care, no substantial reforms were undertaken under the second Borissov government. Because of the robust economic growth and the decline in unemployment, however, the financial balance of the health care system improved in 2015 and 2016.

Citation:

Atanasova, E., M. Pavlova, E. Moutafova, B. Rechel, W. Groot (2013): Out-of-pocket payments for health care services in Bulgaria: financial burden and barrier to access, in: *European Journal of Public Health* 23(6), 916-922.

Families

Family Policy
Score: 6

Family-policy debates in Bulgaria have focused on parental-leave benefits rather than on supporting mothers' ability to work. While the share of children aged three to six enrolled in kindergartens has increased by over ten percentage points in the last decade, public child care facilities are still less developed than in most other OECD and EU countries. Labor-market discrimination against pregnant women and mothers of small children is common, undermining the objective of providing free choice for women. However, Bulgarian grandparents are traditionally very involved in caring for children, which for some parents is an effective social-network mechanism reducing the need for state involvement. Moreover, the parental-leave legislation favors mothers' labor-market integration by guaranteeing mothers a right to return to their job even after two years of parental leave, and by allowing fathers to take parental leave as well. There is an active child support payment policy that often attracts social and political commentary, but the actual disbursements comprise a very small proportion (even within the social policy budget) and the effect on parents' behavior of parents seems negligible.

Pensions

Pension Policy
Score: 5

Bulgaria has a mixed pension system consisting of three pillars: a public pay-as-you-go pillar financed by social-insurance contributions, an obligatory fully funded private-pension-fund pillar and a voluntary third pillar. The second pillar was introduced in 2002 for people born after 1959, and is not yet paying out many pensions. The portion of social security contributions going to the second pillar has increased much less than originally envisaged, and presently the pillar is underfunded.

While the pension system substantially reduces poverty among the elderly, the poverty rate among senior citizens remains high from a comparative perspective. The Bulgarian pension system also suffers from a lack of

intergenerational fairness and fiscal sustainability. Given the present demographic dynamics and the existing system's configuration, both the implicit public-pension debt and the real pension burden will increase significantly over time. These problems have been aggravated by a decision in 2013 to terminate the gradual increase in the retirement age originally adopted in 2011 by the first Borissov government.

The second Borissov government has sought to restore the increase in the retirement age. A pension reform adopted in July 2015 following extensive consultations with the social partners has called for a gradual increase in the retirement age by two and three months a year until it reaches 65 for both men and women in 2029 and 2037 respectively. In a move to strengthen the public first pillar, the second Borissov government also introduced new options for opting out of the second pillar. The draft budget for 2017 included an increase in the social insurance contribution rate by one percentage point, which was justified as a means to improve the financial sustainability of the first pillar.

Integration

Integration Policy
Score: 3

Bulgaria does not have a developed policy for integrating migrants, largely because the country has only been a transit point for migration flows to other EU countries. According to estimates, the share of migrants in the total population amounts to less than 1%, with most migrants being people of traditional Bulgarian origin from neighboring countries.

The influx of refugees in the wake of the Syrian crisis has demonstrated that accommodations for the migrants have been extremely poor; food, clothing and heating have been generally insufficient; and no real attempts have been undertaken to integrate migrants into the local society. In many municipalities, the local population has risen in protest against hosting migrants in their vicinity and against the prospect of migrant children attending local schools, thereby exacerbating the integration problems.

Bulgaria's policy response has focused on trying to prevent migrants from entering the country rather than improving the coordination of and mechanisms for accommodating and integrating them. In fact, the country continues to pursue segregation in areas such as education, where language proficiency requirements prevent most refugee/migrant children from enrolling in school.

Citation:
Amnesty International (2017): Bulgaria Report 2016-17. London
(<https://www.amnesty.org/en/countries/europe-and-central-asia/bulgaria/report-bulgaria/>).

Bordermonitoring Bulgaria (<http://bulgaria.bordermonitoring.eu>).

Safe Living

Safe Living
Conditions
Score: 5

While Bulgaria does have a serious problem with organized crime and while violence against migrants has increased, normal citizens can live relatively safely and crime statistics have fallen in recent years. The strong feeling of personal insecurity revealed by various surveys relates more to economic insecurity than to fear of crime. While governments rhetorically declare Schengen accession a priority, progress with international cooperation in security matters has remained limited, as reflected in the repeated postponements of Bulgaria's admission to the Schengen Area. In 2016, the Borissov government made no attempt to revive the police force reforms that were blocked by trade unions in 2015.

Global Inequalities

Global Social
Policy
Score: 3

The promotion of equal socioeconomic opportunities in developing countries is not on the agenda of Bulgarian society and its government. Bulgarian officials take positions on this issue only when they are required to do so by the agendas of international bodies such as the European Union and the United Nations. On such occasions, the behavior of Bulgarian officials is reactive and not proactive. However, Bulgaria does not resort to protectionist trade barriers beyond the structure of such barriers imposed by the European Union, and does not impede or attempt to undermine efforts by the international community to promote equal opportunities in developing countries.

III. Environmental Policies

Environment

Environmental
Policy
Score: 6

Given the heavy damage to the environment inherited from the socialist economy, the overriding priority of environmental policy in Bulgaria over the last two decades has been to reduce pollution. Issues such as climate policy, renewable water resources, forest policy and biodiversity have been placed on the agenda by EU initiatives.

Bulgaria's per capita CO₂ emissions are relatively low and might further decrease with improvements in energy efficiency, the substitution of lower (gas) for higher (coal) emission fuels for power plants, and the rise in the share

of renewables in the energy mix. Climate policy has concentrated on subsidizing renewable energy sources, especially solar and wind. Energy supply from renewables has increased at a high pace and equals more than 20% of final energy consumption. The rise in the share of renewables, however, has slowed due to revisions to the highly unpopular government subsidy policy which palpably increased the price of electricity.

