



Bulgaria Report

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Sustainable Governance
Indicators 2019

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Executive Summary

In the first half of 2018, politics and policymaking in Bulgaria was dominated by the country's presidency of the Council of the European Union. The general assessment of the government's handling of this responsibility has been positive. The experience indicated the government's willingness to participate in the formulation of strategic priorities, and ability to coordinate and manage complex agendas at the EU level. The presidency also helped solidify the coalition government between Prime Minister Borissov's Citizens for European Development of Bulgaria (GERB) and the United Patriots, an alliance of three extreme nationalist and xenophobic parties, which has held office since May 2017. However, in the second half of the year, a series of events (a multi-victim road accident that highlighted weaknesses in the supervision of road construction, the murder of a prominent regional journalist, new corruption allegations, rising heating and fuel prices, and an unpopular policy change affecting children with disabilities) led to public protests and the resignation of several ministers, and strained relations between the coalition partners.

In economic terms, 2018 has been another year of moderately high economic growth for Bulgaria, coupled with a budget surplus and decreasing public debt, and record high employment and low unemployment rates. However, the external trade balance worsened due a combination of dropping exports and rising imports. Structurally, 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: achieving reform of the education sector to produce a more adequate skills base; addressing 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.

Constitutional amendments to the structure of the Supreme Judicial Council were adopted and the election of a new council in 2017 has increased the feasibility of improving the judicial system, especially with respect to judges' career development and independence. Whether these changes will be realized

remains to be seen. A new centralized anti-corruption agency was established in 2018 following new legislation, but (at the time of writing) it is too early to evaluate its effectiveness. According to all observers, the integrity of traditional media continues to deteriorate with problems spanning nontransparent ownership, illicit political influence and capture by narrow business interests.

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 included in their coalition agreements precise details regarding 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, while part of the government, have behaved more moderately than initially expected.

After being enhanced in 2016, the RIA framework has improved somewhat, especially with respect to policies and regulations proposed at the national executive level, but less so with respect to legislation proposed by individual members of parliament or at the local level. The existence and operation of the independent Fiscal Council and the RIA framework promise better-informed legislation.

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 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 main proponents of international cooperation. Having held the presidency of the Council of the European Union in 2018, Bulgaria managed to formulate and promote the integration of the Western Balkans into the European Union.

Key Challenges

With the rifts in the governing coalition increasing, the survival of the present coalition government is likely to become a major political challenge. If the Borissov government does not make it through 2019, it would be the fourth government in a row to fail to complete the full four-year term. Political instability is typical of Bulgaria's party system, which is characterized by the combination of two relatively large centrist parties and a number of smaller ones, some of whom are purely clientelistic, while others are rather radical or extremist.

The looming political instability represents a major challenge to 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 partially mitigated by the fact that the country has had the same prime minister and the same party leading the ruling coalition for most of the last decade. The extensive 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.

Economically, the opportunities for Bulgaria to generate rapid economic growth through heightened capital inflows from abroad and activation of inactive or unemployed labor have come to an end. High-skilled labor has become particularly scarce, while capital inflows have slowed significantly. Realizing the potential of key economic drivers (e.g., increased skills levels, innovation capacity, productivity and policy effectiveness) remains a serious challenge.

Judicial reform is 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 and some choose to scale down their investment plans. Slight improvements with respect to the selection, advancement and activities of judges are counterbalanced by a deterioration in the accountability and transparency of the prosecution service.

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. Initial results (e.g., PISA, PIRLS and TIMSS scores) indicate a possibility for these reforms to eventually lead to improvements.

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 of political opportunism and a heavy burden on the economy. These weaknesses need to be addressed to improve 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. As the resurgence of nationalist and xenophobic parties has strengthened the political representation of social groups opposed to much needed reform, this makes the formation of government majorities willing and able to address Bulgaria's key challenges more difficult and less likely.

