



Bulgaria Report

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Sustainable Governance
Indicators 2018

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Executive Summary

The election of the opposition candidate for president, Rumen Radev, in November 2016 led to the resignation of the center-right Borissov government and early parliamentary elections in March 2017. However, Boyko Borissov's Citizens for European Development of Bulgaria (GERB) managed to win the parliamentary elections, while the Bulgarian Socialist Party (BSP) came second – more than five percentage points behind GERB. In April 2017, Borissov formed his third government, this time in coalition with the United Patriots – a formation of three extreme nationalist and xenophobic parties. The United Patriots' electoral success is largely attributable to the hostile public reaction to the relatively small number of refugees residing in Bulgaria and failure of integration policies.

During the second and third Borissov governments, economic performance improved due to the restoration of fiscal control, increased labor market flexibility, improved export performance and the impact of increased economic growth in Europe. As a result, labor force participation and employment rates increased noticeably reaching record levels for the last 25 years. These positive developments notwithstanding, Bulgaria still faces serious challenges in terms of improving skills levels, innovation capacity and productivity. The country continues to lag severely in both public and private research and innovation funding. Other serious problems include the relatively low-skilled labor force, and the economic exclusion of people with low educational attainment and some minority groups. Three main challenges in this area remain, namely reform of the education sector to produce a more adequate skills base; negative demographic trends which, given the existing health care and pension systems, continue to squeeze the labor market; and the need to further increase labor-market flexibility.

Recent years saw minor changes in electoral law and some attempts to reform the judiciary. In 2016, voting became obligatory, although the initial sanction for non-compliance was largely symbolic and later declared unconstitutional by the Constitutional Court. Constitutional amendments to the structure of the Supreme Judicial Council were adopted and the election of a new council in 2017 promises improvements to the judicial system, especially with respect to judges' career development and independence. Implementation of anti-corruption reforms has been slow and yielded little in the way of palpable

change, with a newly introduced reform package awaiting parliamentary ratification in late 2017. Traditional media remains nontransparent in terms of ownership, and serves narrow business and political interests. Overall, media independence and performance continues to deteriorate. Under the Borissov governments, the scope for popular decision-making was expanded significantly, with national referendums taking place on several occasions. The November 2016 referendum almost passed the approval threshold for becoming obligatory for parliament.

The executive's institutional capacity to coordinate and plan strategically is limited. While EU membership has increased strategic planning, interministerial coordination is weak and there is no mechanism for regularly monitoring institutional arrangements. The second and third Borissov governments paid little attention to addressing these issues. Even though both Borissov governments were coalitions, which could have provided explicit coalition agreements precisely detailing policy coordination and responsibilities, Borissov and his key coalition partners chose to proceed in an informal manner without explicit agreements. This remains the case with the 2017 government coalition between GERB and the extreme United Patriots. Despite the lack of a clear coalition agreement, the United Patriots, at least as part of the government, have behaved more moderately than initially expected.

The RIA framework was enhanced in 2016, even though initial evaluations of its first few months of implementation indicate only limited progress in strengthening impact assessments. Slow starts notwithstanding, the existence and operation of the independent Fiscal Council and the RIA framework promise better-informed legislation. The necessity for Bulgaria to formulate priorities and take a leadership position with respect to the EU agenda due to Bulgaria's upcoming Presidency of the Council of the European Union in the first half of 2018 may boost strategic planning and coordination capacity within government.

Internationally, Bulgaria continues to behave reactively on issues ranging from international financial stability to climate change, international democratic assistance and migration. Even though migration is an important issue in domestic Bulgarian politics, the country remains 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 international cooperation.

Key Challenges

Bulgaria's party system over the last decade has been dominated by two parties of the center-left and center-right, with various configurations of smaller parties representing an increasingly fragmented political space around them. Government majorities have been secured through the formation of coalitions. However, these coalitions have tended to be unstable, leading to three consecutive early elections in 2013, 2014 and 2017.

The potential for political instability represents a major challenge facing the country, since instability inevitably affects both the government's ability to adopt a long-term perspective and the economy's ability to sustain economic growth. The negative effects of the fluidity of the party system and the frequent changes in government have been partly mitigated by the fact that the country has had the same prime minister and the same party leading the ruling coalitions for most of the last decade. Increased governance experience of the prime minister and main government party may lead to improvements in the capacity of the government to develop strategies, and coordinate and assess policies.