Water resource management rests predominantly with municipalities, creating problems of coordination and strategy development. Since much of these management costs can be covered by using EU funds, the process of application may improve strategizing and coordination. A further strategic problem in this area arises from the fact that much of the renewable water resources in Bulgaria also affect neighboring countries (i.e., Romania, Turkey, Greece), requiring international coordination. Bulgaria still lacks a clear water-resources strategy.

Forests in Bulgaria are either private, municipal or state property. This fact impedes the development and implementation of coordinated forestry policy actions. However, Bulgaria forest coverage is above the global average and has a long-term growing trend. This indicates that the existing model is performing relatively well and possibly needs incremental adjustments.

In terms of biodiversity policies, Bulgaria is an active participant in Natura 2000, the European Union's largest network for the preservation of biodiversity. With approximately a quarter of its territory dedicated to Natura 2000, Bulgaria is significantly above the average for the European Union. As opposed to many other issues, there is an active civil-society sector working on biodiversity and conservation issues, which is capable of applying political pressure and sometimes achieves results. However, powerful business actors with access to policymakers often manage to violate environmental-protection policies in order to further business interests. Most violations of this kind take place in the tourism and mining sectors.

Global Environmental Protection

Global
Environmental
Policy
Score: 5

The Bulgarian government does not engage in the active promotion of collective action on climate and other global environmental issues. While it sticks to existing regimes, it takes positions only when the agendas of EU-level meetings require discussions of such topics. Along with other East-Central European member states, Bulgaria has opposed the most ambitious EU targets for the reduction of carbon dioxide emissions.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Elections in Bulgaria are regulated by the electoral code of 2014. Registration of parties and candidates is broadly fair and transparent. The registration of candidates for elections involves two steps. The first is to register a party, a coalition of parties or a nominating committee with the central electoral commission. The second step comprises the nomination of candidates by registered parties, coalitions or nominating committees. For the registration of parties or nominating committees, a bank deposit and a certain number of citizen signatures are required. The existing requirements are reasonable – they are not too stringent to prevent serious parties and candidates from registering, but do to some extent prevent a confusingly large number of participants in the elections. What is more controversial are the personal requirements for candidates, partly enshrined in the Bulgarian constitution. Under the present legislation people holding citizenship of a country outside the European Union are not allowed to run in elections. Citizens of EU member countries can only run in elections for municipal councils and for European Parliament. While this provision has not played any role in practice yet, international observers have criticized it for violating the European Convention on Human Rights. Another so far meaningless, but often-criticized constitutional clause prohibits the formation of “ethnically based” parties. It was invoked in 2016 when the courts initially refused to register the new party Democrats for Responsibility, Freedom and Tolerance (DOST), a spinoff of the Movement for Rights and Freedoms (DPS), the traditional representation of the Turkish minority. However, this decision was eventually annulled by the Supreme Court of Cassation in July 2016.

In the case of the presidential elections in November 2016, there were 24 candidates, three of whom were refused registration by the central electoral commission. The three refusals were based on failure by the nominating committees to demonstrate the required number of citizens’ signatures supporting the nomination. Having 21 running candidates for president in a country of 7 million indicates relatively liberal candidate registration.

Media Access
Score: 6

Media access for candidates and parties differs drastically between publicly and privately run media. The public broadcast media – one TV and one radio station with several channels each – are required by law to provide full and balanced coverage and to set aside time for every candidate and registered party or coalition to make their own presentations. With usually a large number of parties or candidates in the running, including the case of the 2016 presidential elections, splitting the time between all is a serious challenge that leaves most participants dissatisfied.

By contrast, access to the privately held media, especially print media, is less equal. In many cases, this is due to the fees incurred by the outlet, which means better-financed parties or candidates have an advantage over the rest here. Many private media firms are in the hands of business groups heavily involved in dealings with the state. These organizations tend to present the ruling majority in a positive light, or to block the access of competing political candidates, in exchange for favorable business deals. In the case of local elections, many of these media outlets support specific local candidates and ad hoc coalitions connected to these special interests.

Voting and
Registrations
Rights
Score: 7

Bulgarian voters are registered by default through voter lists maintained by the municipalities. Voter lists are published in advance of election day, and voters can also check their presence on the lists online. Every person who is not included in the voter list at their place of residence can ask to be included, and if not included can appeal to the courts. Bulgarian citizens residing abroad have the right to vote in parliamentary and presidential elections, as well as in national referendums. They can do this at the various consular services of Bulgaria, or if they establish a polling station themselves in accordance with procedures specified in the election code.

A small constraint regarding voting rights comes from the disenfranchisement of the prison population. Contrary to the European Convention on Human Rights, people serving prison sentences are not allowed to vote. A second issue has been the limitation of absentee voting. While citizens who want to vote outside of their permanent place of residence can obtain a special permit from their municipality, no general postal vote exists. A national referendum in October 2015, in which the proposal to introduce distance electronic voting received overwhelming support, did not have sufficient turnout to make the provision directly applicable, but the turnout was sufficient to oblige parliament to decide on the issue in 2016. While parliament refrained from enshrining remote electronic voting in the electoral code, it paved the way for experimenting with a remote e-voting system for the next parliamentary elections.

Changes in the electoral code adopted in April 2016 introduced two major novelties. First, voting was made compulsory, even though the penalty for not voting is relatively weak – it involves being taken off the electoral list after failing to vote in three consecutive elections, though a simple written request can have one’s name be placed on the list again. Second, the number of voting sections which can be opened in a foreign country was limited to 35, which may create problems for some Bulgarians abroad, especially those in larger countries where Bulgarian citizens are more numerous and spread-out, such as Turkey, Germany or the UK. Following the ombudsman’s complaint, the limit was lifted, but only for EU countries in October 2016.