Party Polarization

The extent to which Bulgarian parties are polarized along principles of ideology and policy rather than personality and identity is unclear. While rhetorically taking opposing views on many issues, political parties seem to be able to achieve agreement on policy whenever in power. A prime example was the 2013 – 2014 government, which was simultaneously supported by an extreme nationalist and xenophobic party, and by its rhetorical irreconcilable opponent, the Turkish minority party. After the 2017 parliamentary elections, Prime Minister Borissov managed to forge a coalition with the United Patriots, an alliance of three extreme nationalist and xenophobic parties, despite conflicting election campaign pledges. (Score: 8)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 6

The recent macroeconomic performance of the Bulgarian economy has been mixed. On the positive side, GDP continues to grow by a moderately high rate (3% – 4%), the unemployment rate continues to fall for all social groups and government finances are stable following three years of low surpluses in a row. On the negative side, exports decreased in 2018, foreign direct investment has dropped to levels unprecedented for this century and there is a visible acceleration of inflationary processes that are expected to continue into the near future. The European Commission has stressed the positive developments. In early 2018, it changed its opinion about the Bulgarian economy and no longer classifies Bulgaria's macroeconomic imbalances as excessive.

In terms of the microeconomic environment, businesses complain about several problems that are not adequately addressed by the government. One is the state of the judicial system, and the resulting uncertainty in property rights and contracts. Another problem is the difficulty in dealing with the state due to the unpredictable behavior of public administrators and rampant corruption. A third is the lack of adequately qualified labor.

In the coming year Bulgaria is poised to undergo a strict check on its financial system, state-owned enterprise governance and insolvency framework. The check forms part of the requirements for Bulgaria joining the European Exchange Rate Mechanism 2 and the European banking union. The results will be highly indicative about the state of the country's governance of the financial system and the monetary regime.

European Commission (2019): Country Report Bulgaria 2019 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2019) 1001 final, Brussels (<https://ec.europa.eu/info/sites/info/files/2019-european-semester-country-report-bulgaria-en.pdf>).

Labor Markets

Labor Market
Policy
Score: 5

In 2017, employment levels in Bulgaria surpassed the pre-2009 level and grew further in 2018. The unemployment rate continued to fall and is now below the EU average. These favorable developments have largely stemmed from the sustained economic recovery. By contrast, the modernization of the Employment Agency and an improved targeting of labor market policy have only played a marginal role. Among other groups, employers have complained about a growing lack of sufficiently qualified labor and increasing skills mismatch. This development is increasingly undermining the sustainability of economic growth and has not been adequately addressed by the government. Among employed people, many occupy jobs which are below their education and skills levels. Policies such as the national minimum wage and social security thresholds affect different regions of the country very differently, and are becoming a major cause of the very uneven and unequal regional economic development. Growing disparities are threatening to become unsustainable. Employer associations have demanded policy revisions, but these proposals have not been taken up by the government.

Citation:

European Commission (2019): Country Report Bulgaria 2019 including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2019) 1001 final, Brussels, 34-38 (<https://ec.europa.eu/info/sites/info/files/2019-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 and social security contributions (mostly pension and health care contributions). Meanwhile, direct taxes, based on a very broad base with low rates, only contribute about 20% of tax revenues. With its low rates, and uniform and broad tax base, Bulgaria's tax system fully achieves the objective of horizontal equity. While the tax structure is simple, tax filing is extremely cumbersome for businesses due to extensive red tape and an unfriendly bureaucracy. This weighs on the competitiveness of the Bulgarian tax system.

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 continued to increase significantly in 2018 with boosts from both direct and indirect taxes. This is especially valid for social security contributions, which have risen significantly due to a combination of rapidly increasing wages and a rising number of employed people contributing to the system. Since this portion of general government revenue is highly sensitive to the business cycle, it is unclear whether such a tempo can be sustained under less favorable circumstances. Recent revenues have been sufficient to allow the government to achieve a fiscal surplus for the third year in a row.

Budgets

Budgetary Policy
Score: 9

Bulgaria has featured sound budgetary policy for most of the last 20 years. In the two periods when the budgetary position worsened (2009 – 2010 and 2013 – 2014), budgetary discipline was swiftly restored. In 2017 and 2018, small fiscal surpluses were realized. Public debt is well controlled and is gradually decreasing toward 20% of GDP.