In the past, Bulgaria managed to generate rapid economic growth primarily by attracting foreign capital and adding previously unoccupied low-skilled labor to the workforce. Today, these mechanisms for generating economic growth are no longer available and Bulgaria needs to strengthen its internal growth drivers. While economic growth over the 2015 – 2017 period has been relatively strong, and economic activity and employment have reached record levels since the beginning of the current transition, the potential of key economic drivers – such as raising skills levels, innovation capacity, productivity and policy effectiveness – remains a serious challenge.

Judicial reform will be key to Bulgaria's ability to meet these challenges, particularly reform of the prosecution service. Presently, there are illicit mechanisms within an unaccountable judiciary that allow individuals to acquire privilege, and political and economic influence. These mechanisms contribute to the capture of the prosecution service by special interests with a political agenda. Consequently, legitimate businesses and entrepreneurs do not compete on a level playing field. While the new Supreme Judicial Council, in office since September 2017, has been evaluated as containing many more reputable and professional people than before, the council still selected a representative of the old status quo as chair of the Supreme Administrative

Court, despite needing to establish and protect judicial independence and professionalism through its rules and appointments.

A second important reform area is education. The exclusion of various – especially minority – groups from adequate education and labor-market participation, and low basic literacy rates need to be addressed. The promotion of a skilled and flexible labor force remains a major challenge. The Ministry of Education has presented reform proposals that point in a desirable direction, but they need to be implemented and supplemented by further reforms.

A third challenging area is the health care and pension systems. Negative demographic trends impose a substantial financial and political challenge on both social systems, making them financially unsustainable, easy victims for political opportunism and a heavy burden on the economy. These weaknesses need to be addressed to improve their financial and social sustainability.

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

Politically, Bulgaria's most significant challenge is the fragmentation of the political party system observed over the last two parliaments. In particular, the resurgence of nationalist and xenophobic parties increases the likelihood that parties and social groups opposing reform will prevent the formation of government majorities willing and able to address Bulgaria's key challenges.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 6

Macroeconomically, the performance of the Bulgarian economy is visibly improving, with economic growth increasing and unemployment falling consistently over the last three years. The monetary regime (which is a currency board arrangement) and the government's fiscal program have both performed reasonably. Despite these favorable 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 European Union. While this process is bound to generate temporary or even persistent imbalances, this does not necessarily mean that the process is unsustainable.

Microeconomically, the business environment in Bulgaria continues to lag behind the business environment in neighboring countries and the economy attracts very little foreign investment with a tendency for Bulgarians to export capital abroad. This can be attributed to high administrative burdens, a legal system that often fails to protect property rights and enforce contracts, and significant skills mismatches in the labor market. With the exception of education, no significant structural reforms were launched in 2017.

Citation:

European Commission (2018): Country Report Bulgaria 2018 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2018) 201 final, Brussels (<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-bulgaria-en.pdf>).

Labor Markets

Labor Market
Policy
Score: 5

In 2017, the level of employment reached a 20-year high. Unemployment has fallen significantly since 2013. 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. While the serious long-term problem of a skills mismatch continues, some reforms to secondary education claiming to address this problem have been announced. 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 (2018): Country Report Bulgaria 2018 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2018) 201 final, Brussels, 30-34 (<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-bulgaria-en.pdf>).

Taxes

Tax Policy
Score: 7

Government revenue in Bulgaria is dominated by indirect taxes centered on a flat-rate 20% VAT for all products except tourism packages, social security contributions (mostly pension and health care contributions) and a relatively small share of direct taxes that are based on a very broad base with low rates. 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 rate 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.

Tax revenues have continued to increase significantly in 2017 with boosts from both direct and indirect taxes. This has allowed the government to plan a balanced budget for the second year in a row. While the size of the shadow economy and the extent of tax evasion are decreasing, their levels remain relatively high.

Citation:

European Commission (2018): Country Report Bulgaria 2018 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2018) 201 final, Brussels, 21-22 (<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-bulgaria-en.pdf>).