Party Financing
Score: 5

Party financing in Bulgaria is regulated by the Political Parties Act originally adopted in April 1990. Parties are financed through a combination of a state subsidy, membership dues, property income, and sale of publications and royalties. They are also allowed to draw bank credit up to a set cap. Anonymous donations are not allowed, and donations can be made only by individuals, not by companies or other legal entities. The audit office oversees party financing in Bulgaria. Every year parties are obliged to submit a full financial report, including a description of all their properties and an income statement. Reports from parties with budgets larger than €25,000 must be certified by an independent financial auditor. In addition to the annual reports, parties, coalitions or nominating committees are obliged to submit special financial reports after each electoral campaign. The audit office is obliged to publish all these reports online, perform a thorough audit of the reports, and prepare and publish online its own auditing report. Parties are subject to sanctions for irregularities in their financial reporting. The likelihood of political sanctions being exercised are increased as well by the fact that all reports are made available online.

Despite legal provisions to the contrary, in practice, non-regulated party financing seems to be available, as all parties have “concentric circles” of firms that finance the parties in exchange for political patronage. A second problem with party financing in Bulgaria is that the legal framework has tended to benefit the larger parties. This has mainly been because the funding that parties receive from the state is linked to the number of votes cast for them in the most recent parliamentary election. This has made it difficult for small new parties to emerge without significant private financial support.

In the national referendum that accompanied the presidential elections in November 2016, a majority of three-quarters of voters opted for limiting state subsidies to parties to 1 BGN per voter. Since the turnout was slightly lower than in the 2014 parliamentary elections, however, the referendum was not binding.

Citation:

Rashkova, E., M. Spirova (2014): Party regulation and the conditioning of small political parties: evidence from Bulgaria, in: *East European Politics* 30(3), 315-329.

Popular Decision-
Making
Score: 7

There are several forms of direct democracy in Bulgaria, at both the local and national levels. The set of eligible issues is limited, as budgetary issues cannot be addressed in municipal or national referendums. At the national level, in addition, the structure of the Council of Ministers, and the personnel of the Council of Ministers, Supreme Judicial Council and Constitutional Court cannot be decided on the basis of referendums. Citizens' committees can address the National Assembly to call a referendum if they collect at least 200,000 signatures in favor of holding a referendum. If the number of signatures exceed 400,000, the Assembly is obliged to call a referendum. Parliament can, within certain limits set by the law, edit the questions posed. The outcome of referendums is binding only if voter turnout is higher than in the last general election.

In recent years there has been a sudden spurt of referendums, beginning with one in 2013 related to a nuclear power plant project, one in 2015 on providing for remote electronic voting, and one in 2016 (presented at the same time as the presidential election) on three issues related to the electoral code – the introduction of a majoritarian system for parliamentary elections, making voting compulsory, and reducing official party financing in the budget. The 2015 referendum did not register a sufficiently high turnout to oblige parliament to act other than to explicitly address the issue. The 2016 referendum turnout was also not strong enough to make the results obligatory for parliament, but by a very slim margin - 3.4 million votes compared to a threshold of 3.5. The 2016 referendum will put the three issues on the agenda of parliament. Moreover, the strong popular support for all demands will make it politically very difficult for members of parliament to ignore the referendum.

Requirements for local referendums are less stringent than for national, and 10% of voters with permanent residence in the municipality can make a binding proposal for a referendum. If more than 40% of voters with permanent residence participate, the local referendum is binding for the local government. Unlike in previous years, no local referendums took place in the period under review.

Access to Information

Media Freedom
Score: 4

In legal terms, media in Bulgaria are independent of the government. All electronic media – public or private – are subject to licensing by two independent state agencies: the Council for Electronic Media (issuing

programming licenses) and the Commission for Regulation of Communications (for radio frequencies and other technological aspects of electronic media). The Council for Electronic Media also appoints the management of the Bulgarian National Television and the Bulgarian National Radio organizations. No specific regulation exists for print media.

In practice, however, the independence of the media in Bulgaria is limited. Many media organizations depend heavily on advertising and other revenues from the government or from government-owned enterprises and/or have owners involved in business deals with the government. The financial dependence of various media on the government budget has increased in recent years. Transparency regarding the ultimate ownership of private media organizations is very low, increasing the opportunities for and the suspicions regarding illicit use of media to further hidden political and business agendas.

That said, government influence over the media does not necessarily mean that freedom of speech is circumscribed. Bulgaria has a diverse media landscape and the positions expressed cover the full political spectrum. Virulent anti-government rhetoric does exist and the government does not seem to take serious steps to suppress or marginalize the media outlets that engage in it. Media independence is compromised by a lack of ownership transparency and the low degree of editorial independence at pro-government media outlets, rather than by the harassment (legal or physical) or suppression of opposition outlets.

Citation:

Smilova, R., D. Smilov, G. Ganev (2012): Democracy and the Media in Bulgaria: Who Represents the People? in: E. Psychogiopoulou (ed.), *Understanding Media Policies. A European Perspective*. Basingstoke/London: Palgrave Macmillan, pp. 37-54.

Media Pluralism
Score: 5

Media pluralism in Bulgaria is supported by a quite diversified ownership structure. The sheer plurality of media outlets ensures relatively broad coverage of different points of view. At the same time, however, the ownership structure is often opaque. It is often unclear who the actual owners are and what their business and political interests are – especially in the case of offshore-owned media. A very significant recent development is the rising importance of online media, including blogging and various independent sites, which have begun to influence the overall information process. These online resources played a prominent role in the campaign for the referendum on electoral reform in October 2015, in debates over reform and corruption in the judiciary, and in the presidential and referendum campaign of 2016.

Access to
Government
Information
Score: 7

Access to government information for citizens is guaranteed by the Bulgarian constitution and regulated by the Access to Public Information Act originally adopted in 2000. The provisions, which have been refined several times, allow

a very high level of access for citizens to government information and are subject to judicial oversight through court appeals. The opportunity for court appeals has been actively used by civil-society actors and organizations, and a robust court practice has developed. In recent years, the amount of government information made freely and promptly available on the internet has increased markedly, so that the need for formal requests for information has declined. However, the annual reports of the Access to Information Program, an NGO established in 1996, indicate that a number of government institutions still try to impede freedom of access to information. The most common excuse for refusing to release such information is that interests of third parties may be affected, while confidentiality and classified information considerations come a distant second. Delays in the provision of information also persist.