Fiscal rules (e.g., 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 published a number of opinions and recommendations, including an evaluation of the medium-term budget forecast for 2019 – 2021, the public debt management strategy, the 2019 draft budget and the Ministry of Finance reports on the implementation of previous years' budgets.

While the budgetary process and performance in Bulgaria can generally be considered healthy, the Bulgarian government has developed a practice of accumulating a budget surplus in the first three quarters of the year and then spending almost all of the budget in the last quarter of the year. This has happened in each of the last three years. Such a swing in aggregate spending during the calendar year has made economic development less balanced.

Research, Innovation and Infrastructure

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. The share of government spending in total R&D spending is relatively high compared to the EU average, primarily due to low private sector spending in Bulgaria. 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.

Global Financial System

Stabilizing
Global Financial
System
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. In mid-2018, the country expressed a desire to join the European banking union and is now undergoing preparatory assessments. This development may make the Bulgarian government more proactive in the sphere of international financial architecture, although this has not happened yet.

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. From a comparative perspective, public spending on education is relatively low. It is projected to increase from 3.7% of GDP in 2017 to 4.0% in 2021.

The quality of education in Bulgaria falls short of the needs of a modern competitive economy. While the PISA, PIRLS and TIMSS scores have slightly improved since 2006, they are still relatively low. With respect to higher education, the QS World University Ranking features only one Bulgarian university, Sofia University, among the world’s top universities. However, the university’s ranking has worsened and it no longer ranks among the best 800 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 show better results in the external evaluations after fourth, seventh and 12th grades. 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.

Citation:

World University Ranking: <http://www.topuniversities.com/university-rankings/world-university-rankings/2019>

Social Inclusion
Policy
Score: 4

Social Inclusion

Compared to other EU member states, Bulgaria achieves poor results in preventing exclusion and decoupling from society. Bulgaria also suffers from a relatively high level of inequality, as measured by the Gini coefficient. The latter has risen significantly since 2012, reaching a record high in 2017. It seems, however, that this increase has largely been due to changes in the sampling of households and to problems in the measurement of incomes.

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, unfavorable international comparisons 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 the performance of the judiciary 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, while other political actors bank on the rhetoric of exclusion and marginalization of certain minority groups.

Health Policy
Score: 4

Health

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. After increasing by about one percentage point over the last decade, it is projected to stay at the current level of 4.5% of GDP over

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

The performance of the health care system in Bulgaria has been mixed. The system is inclusive, providing at least some level of health care for all who need it. Important outcome indicators (e.g., life expectancy and infant mortality) have visibly improved in recent years. However, the practice of unregulated payments to doctors is widespread. Those who can afford to make unregulated payments, receive faster and better quality health care. The system also suffers from substantial financial leakages, with public funds appropriated and misused by private actors.

Health care policy has been characterized by serious policy instability. Over the last decade, ministers of health have served on average less than 11 months. As a result, few of the regularly announced reforms have actually been implemented.

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 policies have focused on financing parents during a child's early years and on guaranteeing their job for an extended period of time. 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 member states. The lack of well-developed opportunities for flexible working time and workplace solutions in the Bulgarian labor market creates another obstacle for combining parenting with active economic participation. De facto labor-market discrimination against pregnant women and mothers of small children is common.

An important source of help that enables parents to be more economically active are family networks, specifically the traditional involvement of grandparents in caring for children. 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. This support is not means tested, and covers both rich and poor families regardless of their different labor market prospects.

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. However, the second pillar is currently underfunded due to the parliament's refusal to increase its share in the general contributions as originally envisaged.

The share of retired people experiencing material and social deprivation fell by nine percentage points between 2014 and 2017. Yet, at more than 50%, the rate is still very high, indicating the very limited effectiveness of the pension system in reducing poverty among the elderly. The pension system is fiscally unsustainable due to its heavy reliance on the pay-as-you-go pillar combined with a negative demographic dynamic. A planned increase in the retirement age to 65 for men in 2029 and for women in 2032 will not be sufficient to make the system sustainable.