Budgets

Budgetary Policy
Score: 9

Bulgaria has featured sound budgetary policy for most of the last 20 years. The fiscal stance worsened in 2009 – 2010 due to the economic crisis, and in 2013 – 2014 due to a combination of expenditure expansion and the failure of a major bank. But in both cases, budgetary discipline was swiftly restored. The budget was balanced in 2016 and is projected to remain so in 2017. After an increase in 2014, due to the necessity to cover guaranteed deposits in the failed bank, public debt was held in check and began to decline in 2017, with projections over the medium term predicting a low level of 20% of GDP.

Fiscal rules, including a medium-term balanced budget target, a public spending ceiling at 40% of GDP and a public debt ceiling of 60% of GDP, are in place and 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, the medium-term budget forecast for 2018 – 2020 and the 2018 draft budget.

Citation:

European Commission (2018): Country Report Bulgaria 2018 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2018) 201 final, Brussels, 10, 23 (<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-bulgaria-en.pdf>).

Research and Innovation

R&I Policy
Score: 3

Bulgaria ranks among the lowest in the European Union in terms of spending on R&D, and the substantial increases in R&D outlays in 2014 and 2015 have not been sustained. Research and innovation have suffered from a strong separation of the public and the private sector, and a far-reaching institutional fragmentation. Participation in and implementation of EU-funded programs have been low. The new National Strategy for Development of Scientific Research 2017 – 2030 (“Better Science for a Better Bulgaria”), approved by parliament in June 2017, has sought to address part of these issues.

Citation:

Todorova, A., Slavcheva, M. (2018): RIO Country Report Bulgaria 2017. Luxembourg: European Union (<https://rio.jrc.ec.europa.eu/en/country-analysis/Bulgaria/country-report>).

Global Financial System

Stabilizing
Global Financial
Markets
Score: 4

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 successive Bulgarian governments have been interested in securing the country's membership in the European banking union, they have not paid much attention to the actual architecture of this union.

II. Social Policies

Education

Education Policy
Score: 4

The Bulgarian education system is dominated by government-owned institutions and government-set standards at all levels. Public spending on education is 3.6% of GDP and is projected to increase to 3.8% by 2020.

The quality of education in Bulgaria falls short of the needs of a modern competitive economy. While the mean PISA score for mathematics, reading and science improved from 416 points in 2006 to 440 in 2015, it is still relatively poor. Available labor-market data indicate that there are serious skill mismatches, with secondary and tertiary schools producing a surplus in some activity areas and deficits in others, such as engineering and IT. In the QS World University Ranking, only one Bulgarian university, Sofia University, ranked among the world's top universities. However, the university's ranking has slightly worsened and it no longer ranks among the best 700 universities covered.

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.

In fall 2017, the Ministry of Education presented reforms to improve the measurement of the quality of education, optimize the school network, and strengthen the link between secondary education and the labor market by developing a dual education program (general education combined with vocational training). These proposals have been widely welcomed as modest steps in the right direction.

Citation:

European Commission (2017): Education and Training Monitor Bulgaria. Luxembourg: European Union (https://ec.europa.eu/education/sites/education/files/monitor2017-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/2018>

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 unfavorable international comparison in terms of material deprivation and poverty rates, and the failure of the judicial system to provide a sense of justice for citizens.

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). 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. Many other regulations, administrative burdens and red tape create severe competitive disadvantages for marginalized people that undermine their economic activity. 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, while other political actors bank on the rhetoric of exclusion and marginalization of certain minority groups.

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. Due to robust economic growth and the decline in unemployment, the financial balance of the health care system has improved.

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. The system also suffers from serious policy instability with frequent changes in the Ministry of Health. Over the last decade, ministers of health have served on average less than 11 months. In October 2017, the minister of health, Nikolay Petrov, was the first minister in the third Borissov government to resign following allegations about his involvement in a corruption scandal, while in his previous capacity as director of one of the largest hospitals in the country.

The practice of unregulated payments to doctors is widespread. Those who can afford to make unregulated payments, receive faster and better health care. This problem seems to be widely recognized, and during discussions on the 2018 budget all parliamentary parties expressed agreement that the system has too many leakages and needs a considerable overhaul. Reform proposals include demonopolization of health insurance at least to some extent and improvements in internal controls to stop embezzlement.

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 substantially over 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. 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 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 pillar. The second pillar includes 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. Consequently, the pillar is currently underfunded.