Civil Rights and Political Liberties

Civil Rights
Score: 5

The Bulgarian constitution and legislation provide a comprehensive, gradually improving framework guaranteeing civil rights and their protection. In practice, rights are generally respected by state agencies and citizens have legal recourse when infringements of these rights do occur. Bulgarian citizens actively use the administrative-justice process to challenge the actions of state agencies, and the courts regularly side with citizen plaintiffs.

The most frequent and serious rights violations are the overuse of force by law-enforcing government bodies, especially against Roma. There are also sporadic reports of arbitrary court decisions in bankruptcy cases, which undermine the perception that property rights are secure. The length of legal proceedings represents a significant problem.

Political Liberties
Score: 8

Political liberties are guaranteed in Bulgaria by the constitution and relevant laws. Bulgarians enjoy the freedom to express themselves, to assemble and organize themselves (including explicitly politically), to hold religious beliefs and to petition the government. A wave of politically effective public protests in 2013-2014 clearly reaffirmed the rights of Bulgarians to assemble and speak freely, even though there were some police infringements of rights and intimidation attempts. The freedom of expression has suffered from the declining independence of the traditional media, but has been strengthened by the opportunities provided by Internet.

Non-discrimination
Score: 5

The Bulgarian constitution, the 2004 Anti-Discrimination Act and various EU directives guarantee protection against discrimination. There is a Commission for Protection against Discrimination, and citizens have access to the courts in cases of suspected discrimination. In practice, however, instances of discrimination can be frequently observed. Discrimination against the highly marginalized Roma minority remains a major issue. Groups such as people with mental and physical disabilities and members of sexual minorities face discrimination within the labor market. Elderly people and those with

comparatively low socioeconomic status often face discrimination with regard to the provision of health services. As the inflow of refugees and migrants from the Middle East has increased since 2013, discrimination against foreigners and Muslims has become an important public issue. Public discourse regarding migrants has grown increasingly xenophobic as many Bulgarian media outlets openly broadcast hate speech, thereby contributing to racially motivated agitation.

Rule of Law

Legal Certainty
Score: 5

Bulgaria's government and administration refer heavily to the law and take pains to justify their actions in formal and legal terms. However, two features of the legal environment reduce legal certainty. First, the law gives the administration sizeable scope for discretion. Second, the existing legislation suffers from many internal inconsistencies and contradictions that make it possible to find formal legal justifications for widely varying decisions. For both reasons, executive action is sometimes unpredictable.

Judicial Review
Score: 5

Courts in Bulgaria are formally independent from other branches of power and have large competencies to review the actions and normative acts of the executive. In practice, however, court reasoning and decisions are sometimes influenced by outside factors, including informal political pressure and more importantly the influence of private sector groups and individuals through corruption and nepotism. The performance of the Bulgarian judicial system is considered to be relatively poor, both within the country and by the European Commission, which has regularly reported on this matter under the Cooperation and Verification Mechanism for Bulgaria.

Since December 2015, some important constitutional changes have been made that affect the structure and activity of the Supreme Judicial Council, which heads the judicial branch. Intended to eradicate the system of prosecutors' capacity to influence judges, the changes involve the creation of two separate panels – one overseeing judges, the other prosecutors. As of late 2016 it seems that these changes have indeed resulted in greater independent action among judges. However, there has been little progress in making the Prosecutor's Office more accountable, in establishing fairness and transparency in the disciplinary proceedings of the Supreme Judicial Council, and in reforming criminal procedures. Controversies over the reform of the Prosecutor's Office led to the resignation of Minister of Justice Hristo Ivanov in December 2015.

Citation:

European Commission (2017): Report from the Commission to the European Parliament and the Council on Progress in Bulgaria under the Co-operation and Verification Mechanism. COM(2017) 43, Brussels (https://ec.europa.eu/info/sites/info/files/com-2017-43_en.pdf).

Appointment of
Justices
Score: 5

The procedures for appointing constitutional court justices in Bulgaria do not include special majority requirements, thus enabling political appointments. However, political control over the judiciary is limited by the fact that three different bodies are involved and appointments are spread over time. The 12 justices of the Constitutional Court are appointed on an equal quota principle with simple majorities by the president, the National Assembly and a joint plenary of the justices of the two supreme courts (the Supreme Court of Cassation and the Supreme Administrative Court). Justices serve nine-year mandates, with four justices being replaced every three years.

Corruption
Prevention
Score: 4

As successive European Commission reports under the Cooperation and Verification Mechanism have shown, Bulgaria's formal legal anti-corruption framework is quite extensive, but has not proven very effective. Despite some improvement in the standard corruption perception indices in the past three years, corruption has remained a serious problem. While the executive and state prosecutors have initiated numerous criminal prosecutions against high-profile political actors, the conviction rate in those high-profile cases has been very small. In 2015, an attempt to pass a comprehensive national anti-corruption strategy and to create a unified anti-corruption agency with powers to conduct administrative inquiries, check conflicts of interest and inventory high-level officials' assets eventually failed in the National Assembly when two junior coalition partners, the ABV and the Patriotic Front joined the parliamentary opposition. Until the end of 2016, parliament effectively delayed further discussion.

Citation:

Avdjiiski, L. (2016): Why Does the Fight Against Corruption in Bulgaria not Give Results. Institute for Market Economics, Sofia (<http://ime.bg/en/articles/why-does-the-fight-against-corruption-in-bulgaria-not-give-results/>).

European Commission (2017): Report from the Commission to the European Parliament and the Council on Progress in Bulgaria under the Co-operation and Verification Mechanism. COM(2017) 43, Brussels (https://ec.europa.eu/info/sites/info/files/com-2017-43_en.pdf).