In the course of drafting the 2019 budget, the government reneged on its promise to abolish the ceiling for a maximal pension under the first pillar. This promise created an incentive for people nearing retirement age to postpone retirement and remain active over the last two years in the hope that if they wait they will be able to retire without incurring a pension ceiling. This was a major cause for the relatively fast growth in pension fund revenues and the improvement in the dependency ratio. Conversely, keeping the ceiling is likely to lead to lower employment and revenues.

Integration

Integration Policy
Score: 3

Bulgaria does not have a developed policy for integrating migrants. 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. The rhetoric of the junior coalition government partner, the United Patriots (an alliance of three nationalistic and xenophobic parties), has become increasingly anti-immigrant.

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.

Safe Living

Internal Security
Policy
Score: 5

Despite relatively generous budgets, police forces remain ineffective, and are distrusted by both Bulgarian citizens and the country's EU partners. Still, most citizens live relatively safely, and crime statistics have fallen in recent years. However, organized crime and violence against migrants remain serious problems. Violence against women, an issue brought to the front of public debates due to the government's attempt in 2018 to push through the ratification of the Council of Europe's Istanbul Convention, has not been effectively addressed by state institutions.

Citation:

Jones, J. (2018): The European Convention on Human Rights (ECHR) and the Council of Europe Convention on Violence Against Women and Domestic Violence (Istanbul Convention), in: R. Manjoo, J. Jones (eds.), *The Legal Protection of Women From Violence: Normative Gaps in International Law*. London/ New York: Routledge, pp. 147-173.

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

The share of renewables in the energy mix of Bulgaria has stagnated since 2013, having increased relatively rapidly previously. Improvements in energy efficiency and the substitution of higher for lower carbon emitting fuel sources have led to a gradual decrease in the carbon dioxide intensity of the economy. Per capita carbon dioxide emissions remain relatively low.

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. In the summer of 2018, the government appropriated a relatively large budget to fund improvements in dam maintenance and management.

Forests in Bulgaria are either private, municipal or state property. This fact impedes the development and implementation of coordinated forestry policy actions. However, Bulgaria's forest coverage is above the global average and has a long-term growing trend.

Bulgaria has a relatively large share of protected biomes. Approximately one quarter of its territory is 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. The decision to build a second lift in the Bansko mountain resort, for instance, led to protests by citizens and environmental groups, and was initially withdrawn by the minister in charge. Later, however, there was a second attempt to build the lift, which was appealed in court and overthrown by the Supreme Administrative Court.

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. The Bulgarian government chose not to include environmental topics among its priorities during its presidency of the Council of the European Union.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

There have been no elections and no changes in the electoral framework in Bulgaria since March 2017. The present electoral code has been in force since 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. For the registration of parties or nominating committees, a bank deposit and a certain number of citizen signatures are required. 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 states can only run 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 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 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. Between electoral campaigns, parties not represented in parliament have little access to public media, especially if they are considered potentially serious competitors by the incumbent parties.

Access to privately owned media, especially print media, is not regulated and 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.

Citation:

Price, L. T. (2018). “Bear in Mind... and Do Not Bite the Hand That Feeds You”: Institutionalized Self-Censorship and Its Impact on Journalistic Practice in Postcommunist Countries – the Case of Bulgaria. In: Eric Freedman, Robyn S. Goodman, Elanie Steyn (eds.), *Critical Perspectives on Journalistic Beliefs and Actions*. London/ New York: Routledge, 211-221.

Voting and
Registration
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, and to include provisions for machine and electronic voting in the electoral code. However, the Central Electoral Commission, the body tasked with managing elections, has de facto impeded the implementation of these provisions.

Other 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. Later the first of these provisions was declared unconstitutional by the Constitutional Court, while the second was relaxed for EU member states.

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. The most recent allegations of illicit financing involve claims by whistleblowers who previously worked for the state agency for Bulgarians abroad that the agency sells Bulgarian citizenship with the proceeds going to one of the parties in the ruling coalition.

A second problem with party financing in Bulgaria is that the legal framework has tended to favor 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 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 and parliament has not changed the subsidy so far.