The pension system does not reduce poverty among the elderly, suffers from lack of intergenerational fairness and is fiscally unsustainable – especially in light of the negative demographic trends. The demographic problem was exacerbated by the suspension of the increase in the retirement age from 2013 to 2016. Moreover, as it stands, the increase will end when the retirement age reaches 65 for men in 2029 and women in 2032.

Like the previous budget, the draft budget for 2018 included a further one percentage point increase in social security contributions. While this move will increase revenues for the first and (to a lesser extent) second pension pillars, it will not make the system financially sustainable. The 2016 introduction of an option to opt out of the second pillar and participate only in the first pillar has further reduced the sustainability of the first pillar, despite possible positive

effects for its revenues in the short run. So far, however, only about 0.03% of the funds accumulated in the universal private pension funds have been transferred to 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. These public attitudes contributed to the strong showing of nationalistic and xenophobic parties in the national elections in 2016 and 2017, and to the inclusion of the National Patriotic Front in the governing coalition.

Bulgaria's policy is 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, and the presence of nationalists in the government has increased this tendency.

Citation:
Amnesty International (2018): Bulgaria Report 2017/2018. 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 organized crime and violence against migrants remain serious problems, most citizens live relatively safely and crime statistics have fallen in recent years. Personal insecurity with respect to potential abuse of rights is related more to the ineffectiveness of the judiciary rather than the spread of petty crime. However, the Ministry of the Interior continues to delay much-needed

police reforms and, despite relatively high public spending on public order and safety, the system is highly ineffective. EU partners' lack of trust in the capacity of the Bulgarian internal security bodies is among the main reasons that the country has not yet become a member of the Schengen area.

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

Climate policy in Bulgaria is mostly focused on a relatively rapid increase in the share of renewables in the energy mix and the substitution of higher for lower carbon emitting fuel sources . Per capita CO2 emissions are relatively low and may decrease further with improvements in energy efficiency.

Water resource management rests predominantly with municipalities, creating problems of coordination and strategy development. One 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.

Bulgaria has a relatively large share of protected biomes. It is also an active participant in Natura 2000, the European Union's largest network for the

preservation of biodiversity, with approximately a quarter of its territory under protection or special status. 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 is relatively passive with respect to international environmental and climate policies. While it is ahead of the global curve in terms of the introduction of renewables in the energy mix, it is in the group of East-Central European countries that are more cautious about adopting aggressive carbon reduction targets.

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 requires a prospective candidate to be registered as a member of a party, coalition of parties or nominating committee with the Central Electoral Commission. The individual must then be registered as a candidate by the respective party or committee. For the registration of parties or nominating committees, a bank deposit and a certain number of citizen signatures are required. While these requirements are reasonable, 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 other EU member countries can only run in elections for municipal councils and the European Parliament. While this provision has not yet played any role in practice, it may violate the European Convention on Human Rights. Another often-criticized constitutional clause prohibits the formation of “ethnically based” parties, which has been used in the past to try to stop a party registering for election, although this attempt was ultimately struck down by the courts.

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. None of the refused candidates were perceived as viable, so their exclusion did not have a meaningful effect. Having 21 running candidates for president in a country of seven million indicates relatively liberal candidate registration.

In the case of the early parliamentary elections in March 2017, there were 18 parties and nine coalitions registered. Six parties and coalitions were denied registration for the elections. In one case, the reason was a change in the name of the party, the party appealed to the Supreme Administrative Court, won the appeal and was registered. In the other five cases, the reason for refusal of

registration was the insufficient number of citizen signatures secured by the respective party or coalition. In all cases, the refusals were upheld by the court.

Citation:

OSCE/ OHDIR (2016): Republic of Bulgaria: Presidential Election 2016. Needs Assessment Mission Report. Warsaw (<https://www.osce.org/office-for-democratic-institutions-and-human-rights/elections/bulgaria/248771?download=true>).

OSCE/ OHDIR (2017): Republic of Bulgaria: Early Parliamentary Elections, 17 March 2017. Limited Election Observation Mission, Final Report Warsaw. (<https://www.osce.org/odhr/elections/bulgaria/327171?download=true>).

Media Access
Score: 5

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 and the 2017 parliamentary 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 to a large extent a function of influence or financing. 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 coalitions connected to these special interests.