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 5

The most important systematic strategic-planning process is related to the requirements of EU membership and the necessity of preparing strategy and programs within the EU framework. These include the convergence program, the reform program as a part of the EU's 2020 strategy, and concrete strategical considerations justifying the setting of priorities for EU funds absorption. Under the macroeconomic imbalances procedure of the EU, which categorizes Bulgaria as a country with excessive imbalances, Bulgaria is obliged to integrate specific European Commission recommendations into the development of policy strategies.

There are national strategies on security, energy, governance and development of water resources, development of scientific research, Roma integration, physical education and sport, which serve for some long-term orientation. These strategies have been prepared in coordination with various ministries and on the basis of extensive discussions with the relevant expert communities. They are overseen by the line ministries and parliamentary committees responsible for these policy areas. Presently, the Council of Ministers' portal for public consultations lists 174 "active" strategic documents relating to the national level, about 15 of which have a term that reaches beyond 2020.

Citation:

Strategic documents at the national level (a list of documents in Bulgarian), available at: <http://strategy.bg/StrategicDocumentsHandler.ashx?lang=1&type=1>

Scholarly Advice
Score: 5

In Bulgaria, there are various ways to consult stakeholders and experts, including a special online portal at the Council of Ministers and more than 70 advisory councils. The government has also started to seek out expertise by forming public councils linked to specific ministries. There are no formal

routines for consulting academic experts during the course of government decision-making, but representatives of academia and research institutes are traditionally included in the process on an ad hoc basis.

Citation:

Council of Ministers, public consultations portal: www.strategy.bg

Council of Ministers, advisory councils portal: saveti.government.bg

Interministerial Coordination

GO Expertise
Score: 4

The official government office in Bulgaria, the Council of Ministers' administration, plays a mainly administrative role. It prepares cabinet meetings but lacks the capacity for in-depth evaluation of the policy content of line-ministry proposals. Specialized directorates within the Council of Ministers' administration do review submissions from the line ministries, but deal less with substance than with ensuring that submissions are presented in the appropriate format. The prime minister's own political-cabinet staff is relatively small and has little expertise to evaluate the policy content of line-ministry proposals.

GO Gatekeeping
Score: 4

In Bulgaria, neither the Council of Ministers' administration nor the prime minister and his political cabinet have formal authority to return materials on the basis of policy considerations. However, the prime minister has some informal influence on the preparation and formulation of legislation.

Line Ministries
Score: 6

Line ministries tend to prepare policy proposals independently and introduce them to the prime minister and the Council of Ministers when they are completed. The prime minister and the Council of Ministers' administration are consulted in advance only when the proposals cross ministerial lines and on issues related to legal compatibility with other proposed or existing legislation. Even in such cases, the involvement of the Council of Ministers' administration tends to focus mainly on technical and drafting issues and formal legal considerations. There are no official procedures for consulting the prime minister during the preparation of policy proposals.

Cabinet
Committees
Score: 4

The Bulgarian cabinet does not resort to specific cabinet or ministerial committees as a way of coordinating proposals for cabinet meetings. However, there are many cross-cutting advisory councils that include several ministers or high-ranking representatives of different ministries and have some coordinating functions. These might thus be seen as functional equivalents to ministerial or cabinet committees. However, the role of the councils, which often have a rather broad membership, is quite limited in substantive terms.

Ministerial
Bureaucracy
Score: 4

While a comprehensive framework for coordination between ministry officials and civil servants exists, the quality of the coordination process is low, meaning that many issues have to be resolved at the political level. Within the ministries, a departmentalist culture prevails. This is especially true during

Informal
Coordination
Score: 5

coalition governments, when coordination between line ministries under ministers from different parties is virtually nonexistent. Even when ministries change hands between representatives of the same party, as in the case of the Ministry of Education in early 2016, strategies and planned reforms may change significantly within months.

Given the weakness of formal mechanisms of interministerial coordination and the fact that all recent governments have been either coalition or minority governments, informal coordination mechanisms have played a vital role in Bulgaria. Save for the 2005-2009 coalition government, the rules of coordination between the parties in the coalition or the parties supporting the government have not been announced and communicated to the public. While this informal coordination and consultation is helpful in overcoming gaps in the formal coordination procedures, it also makes the policymaking process more susceptible to penetration by illicit, special interest agendas.

Evidence-based Instruments

RIA Application
Score: 5

In the period under review, the legal framework for RIA has been substantially improved. In May 2016, changes made to the Law on Normative Acts came into force, introducing a whole new chapter on RIA. The changes envisage the preparation of a common methodology, the obligatory preparation of full impact assessments as a part of the drafting process for all levels of normative acts, the possibility of both partial and complete assessment (with specification of cases when complete assessment is mandatory) and both a priori and a posteriori assessment. In the end of October 2016, the Council of Ministers adopted an ordinance on the scope and methodology for performing impact assessments, which for the first time provides guidelines on the content, coverage and method of impact assessments. In the beginning of November 2016, the parliament also adopted changes in its rules of procedure, outlining the requirement for every bill to be accompanied by an RIA, and a methodology for preparing RIAs. It remains to be seen how these legal changes will unfold in practice.

Quality of RIA
Process
Score: 5

With the exception of the assessment of budgetary and environmental impacts of proposed legislation, so far RIA has had a largely formalized nature in Bulgaria. Once a proposed draft has entered the phase of public consultation, civil-society and academic actors are able to offer their own assessments, which then become a part of the documentation accompanying the proposal and are available to the public online. There are a number of examples of such assessments, but they encompass a very small proportion of new proposals, and also tend to focus on separate aspects of the potential impact, like economic activity or the environment, rather than the entirety of the situation.

Sustainability
Check
Score: 5

The overhaul of the legal framework for impact assessment in 2016 is likely to significantly improve the number and the quality of impact assessments in the future.