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. However, in none of the referendums was turnout strong enough to make the results obligatory for parliament. In the period under review, no national referendum was held or initiated.

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. There were three local referendums in 2017. In one of them, turnout was sufficiently high to ensure that the result was binding on the municipal council.

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 very limited. Many private 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. Transparency regarding the ultimate ownership of private media organizations is very low, allowing for illicit influence over editorial policy and the abuse of de facto monopolistic positions without the possibility of legally proving them. This is especially true in the area of print media. It is widely understood that more than 80% of the print media market is controlled by one person.

As a result, Bulgaria's international ranking in media freedom continues to deteriorate. This is one of the reasons why there was a widespread international coverage of the murder of a regional TV personality in the fall of 2018. Viktoria Marinova had covered the work of investigative journalists on government-connected corruption. There have been serious rumors of possible political ulterior motives behind her murder. These allegations have not completely disappeared, despite the arrest and indictment of a perpetrator who confessed to raping and murdering the journalist.

A major development in the media space has been the growth of non-traditional outlets. 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: 4

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.

Events during 2018 indicate a structural weakness related to changes in media ownership in Bulgaria. One of the largest TV stations with a national license, Nova TV, was acquired by the Czech billionaire Petr Kelner. The transaction required the approval of the antitrust body in Bulgaria, which was denied. Most observers believe that the decision was politically motivated and catered to interests opposed to the completion of the transaction.

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. It ensures a high level of access for citizens to government information and refusals to provide information can be appealed in court. 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. The most common excuse for refusing to release 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.

Citation:

Access to Information Programme Foundation (2018): Access to information in Bulgaria in 2017. Sofia (http://store.aip-bg.org/publications/ann_rep_eng/2017/2017_FINAL.pdf).

Civil Rights and Political Liberties

Civil Rights
Score: 5

The Bulgarian constitution and legislation provide a comprehensive 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. Sociological surveys continuously register very low levels of citizen satisfaction with the operation of the justice system, with the most serious negative perception being that the law does not apply equally to all citizens and that privileged people can bend the rules with impunity.

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 aim to provide 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 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, as do women. Public discourse regarding migrants has grown increasingly xenophobic as explicitly nationalistic parties have joined the ruling coalition and many Bulgarian media outlets openly broadcast hate speech, thereby contributing to racially motivated agitation. Over the course of 2018, the government tried, but failed to push through the ratification of the Istanbul Convention. The public debate on the issue revealed deep distrust of state measures to bolster the rights of women and sexual minorities.

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. A clear example of such an abuse of discretion are two decisions by the Commission for the Protection of

Judicial Review
Score: 5

Competition in the summer of 2018 in which the commission stopped two acquisitions on the basis of mutually exclusive arguments.

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. 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, and the country continues to be subject to a Cooperation and Verification Mechanism by its partner countries from the European Union.

Following a number of constitutional changes in 2015, judges have become formally more independent from prosecutors and investigators. The reform of the Supreme Judicial Council, the body governing the judicial branch, has raised hopes that politicization will decrease. However, despite the formal changes, the politicization of the Supreme Judicial Council remains high.

Citation:

European Commission (2018): Report from the Commission to the European Parliament and the Council on Progress in Bulgaria under the Co-operation and Verification Mechanism. COM(2018) 850 final, Brussels (https://ec.europa.eu/info/files/progress-report-bulgaria-2018-com-2018-850_en).

Vassileva, R. (2018): Sweet Like Sugar, Bitter Like a Lemon: Bulgaria's CVM Report. Verfassungsblog, November 16 (<https://verfassungsblog.de/sweet-like-sugar-bitter-like-a-lemon-bulgarias-cvm-report/>).

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. In 2018, there were four new appointments: one by parliament (a single candidate), one by the president, and two by the supreme courts (elected among 10 candidates).

The chairs and deputy 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.