The role of non-traditional media in Bulgarian elections is increasing. Access to these outlets is available to all candidates.

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.

Contrary to the European Convention on Human Rights, people serving prison sentences are not allowed to vote. Another limitation affects absentee voting – citizens can obtain permits to vote outside of their permanent place of

residence, but no general postal vote exists. A national referendum in 2015 on a proposal to introduce distance electronic voting received overwhelming support, forcing 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 it in the future.

Changes to the electoral code adopted in April 2016 made voting compulsory and limited the number of voting sections in foreign countries to 35 per country. The sanction for not voting, however, was quite weak – the voter can be taken out of the register after not voting in three consecutive elections, but a simple written request is sufficient for reinstatement – and was declared unconstitutional by the Constitutional Court in February 2017. The limitation of sections abroad was dropped for EU countries. Neither of the two changes played a significant role in the two national elections during the period under review.

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 is increased 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 favor the larger parties 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 BGN 1 per voter, down from BGN 11 per voter presently. Since turnout was slightly lower than in the 2014 parliamentary elections, however, the referendum was not binding. In 2017, parliament did not consider the proposal.

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, with one in 2013, one in 2015 and one referendum on three different proposals in November 2016. The 2013 and 2015 referendums 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. However, the strong popular support for all demands has made 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.

While the media landscape in Bulgaria remains diverse and positions expressed in the media cover the full political spectrum, the end of 2017 saw several people in power make direct threats to media figures. For example, one member of parliament who was a candidate for the directorship of a government agency (Anton Todorov) and one deputy prime minister from the nationalist coalition (Valeri Simeonov) threatened a journalist from Nova TV (Viktor Nikolaev), stating that Nikolaev's job may be at risk if he continues to question the procurement of new military airplanes. This caused a public scandal and ultimately cost Todorov his seat in parliament, but Simeonov remains in his position even after publicly demanding that all media covering the scandal apologize to him.

Media independence continues to be 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.

A major development in this space has been the growth of non-traditional media. On the one hand, non-traditional media are much more difficult to suppress by the powerful of the day. On the other hand, they are more susceptible to specific manipulations.

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, even though over the last two years at least one well known de facto owner of print media (Delyan Peevski) has made his ownership official. 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 referendum and election campaigns in 2015, 2016 and 2017 – and seem to be ever more actively used at the expense of traditional media.

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. Bulgarian cases are also regularly heard at the European Court of Human Rights.

The most frequent and serious rights violations are the overuse of force by law-enforcing government bodies, especially against Roma. Citizens regularly report failures to investigate and protect rights related to some types of crimes, especially crimes against property. 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. Bulgarians have clearly established rights to speak freely, assemble and protest. 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. 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 sizable 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 not only relatively unpredictable, but may involve applying the law differently to different citizens or firms, thus creating privileges for some and disadvantages for others.

Judicial Review
Score: 6

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. The changes involve the creation of two separate panels – one overseeing judges, the other overseeing prosecutors. The Supreme Judicial Council which stepped into office in September 2017 is widely considered to be an improvement over the previous council, especially with respect to the members of the judges’ panel. It is expected that this will make courts more independent from outside influence.

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) 750 final, Brussels (https://ec.europa.eu/info/sites/info/files/comm-2017-750_en_0.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.

The chairs of two supreme courts are appointed with a qualified majority by the Supreme Judicial Council. Over recent years, these positions have been held by both people with highly dubious reputations and political dependencies, and people with very high reputations and capacity to maintain the independence of the court system. The most recent appointment in October 2017 of a new chair of the Supreme Administrative Court falls in the former category.

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. After coming to office, the Borissov government, in line with recommendations by the European Commission and the Council of Europe, attempted to create a unified anti-corruption agency. The new legislation was adopted by parliament in December 2017.

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) 750 final, Brussels (https://ec.europa.eu/info/sites/info/files/comm-2017-750_en_0.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 European Union's 2020 strategy, and concrete strategical considerations justifying the setting of priorities for EU funds absorption. Under the macroeconomic imbalances procedure of the European Union, 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 159 "active" strategic documents relating to the national level, more than 20 of which have a term that reaches beyond 2020.