Most of the regulatory impact assessments in Bulgaria are merely formal, with the exception of budgetary and environmental issues. The creation of an independent Fiscal council in 2015 represents a major step forward in improving the fiscal sustainability check on proposed regulations and policies. Environmental checks focus mostly on issues of pollution and wilderness protection and less on greenhouse gas emissions. Other economic and social impacts are generally addressed superficially, and the input of non-government actors in the public-consultation process is generally ignored. The overhaul of the RIA legal framework in 2016 includes explicit provisions for a posteriori RIAs to be performed no longer than five years after the regulation has been adopted. This mechanism is designed to identify errors and inefficiencies and should gradually improve the sustainability of adopted policies.

Societal Consultation

Negotiating
Public Support
Score: 5

Partly following traditions established during the socialist period, Bulgaria has developed a number of bodies that represent various interests in the process of policymaking. A prime example of this tradition is the National Council for Tripartite Cooperation, which includes representatives of the government, trade unions and employer associations. Over the years this council has evolved into a major forum not only for advice and consultation, but also for the negotiation of various policies and the adoption of specific proposals that are later formally confirmed legislatively. Other societal actors, including minority organizations, environmental and other interest groups are represented in the more than 70 advisory councils at different levels of government. In practice, however, their influence on decisions is limited. After the wave of protests in 2013-2014, many agencies, and especially independent regulators, opened up their work to public scrutiny and possible proposals during the process of deliberation. Presently, an increasing number of such bodies have a default policy to make their deliberations open to the general public.

Citation:

Bohle, D., B. Greskovits (2012): *Capitalist diversity on Europe's periphery*. Ithaca, NY: Cornell University Press.

Policy Communication

Coherent
Communication
Score: 4

The coherence of government communication in Bulgaria is relatively low. The communication activities of the various ministries are not centrally coordinated, so it is easy for the media to identify inconsistencies and

contradictions in the information and positions of different ministries. Inasmuch as there is coordination between different messages, it is accomplished mostly through the political cabinets and the public-relations experts of the ministries rather than as a matter of formalized administrative communication-coordination procedure. Many civil observers of the policymaking process feel that all too often public announcements and communications aim at hiding rather than highlighting and explaining the true intentions of proposed regulations and policies. Prime Minister Borissov's personal style of communication, which involves contradicting statements made by his ministers or representatives of other parties in the coalition, often complicates matters.

Implementation

Government
Efficiency
Score: 6

In general, Bulgarian governments avoid setting policy-performance benchmarks that are available to the public. The two main exceptions are within the area of macroeconomic policy, especially regarding the budget, and compliance with the high-profile requirements of EU membership. The second Borissov government has succeeded in significantly decreasing the fiscal deficit. With respect to the European Union, Bulgaria has been relatively successful in contracting EU funds, but has not yet achieved its long-standing objectives of joining the Schengen Area and of starting the process of joining the euro area. Despite the government's rhetoric about introducing programmatic budgeting, which necessarily includes performance benchmarks and efficiency measurements, budgeting in Bulgaria in fact remains primarily based on historical expenditures.

Ministerial
Compliance
Score: 7

The prime minister does not have significant legal powers vis-à-vis his ministerial colleagues. The 1991 constitution defines the Council of Ministers as a collective body, with the prime minister being only "an equal among equals." The position of the prime minister thus strongly depends on his or her informal political authority. When the prime minister is a party leader and features a relatively strong personality, as in the case of the Borissov governments, the informal influence is significant. This was demonstrated by the resignation of the minister of education in early 2016 following the prime minister's demand. The right of the prime minister to fire deputy ministers is a major power in ensuring that ministries comply with the cabinet's priorities.

Monitoring
Ministries
Score: 4

The Council of Ministers' administration lacks the capacity to monitor the implementation activities of the line ministries. The chief secretary of the Council of Ministers' administration and the specialized directorates of the administration can, however, oversee most of the line ministries' policy activities, especially in the areas financed through EU funds. The chief

secretary and the directorates also provide some administrative support to the prime minister and the head of his political cabinet, who exercise more direct control over the ministries on a political basis. The exercise of this control tends to be informal, through the party apparatuses, rather than formal.

Monitoring
Agencies,
Bureaucracies
Score: 4

The capacity of ministries to monitor the implementation activities of the bureaucracies and executive agencies within their task areas is quite limited in institutional terms. The monitoring that does take place tends to focus only on priority areas – such as the absorption of EU funds – and tends to rely on informal rather than formal mechanisms.

Task Funding
Score: 5

Local governments in Bulgaria receive most of their revenues from the central government and have a very limited revenue base of their own. Municipalities receive funding by the central government in two ways; a portion of the revenues from some general taxes is designated for the municipal budgets and the central government pays a subsidy. Assessments by the Ministry of Finance, and by the National Association of Municipalities in Bulgaria on whether tasks assigned to municipalities have been adequately funded widely differ. Due to the fact that, with the exception of a few large city municipalities, central government transfers constitute a large share of a municipality's budget, most of the shortages in mandated budgets remain covered by the central budget.

Constitutional
Discretion
Score: 4

Bulgaria is a unitary state with two levels of government – national and municipal. The constitution vests municipalities with a relatively broad set of powers and competencies, and the law generally respects this independence. However, in reality most Bulgarian municipalities are financially dependent on central government transfers, because their own revenue base is inadequate for generating the necessary revenues. On occasion, the central government attempts to capitalize on this dependence or has favored local governments affiliated with the governing coalition.

In 2016, the Ministry of Regional Development and Public Works adopted a new decentralization strategy for the next ten years. Compared to its largely ineffective predecessor, it has a broader scope and covers not only fiscal matters, but the functions of different tiers of government as well. The strategy is accompanied by an implementation program for 2016-2019. Its implementation will be monitored by a newly created council on the decentralization of state government.

National
Standards
Score: 4

In Bulgaria, the effectiveness of national-government oversight and compliance with national standards in the decentralized provision of public services differ among functional spheres. For example, education is provided by local schools on the basis of funds delegated by the national or the local government, with standards upheld relatively objectively and effectively through external evaluation and regional and local inspection. However, in the

sphere of environmental, waste-management and forestry standards, as well as in the local-level health care sector, monitoring is uneven and some localities have much lower standards than others.