Corruption
Prevention
Score: 4

Bulgaria's formal legal anti-corruption framework is quite extensive, but has not proven very effective. Measurements of perceived corruption have remained stable over the last five years at levels indicating that corruption is 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 line with recommendations by the European Commission and the Council of Europe, new legislation creating a unified anti-corruption agency was adopted by parliament in December 2017. While it is too early to assess its effectiveness, as of the end of 2018, the only publicly announced procedures to confiscate illicitly acquired property have been directed against people clearly identifiable with the opposition.

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/>).

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 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 165 "active" strategic documents relating to the national level, more than 20 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>

Expert 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. 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 Administration of the Council of Ministers, plays a mainly administrative role. It prepares cabinet meetings, but is still developing the capacity for in-depth evaluation of the policy content of line-ministry proposals. Specialized directorates within the Council of Ministers' administration review submissions from the line ministries, but more from a formal than from a substantive point of view. The prime minister's own political-cabinet staff is relatively small and has little expertise to evaluate the policy content of line-ministry proposals.

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 Administration of the Council of Ministers are consulted when proposals cross ministerial lines, or are incompatible with other proposed or existing legislation. Even in such cases, the involvement of the 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

No cabinet or ministerial committees coordinate proposals for cabinet meetings in Bulgaria. 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. 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, 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.

Informal
Coordination
Score: 5

Given the tendency of the Bulgarian political system to produce coalition governments, informal coordination mechanisms have played a vital role. 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.

Digitalization for
Interministerial
Coordination
Score: 7

The 2014 – 2020 e-government strategy and the State e-Government Agency, established in 2016, aim to improve interministerial communication through the use of digital technologies. The necessary infrastructure for electronic document flows and communication between ministries exists and is increasingly used. However, digital technologies are primarily used for coordinating technical issues.

Evidence-based Instruments

RIA Application
Score: 5

Changes in the legal framework for RIA in 2016 have improved the quality of RIA. However, ministries still take a largely formal approach, and the level of understanding and experience on the part of ministerial experts responsible for preparing the assessments is rising but still deficient. Assessments for legislative proposals sponsored by individual members of parliament continue to be of poor quality.

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. Formalism in impact assessments continues, even though the legal framework for impact assessments was reformed in 2016. With respect to acts proposed by the Council of Ministers, there has been visible improvement of late, with more than 410 assessments encompassing all normative proposals of the executive branch. In 2018, the Institute for Public Administration published a RIA methodology, which is expected to unify standards, and make assessments by different ministries more consistent and transparent.

Citation:

Administration of the Council of Ministers (2018): Impact assessment: annual report for 2017 (in Bulgarian). Sofia (<http://strategy.bg/FileHandler.ashx?fileId=13942>).

Institute for Public Administration (2018): Methodology for ex-ante impact assessment of normative acts and programs (in Bulgarian). Sofia (https://www.ipa.government.bg/sites/default/files/metodika_korektura_all.pdf).

Sustainability
Check
Score: 5

Most of the regulatory impact assessments in Bulgaria are merely formal, with the exception of budgetary and environmental issues. Bulgaria has a Fiscal Council, which provides assesses the fiscal sustainability of 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, although formally sought, has little visible impact.

Quality of Ex
Post Evaluation
Score: 3

The rules for impact assessments in Bulgaria established in 2016 require an ex post evaluation of policies and their effects within five years of their implementation. So far, providing ex post assessments has not become a regular practice. The public consultations portal of the government contains ex post assessments of some laws, but the latest dates from 2012. There is no evidence of ex post assessments being used by government bodies for the evaluation, revision or termination of policies.

Societal Consultation

Public
Consultation
Score: 5

There are a number of bodies that represent various interests in the process of policymaking in Bulgaria. 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. The legislative process also includes a period for public consultation of proposals, but in many cases this step is skipped. An increasing number of government agencies are adopting a default policy to make their deliberations open to the general public.

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. Moreover, all too often public announcements and communications aim to hide rather than highlight and explain the true intentions behind proposed regulations and policies. A good

case in point is the government communication about the Belene nuclear power plant. Whereas the government's initial announcements stressed that the project was re-activated due to interest from Chinese investors and Chinese construction companies without any Bulgarian commitments or finances involved, it has turned out later that Russian investors and companies, and Bulgarian public financing will also play a major role in the project.