An important stimulus toward intensified strategic thinking at the government level will be provided by the upcoming Bulgarian Presidency of the Council of the European Union in the first half of 2018, which will require the country to be proactive in setting a strategic agenda for the European Union as a whole.

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 Bureaucracy Score: 4	<p>ministerial or cabinet committees. However, the role of the councils, which often have a rather broad membership, is quite limited in substantive terms.</p> <p>While a comprehensive framework for coordination between ministry officials and civil servants exists, many issues are actually resolved at the political level. Within the ministries, a departmentalist culture prevails. This is especially true during coalition governments, when coordination between line ministries under ministers from different parties is virtually nonexistent.</p>
Informal Coordination Score: 5	<p>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. However, the rules of coordination between government coalition parties or parties supporting the government are traditionally not communicated to the public. It is unclear to what extent informal coordination helps achieve a higher overall coherence of policies.</p>

Evidence-based Instruments

RIA Application Score: 5	<p>After marked improvements in the legal framework for RIA in 2016 with respect to both the Council of Ministers and the parliament, 2017 was the first year of the framework's implementation. An analysis by the Parliamentary Research Center indicated a limited change compared to previous practices. More importantly, the analysis found that compliance with the requirements for RIA continues to be mostly formal. Since this may be due to the very early stage of the framework's implementation and the corresponding lack of experience, it is still too early to properly assess the effectiveness of the framework.</p>
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Citation:

National Center for Parliamentary Research (2017): Analysis of the legislative activity of the 44th National Assembly. First session, April 19 to July 31, 2017. Sofia.

Quality of RIA Process Score: 5	<p>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. Formalism in impact assessments continues, even though the legal framework for impact assessments was reformed in 2016. However, with respect to acts proposed by the Council of Ministers, there seems to be some improvement,</p>
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Sustainability
Check
Score: 5

especially in the process of consultation with potentially affected parties, and problems mostly concern proposals by individual members of parliament.

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, while the positions taken by the council since its establishment indicate that sustainability of public finances is among its primary concerns. 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 newly established rules for impact assessments require a posterior appraisal of effects of different policies within five years of their introduction.

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. An increasing number of government agencies are adopting 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. Under recent coalition governments, the lack of coherence is exacerbated by the lack of informal coordination between ministries. Many 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 government has succeeded in controlling the fiscal deficit and public debt. 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, exiting the excessive macroeconomic imbalances procedure and starting the process of joining the euro zone. 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. The de facto accountability of ministers to the prime minister was most recently demonstrated in October 2017 by the resignation of the minister of health, Nikolay Petrov, following the prime minister's demand. Thus, the organization of government provides incentives to ensure that ministers implement the government program only to the extent that the program is a priority for the prime minister. When there is a coalition government, as in the case of the third Borissov cabinet, it is unclear to what extent the prime minister's informal power to incentivize line ministers appointed by coalition partners is sufficient to ensure the implementation of the government program.

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

Monitoring
Agencies,
Bureaucracies
Score: 4

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.

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. Under coalition governments, as in 2017, monitoring is further limited by the practice of dividing government, bureaucratic and agency appointments between coalition partners. Consequently, ministers from one party are impeded from effectively monitoring ministers from another party.

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 from central government in three ways: a portion of the revenues from some general taxes are designated for municipal budgets; central government subsidizes municipality budgets; and central government delegates some of its tasks to municipalities, transferring the respective financing to them (known as delegated budgets). Ministry of Finance and the National Association of Municipalities in Bulgaria assessments of whether tasks assigned to municipalities have been adequately funded differ widely. Municipalities often claim that the Ministry of Finance deliberately leaves delegated functions underfunded, forcing municipalities to finance national policies with local funds.

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 10 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 should be monitored by a newly created council on the decentralization of state government. However, as of late 2017, the council has not had a single session since February 2016.

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

EU and NATO membership imposes a clear necessity on the Bulgarian government to be able to respond to and adopt changes based on international and supranational developments. Beyond changes in recent years related to this, 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.

There is already a discernible attempt to begin a process to adapt government structures in Bulgaria to upcoming changes in the EU funding framework. Another source of impetus for improvement of domestic government structures is expected to come from the pending Bulgarian Presidency of the Council of the European Union in the first half of 2018, when Bulgaria will have to be an agenda setter and facilitate strategic discussions concerning the whole European Union.