Citation:

Institute for Market Economics (2016): The successes and failures of Bulgarian municipalities. Sofia (<http://ime.bg/en/articles/the-successes-and-failures-of-bulgarian-municipalities/>).

Adaptability

Domestic
Adaptability
Score: 6

The process of accession and membership in the EU did bring about significant changes in national, regional and municipal levels of governance structures, which demonstrated certain capacity to adapt. The EU process also meant that new channels for coordination and common decision-making had to be created in order to enable ministries to develop national positions on the various EU policies being discussed. Notwithstanding these changes, the primary governmental structures and their methods of operation have remained largely unchanged. One area in which organizational changes related to supranational developments seem to be leading to an improvement is the implementation of EU funded programs, especially in some spheres such as transportation and environmental protection infrastructure. Other areas, such as education, healthcare and social policy have proven much less capable of adaptation.

International
Coordination
Score: 4

While the capacity of Bulgarian government bodies to correspond with, coordinate and participate in international processes and initiatives has improved markedly over recent years, the fact remains that Bulgaria is still primarily reactive in terms of international efforts to foster the provision of global public goods. This is due both to a lack of capacity and a risk-minimizing strategy of avoiding the commitments involved in taking proactive positions. More often than not, Bulgaria tends to take part in international efforts but wait for the international community to formulate policies, set goals and benchmarks. It then does its best to implement those domestically. Inasmuch as there is coordination and assessment going on, it is for these reactive purposes. A recent example of this type of behavior has been Bulgaria's dithering regarding the international sanctions against Russia. The country has taken on a more active role in shaping the EU's response to the refugee issue.

Organizational Reform

Self-monitoring
Score: 4

There are no formal ex ante mechanisms for monitoring whether institutional arrangements of governing are appropriate. It is only ex post, when a problem becomes serious enough or a crisis emerges, that reflection regarding the

Institutional
Reform
Score: 5

structure of governance and institutional arrangements begins, and such cases are usually spurred by public pressure or pressure from some other government body. Deliberations on proposed legislation serve less often to prompt such debates.

Bulgarian government bodies do have the capacity to reform, both in the case of reforms initiated from within and reforms originating externally. However, they do not seem to have a strategy for planning such reforms. Instead, reforms happen as a result of a crisis that forces change. Furthermore, the capacity for change is particularly limited when it comes to primary governance structures such as the cabinet, the prime minister and the government office. In the period under review, reforms of the institutional arrangements of governing has been largely confined to changes in RIA.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 5

The distribution of knowledge about government policies in Bulgaria is highly uneven. Citizens who are active, especially through participation in non-governmental organizations or grassroots activities, seem to have a very strong grasp of current policies in their sphere of interest. Businesses are also well informed of government policies concerning their field of operation. The general public, however, seems distrustful and uninterested. Citizens' knowledge of how the government is actually organized and works, the division of competencies and the way decision-making and implementation proceeds is also not high.

Citation:

Frailé, M. (2013). Do information-rich contexts reduce knowledge inequalities? the contextual determinants of political knowledge in europe. *Acta Politica* 48(2), 119-143.

Grönlund, K., H. Milner (2006): The determinants of political knowledge in comparative perspective. *Scandinavian Political Studies* 29(4): 386-406.

Legislative Actors' Resources

Parliamentary
Resources
Score: 4

The Bulgarian parliament has a budget of only a little more than 0.15 % of national public spending. About three-quarters of the budget are used for the remuneration of MPs and administrative staff. As a result, resources available to MPs for expert staff and independent research are very limited. This means that the capacity of the National Assembly to effectively assess and monitor

the policies and activities of the executive is also limited. This limitation is not structural, but rather of a political character, since the Bulgarian parliament has full discretion over the central government budget and could secure the resources for enhanced monitoring.

Obtaining
Documents
Score: 7

Under the Rules of Organization and Procedure of the Bulgarian parliament, parliamentary committees can obtain any documents from any public or private person in the country. A chairperson of a standing committee is obliged to acquire such documents if one-third of the members of the committee ask for them. Thus, on paper, parliamentary committees have full access to government documents. In practice, some documents are withheld from parliament with arguments about confidentiality or national security. While parliamentary committees are entitled to handle classified information and documents, such a demand would require cumbersome formal procedures such as setting up a specific body to investigate the concrete issue, adopting respective rules and procedures, and ensuring confidentiality. The institution of “parliamentary questions” put to the executive also gives individual members of parliament access to the executive branch. In practice, representatives of the executive can delay the execution of these requests, because responsibilities are not clearly specified and sanctions are not defined. There have been numerous instances of such delays.

Summoning
Ministers
Score: 7

Legally, parliamentary committees have the power to summon ministers and the prime minister, and under the Rules of Organization and Procedure of the Bulgarian parliament, these executive-branch figures are obliged to comply. When a minister or the prime minister is asked a parliamentary question, he or she has to respond in person in the National Assembly in due time. However, in practice, there is no sanction for non-compliance except the possible loss of reputation and political image. Members of the executive can afford to ignore such summons indefinitely, often using other duties and obligations as an excuse for their lack of response. On many occasions they do comply, but frequently only after significant delays, and sometimes never.

Summoning
Experts
Score: 10

Under the Rules of Organization and Procedure of the Bulgarian parliament, parliamentary committees are able to invite experts. Experts are obliged to provide the committees with any information and documents that the latter require for their work. While experts cannot be obliged to attend the committee meetings, these invitations carry considerable prestige and an opportunity to have an input in the legislative process, thus providing incentive to respond promptly. Since the expert work is paid and the parliamentary budget for such expenditures is small, committees have to be selective and cannot invite a broad range of experts.