Implementation

Government
Effectiveness
Score: 6

Bulgarian governments avoid setting policy-performance benchmarks that are available to the public. The main exceptions are within the area of macroeconomic policy, especially regarding the budget and compliance with the high-profile requirements of EU membership. While the government has succeeded in controlling the fiscal deficit and public debt, it has not been successful in its long-standing objective of joining the Schengen Area. It has been partially successful in the objective of exiting the macroeconomic imbalances procedure given that its imbalances are no longer assessed as excessive. Another important policy objective – integration into the euro zone and European banking union – has been furthered somewhat with the government successfully negotiating with its EU partners a clear roadmap outlining key measures to be introduced. Budgeting in Bulgaria remains primarily based on historical expenditures and does not involve programmatic elements, which would necessitate benchmarking and measurement.

Ministerial
Compliance
Score: 7

The prime minister does not have significant legal powers over his ministerial colleagues. The constitution defines the Council of Ministers as a collective body presided over by the prime minister. The position of the prime minister thus strongly depends on his or her informal political authority. When the prime minister is a party leader with a relatively strong personality, as in the case of the Borissov governments, the informal influence is significant, but dependent on the political context. In the summer of 2018, the prime minister successfully pressured three ministers to resign in the wake of a bus crash. However, later in the year, the prime minister was not able to demand the resignation of ministers from his coalition partner, because this would likely have toppled the ruling majority. 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 and the informal political context allows him to sanction them.

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 control tends to be informal, through the party apparatuses, and the strictness with which control is applied seems to be a function of the political context, especially under a coalition government.

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 (e.g., the absorption of EU funds) and tends to rely on informal rather than formal mechanisms. Under coalition governments 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 agency heads 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). The National Association of Municipalities in Bulgaria often claims that the central government deliberately leaves delegated functions underfunded, forcing municipalities to finance national policies with local funds. There have also been allegations that the central government favors municipalities ruled by the same parties as the national government. While the topic of fiscal decentralization – which would significantly increase municipal revenue sources at the expense of the national budget – routinely features in the public discourse, a reform to this effect does not look very likely.

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.

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 2018, according to its portal, the council's last session was held in January 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 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 health care sector, monitoring is uneven and some localities have much lower standards than others. The extent to which different municipalities' regulations are compliant with regulatory standards set in national law also varies.

Effective
Regulatory
Enforcement
Score: 2

Government regulatory enforcement in Bulgaria is biased and uneven. On numerous occasions over recent years, government agencies have enforced regulations inconsistently for different actors, favoring specific vested interests and penalizing potential competitors to these vested interests. Examples include biases in the implementation of the competition protection framework in banking and non-bank financial supervision, public procurement, and post-privatization control. The most recent example of inconsistent and biased enforcement involved two decisions by the Competition Protection Commission in 2018, which blocked two private sector acquisitions (one in the energy sector and another in the media sector). In one case, the commission criticized the acquiring company for being too small relative to the acquired one. In the second instance, the commission criticized the acquiring company for being too big. In both cases, the decisions were motivated by considerations of political control.

Adaptability

Domestic
Adaptability
Score: 7

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. Another example of the ability of the government to adapt to supranational circumstances was the creation in 2017 of a Ministry of the Bulgarian Presidency of the Council of the European Union. The ministry was a structural response to Bulgaria holding the rotating presidency of the Council of the European Union and has been evaluated as successful. The ministry will be disbanded at the end of

2018. There is already a discernible attempt to begin a process to adapt government structures in Bulgaria to upcoming changes in the EU funding framework.

International
Coordination
Score: 4

The capacity of Bulgarian government bodies to correspond with, coordinate and participate in international processes and initiatives has improved, especially after it became a member of NATO and the European Union. Yet, Bulgaria is still primarily reactive in terms of international efforts to foster the provision of global public goods and its level of commitment to such causes remains relatively low. Factors contributing to this situation include a lack of capacity, political cautiousness about international commitments and, recently, increasing xenophobia represented in the governing coalition.

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.