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 European Union'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 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.

Institutional
Reform
Score: 5

Bulgarian government bodies do have the capacity to reform, both in the case of reforms initiated from within and reforms originating externally. It is becoming customary for ministries to publish their medium-term plans, including potential reforms, simultaneously with the publication of the proposed national budget for the coming year. However, no such documents or framework envisaging changes in governance as part of a strategic plan concerning improvements in governing capacity can be found among these plans yet.

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. The limited political interest of many citizens is illustrated by the fact that, despite a change in the electoral code making voting obligatory, voter turnout in the elections in late 2016 and early 2017 remained well below 60%.

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 members of parliament and administrative staff. As a result, resources available to members of parliament 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. However, parliamentary questions remain an effective and widely used (especially by the opposition) tool for parliamentarians to access government information.

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

Under the Rules of Organization and Procedure of the Bulgarian parliament, parliamentary committees are able to invite experts. This opportunity is

Score: 10

available to deputies from the opposition as well. 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 2017, 16 parliamentary committees oversee the same areas as 17 ministries, with the ministries of economy and tourism overseen by one standing committee. Only the newly created Ministry for Bulgaria's Presidency of the Council of the European Union in 2018 is not covered by a committee.

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 recent years, the Audit Office has performed its tasks in a clear and professional manner with a high degree of openness and has made its findings available to the general public. Under the present framework, the Audit Office's capacity to contribute to the improvement of the effectiveness of government expenditures and assessment of the overall impact of different policies remains severely underutilized.

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 2016, when the Ombudsman gave assistance to 17,362 people. The office actively investigated 7,448 complaints. Most complaints made in the last few years

(35% of the complaints in 2016) related to public utilities (mobile and landline phone operators, electricity, heating and water providers, and transport). 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. The present Ombudsman, Maya Manolova, pushed the issues raised in the referendums in 2015 and 2016 to the point of drafting and proposing a bill for changing the electoral system, which is clearly not among the competencies of the office.

Media

Media Reporting
Score: 4

Bulgaria's media sector 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. In recent years, in the TV programming, this has been accompanied by a heavy accent on reality shows, which is another drain on the broadcasting time available for analyzing government and policy decisions.

Most print-media organizations can be considered as appendages to their owners' businesses. As a consequence, high-quality journalism is secondary to the owners' respective business interests in print media. However, high-quality investigative journalism and political commentary is still available.

In their coverage, most major media organizations 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. On two separate occasions in 2017, prominent politicians – one member of parliament and one deputy prime minister – publicly and directly threatened journalists in an obvious attempt to intimidate them and shutdown substantive policy discussions. This clearly undermines the capacity of media to provide substantive in-depth information on government decision-making.

Online media, whose numbers and importance are increasing, offer a new venue for coverage of policy decisions. In some instances, online media promises timelier and more in-depth reporting on topical issues.

Parties and Interest Associations

Intra-party
Democracy
Score: 4

In the 2017 parliamentary election only two parties gained more than 10% of the popular vote – Prime Minister Borissov's Citizens for European

Development of Bulgaria (GERB) and the Bulgarian Socialist Party (BSP). The BSP traditionally campaigns in elections as part of a formal coalition of parties, although the BSP is by far the largest carrier of votes within the coalition. The Movement for Rights and Freedoms (DPS) was close with 9.2% of votes. The United Patriots coalition also obtained more than 9%, but consists of three parties that are relatively equal in terms of voter strength and cannot be considered as a single entity.

The BSP is a relatively democratic party with authentic internal opposition, and clear opportunities for different factions to influence party discussions and agenda, even though the faction around the party chair usually prevails. 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.

GERB and DPS are leader-dominated parties, as are at least two of the three parties forming the United Patriots coalition. Regardless of the internal democratic mechanisms envisaged in their statutes, most decisions are concentrated in the hands of the party leader and a few members around the party leader. 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 opaque and highly concentrated.

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.

In Bulgaria there are two trade union confederations, both 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. For example, in the autumn of 2017, they made a deliberate attempt to unite efforts with several other organizations and pressure

groups to push for specific tax reforms, including the introduction of individual income tax exemptions and differentiated VAT rates.

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, assess potential impacts comprehensively, or 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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