Task Area
Congruence
Score: 9

For the last several parliamentary terms, Bulgaria has maintained standing parliamentary committees that closely follow the structure of the Council of Ministers. Whenever a parliamentary committee covers areas under the

competencies of more than one ministry, these areas are typically closely related – for instance, foreign affairs and defense, youth and sports, or economy and tourism. As of 2016, 17 parliamentary committees oversee the exact same areas as 18 ministries, the ministries of economy and tourism being under one standing committee. Parliament has also a separate standing committee overseeing the independent regulatory agency in the energy and water resource sector.

Audit Office
Score: 8

The Audit Office underwent complete overhauls in both 2014 and 2015 through adoption, in both years, of completely new Audit Office Acts, changing the office's governance structure in its entirety. In both cases, the new laws served as an excuse for the early termination of the mandates of the existing audit office leadership. While the present governance structure, established with the act of 2015, has made the office more professional than in the past, the repeated changes have undermined the independence and credibility of the audit office. In the future, every parliamentary majority may be tempted to exert pressure on the audit office simply by threatening that its mandate will be terminated through the pro-forma adoption of a new law. In the period under review, however, the framework has remained stable and the Audit Office has been able to provide its analyses without undue interference from outside.

Ombuds Office
Score: 7

There is a national ombuds office (the Ombudsman of the Republic of Bulgaria), which is not part of parliament, but is elected by parliament for five years. The Ombudsman is independent in its activities and is subject only to the national constitution, laws and international treaties adopted by Bulgaria. Other than putting arguments to the relevant administrative body and making its opinion public, however, the office has no powers. The latest available data on the activities of the ombuds office are for 2014, when the Ombudsman gave assistance to 17,818 people in 2014. The office actively investigated 5,010 complaints. Most of the complaints made in the last few years (30% of the complaints in 2014) related to public utilities (mobile and landline phone operators; electricity, heating and water providers). The fact that the ombudsman has been approached on matters of widespread public concern indicates that the office is seen as a legitimate advocate of citizen rights and the public interest. Maya Manalova, who was elected head of the ombudsman office in July 2015, has actively pushed the issues raised in the referendums in 2015 and 2016. However, she has been criticized for her polarizing approach.

Media

Media Reporting
Score: 4

Bulgaria's media sector is characterized by three main features. First, it suffers from heavy bias, focusing on sensationalism and scandal as a means of gaining public attention rather than producing in-depth and consistent coverage and analysis of important societal processes. Second, in recent years, due to a

combination of economic crisis and increasing competition from new media, the mainstream media (both press and electronic) have become heavily dependent on government money for advertising and information campaigns, a fact that enables the government to exert influence. Thirdly, most print-media organizations can be considered as appendages to their owners and publishers' businesses; as a consequence, high-quality journalism definitely takes a back seat relative to other business interests.

In their coverage of government policies, most major media organizations concentrate on short-term sensationalist aspects. They tend to frame government decisions as personalized power politics, diverting attention away from the substance of the policy toward the entertainment dimension. Usually there is no coverage of the preparatory stages of policy decisions. When coverage begins, basic information about a given decision or policy is provided, but typically without any deep analysis of its substance and societal importance. Online media, whose numbers and importance are increasing, offer a new venue for coverage of policy decisions. In some instances, such media hold a promise for both more timely, and more in-depth reporting on topical issues.

Parties and Interest Associations

Intra-party
Democracy
Score: 4

Three parties have obtained more than 10% of the popular vote in the last three general elections (2009, 2013 and 2014) in Bulgaria: Citizens for the European Development of Bulgaria (GERB), the Bulgarian Socialist Party (BSP), and the Movement for Rights and Freedoms (DPS), which effectively represents the ethnic Turkish minority in Bulgaria. Of the three, the most democratic is the BSP, a party with more than a century of tradition. The party program is adopted at a congress of delegates elected by the party members. Electoral platforms and candidate lists are prepared in a relatively centralized manner, but local party organizations do have an input and the party has several factions that vie for influence over the party's central decision-making institution. The other two parties are leader-dominated. Regardless of the internal democratic mechanisms envisaged in their statutes, most decisions are concentrated in the hands of the leader and a few members of his circle. While in GERB, which has a larger support and membership, the influence of different groups and constituencies can be effective, the specific characteristics of the DPS make its decision-making process very opaque and highly concentrated. As a result, disagreements on strategic issues within the DPS are resolved not through internal deliberation, but by splintering of the minority groups from the party. The most recent example dates from late 2015 and early 2016, when the splinter group established an entirely new party, the Democrats for Responsibility, Freedom and Tolerance (DOST).

Association
Competence
(Business)
Score: 6

The capacity of the major employers' and business associations to make policy proposals is relatively well developed. These bodies can influence and propose policies in at least three ways: first, through their participation in the National Council for Tripartite Cooperation; second, through various EU-funded projects aimed at improving competitiveness and the business environment; and third, through their own capacity to perform research, formulate proposals and initiate public debates. All major associations have been relatively active in this regard throughout the period in review. This includes a growing tradition of cooperating with academic institutions and scholars, think tanks and other interest groups. The associations do not always work together or develop common policy analysis, and achieve unanimity only rarely, such as in the case of a common proposal for reforming the minimum social security thresholds in 2016.

In Bulgaria there are two trade union confederations, and they are also represented in the National Council for Tripartite Cooperation. In contrast to the employers' associations, the unions rely more heavily on their internal expertise in drafting and promoting proposals, cooperating comparatively less with academia. The range of topics on which trade unions take active positions and make proposals goes beyond the issues of the labor market – in effect, they behave like political parties.

Association
Competence
(Others)
Score: 4

The most active non-economic interest groups in Bulgaria are largely engaged in four fields: education (especially parents' associations), health (patients' organizations), minorities and the environment. While there are many associations and they often act in accord, they seem more activist than analytical in their efforts. Their proposals are rarely accompanied by attempts to encompass the relevant issues fully, or to argue in favor of or against specific proposals on analytical grounds. The religious communities in Bulgaria have their channels of political influence, but are not broadly active in the public sphere. The Bulgarian Orthodox Church takes public positions only on rare occasions, as in the introduction of religious classes at school.

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