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. A striking recent example was the vigorous debate about the weakness of road construction supervision, which followed a fatal accident in the summer of 2018 and the subsequent finding that poor construction had been a contributing factor to the accident.

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 as a part of the annual budget procedure. However, even when reforms in different spheres are seriously contemplated, reform proposals are almost never connected with strategic thinking about changes in the institutional arrangements of governance.

II. Executive Accountability

Citizens' Participatory Competence

Political
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%.

Open
Government
Score: 6

The Bulgarian government has adopted a policy of developing citizen access to government data through the establishment of an open data portal. As of late 2018, there were more than 8,000 datasets. All datasets are downloadable in machine-ready format. The data portal provides citizens with a powerful tool for assessing government policies and holding the government accountable. However, there are two major limitations. First, the supply of data, which would enable citizens to make a preliminary assessment of major government projects and plans, is a relatively limited. Second, many datasets are difficult to interpret because of obscure and unclear methodologies.

Citation:
<https://opendata.government.bg/>

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

<p>Obtaining Documents Score: 7</p>	<p>central government budget and could secure the resources for enhanced monitoring.</p> <p>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. 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. 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.</p>
<p>Summoning Ministers Score: 7</p>	<p>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. There is no sanction for non-compliance except the possible loss of reputation and political image. Members of the executive most often comply with summons from the parliament, but can afford to ignore such summons indefinitely, often using other duties and obligations as an excuse for their lack of response.</p>
<p>Summoning Experts Score: 10</p>	<p>Under the Rules of Organization and Procedure of the Bulgarian parliament, parliamentary committees are able to invite experts. This opportunity is 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.</p>
<p>Task Area Congruence Score: 9</p>	<p>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</p>

related – for instance, foreign affairs and defense, youth and sports, or economy and tourism. As of 2018, 16 parliamentary committees oversee the same areas as 17 ministries, with the ministries of economy and tourism overseen by one standing committee.

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 print, electronic and online media.

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 entertainment or sensationalism. 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, online media promises timelier and more in-depth reporting on topical issues. This was the case in the summer of 2018 when the online investigative outlet Bivol uncovered possibly serious abuses and cronyism in public procurement.

Parties and Interest Associations

Intra-party
Decision-Making
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 an 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. The party has actually changed leadership three times since 2001. 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 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 in the hands one person – its one-time active leader and now honorary president.

Association
Competence
(Employers &
Unions)
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 and external scholars. Most reports and proposals drafted by the trade unions go beyond labor relations, and relate to taxation, transfers, foreign investors and other political issues.

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, which 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. A case in point in 2018 was the protest against the planned reform of social support for people with disabilities. The demands of the demonstrators addressed only some of the problems within the government's plans, and failed to address the existing system's major structural weaknesses. The religious communities in Bulgaria have their channels of political influence, but are not broadly active in the public sphere.

Independent Supervisory Bodies

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.

Since 2015, 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. Its effectiveness has also suffered from the fact that it is not vested with sufficient powers to act based on its findings. Such powers are reserved for government bodies with dubious reputations, such as the prosecution service.

Ombuds Office
Score: 8

There is a national ombuds office (the Ombudsperson of the Republic of Bulgaria), which is not part of parliament, but is elected by parliament for five years. The Ombudsperson 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 formal powers.

The ombuds office's reports indicate an increase in the number of citizens contacting the office and the number of formal complaints filed with the office over recent years. The present Ombudsperson, Maya Manolova, has been much more active than her predecessors in addressing the parliament with legislative proposals and the Constitutional Court concerning constitutional interpretations of social rights.

Data Protection
Authority
Score: 7

The Personal Data Protection Commission was established in 2002. Bulgarian legislation treats all personal data administrators (from both the public and the private sector) similarly and the commission has equal powers with respect to both. The commission can regulate the implementation of the law, review personal data administrators' activities, provide critical assessments, propose changes and in case of infringements temporarily suspend administrator's privileges. It can also be addressed by citizens with complaints about infringements of personal data rights by government and private bodies. However, the factual protection of citizens against infringements on their privacy rights lags behind the significant formal powers of the commission.

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