



Bulgaria Report

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Sustainable Governance
Indicators 2020

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Executive Summary

Bulgaria saw a drift downward in terms of the quality of its governance structure in 2019. The junior partner in the ruling coalition, a grouping of three xenophobic nationalistic parties, has for all practical purposes fallen apart. The effort to stay in power itself is largely what has held the ruling coalition under Prime Minister Boyko Borissov together. Media freedom continues to deteriorate; major gaps in the anti-corruption framework and its effectiveness have been uncovered; a personal-data leak affecting more than half of Bulgaria's citizens was allowed by a government agency, with no effective investigation or consequences following; and party financing has been changed in a way that clearly allows for widespread development of illicit dependencies. Public protests erupted over a seemingly technical issue, the appointment of a new prosecutor general.

This drift took place against the background of continued relatively good economic performance, featuring moderately high growth rates, a small budget surplus and decreasing public debt, a record-high employment rate and low unemployment rates. The external trade balance has slightly improved, but in a context of decreases in both exports and imports. Structurally, Bulgaria still faces serious challenges in terms of the population's skill levels and the economy's innovation capacity and productivity. The country continues to lag severely with regard to 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 healthcare and pension systems – continue to squeeze the labor market and threaten the financial sustainability of these systems; and the need to further increase labor market flexibility.

The new centralized anti-corruption agency, established in 2018, not only proved ineffective in stopping or prosecuting a high-profile case involving suspicious real-estate acquisitions by people in the high echelons of power, but was itself involved in a corruption scandal when its director was revealed to have made unregulated additions to his apartment. The persistent drop in the quality of media freedom in Bulgaria over the last decade continued in 2019,

with the national radio service in one case being pulled off the air for several hours with the explicit goal of preventing a particular journalist from being able to cover the prosecutor general appointment procedure.

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 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. 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. When Bulgaria held the presidency of the Council of the European Union during the first half of 2018, it promoted the integration of the Western Balkans into the European Union.

Key Challenges

The survival of the ruling coalition, whose term ends in early 2021, looks doubtful. However, the relatively poor showing of some of its members in the local elections in October and November 2019 may incentivize them to make the compromises necessary to prevent early elections. Maintaining parliamentary support through 2020 will be a challenge. In any case, the months to come will be characterized by heavy electioneering.

Thus far, the changes in the stability of the political configuration have not had a detrimental effect on government economic policies or the economy's ability to sustain economic growth. Continuing this dynamic through 2020 will be another challenge, especially as the 2021 budget (to be announced in late October 2020) is likely to be a pre-election budget, which usually means high deficits, large increases in politically rather than economically justified spending, and a rise in public debt. Another very serious potential challenge would emerge if the global economy enters a downturn during 2020, with consequently negative effects on capital and trade flows, to which the Bulgarian economy is highly sensitive.

Economically, the opportunities for Bulgaria to generate rapid economic growth through heightened capital inflows from abroad and the activation of inactive or unemployed labor have largely come to an end. This was reflected in somewhat slower growth rates in 2019, and expectations of further declines in 2020. Realizing the potential of key economic drivers (e.g., increases in skill levels, labor-force activation rates, innovation capacity, productivity and policy effectiveness) remains a serious challenge.

Judicial reform, and particularly reform of the prosecution service, is a key factor affecting Bulgaria's ability to meet these challenges. Following a nontransparent and noncompetitive procedure, a new prosecutor general with a controversial record was appointed in late 2019, and was slated to take office at the beginning of 2020. A key question for the year will be how he begins to carry out his mandate. Due to the resignation of the director of the anti-corruption agency in 2019, a new director will have to be appointed; the quality of the procedure and of the person selected will be another key test for 2020.

Serious challenges remain in many major policy areas, including the education, healthcare and pension systems. Negative demographic trends are imposing a substantial financial and political burden in each of these areas. Their problems are easy rhetorical targets for political opportunists, but no actual reforms have been proposed, and comprehensive reform remains a major challenge.

Despite visible improvements over the last decade, infrastructure must continue to be enhanced, especially at the regional level, and especially with respect to the protection of the environment and natural resources.

Politically, Bulgaria's most significant challenge is the fragmentation of the political party system that has been observed over the last two parliaments.

The two elections in 2019 – EU parliamentary and local – tentatively indicated that the resurgence of nationalist and xenophobic parties may have crested. Nevertheless, it seems certain that future Bulgarian parliaments will continue to be fragmented, making the establishment of well-supported reform-capable majorities a challenge.

Party Polarization

The extent to which Bulgarian parties are polarized along principles of ideology and policy rather than personality and identity is unclear. Rhetorically, the level of polarization seems high, but in terms of policies proposed and actually followed when in power, differences seem much less drastic. After the 2017 parliamentary elections, Prime Minister Boyko Borissov managed to forge a coalition with the United Patriots, an alliance of three extreme-nationalist and xenophobic parties, despite conflicting election campaign pledges. While in power, the nationalist parties continued with their strong rhetoric, but have not changed the relatively moderate policies followed by all governments in Bulgaria for more than 20 years.

Cross-party consensus on policy and legislative matters is possible, even between ruling and opposition parties, but is limited by the parties' positioning with regard to voter perceptions. In the present parliament, the opinions and proposals of one of the opposition parties, the Movement for Rights and Freedoms, have on several occasions been taken into account and even adopted, a prominent example being the final version of the changes to the party-financing regulations. This has taken place much less frequently with the bigger opposition party, the Bulgarian Socialist Party. In this case, both sides have sought consensus much more rarely; there has been some consensual voting on appointments, for instance on Supreme Judicial Council candidates, but almost never on important policy or regulatory issues. (Score: 8)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 6

Since 2015, Bulgaria has maintained per capita economic growth rates in the range of 4% to 5%, with unemployment rates in 2019 at record-low levels since measurement started in 1991. In 2019, increasing exports contributed to a current account surplus, while the inflationary pressure noticeable in 2018 decreased. These positive developments have been countered by relatively low growth in real capital formation, lackluster performance within the industrial sector and rising expectations within the business community of a coming recession.

Economic performance has benefited from the stability of macroeconomic policy. The currency board, which has existed since 1997, has provided monetary stability, and fiscal policy has been sound. As for the microeconomic environment, businesses continue to complain about several problems that have not been adequately addressed by the government. One is the state of the judicial system, and the resulting uncertainty in the area of property rights and contracts. Another problem is the difficulty in dealing with the state due to rampant corruption and the unpredictable behavior of public administrators. A third is the lack of an adequate supply of qualified labor.

In the 2018 – 2019 period, Bulgaria underwent a strict review of its financial system by the European Central Bank (ECB), while the OCED reviewed the country's state-owned enterprise governance and insolvency framework. The checks were part of the requirements for Bulgaria to join the European Exchange Rate Mechanism II and the European banking union. While the

results may be considered as generally positive, specific problems were identified with specific banks, and Bulgaria has not yet received approval to apply for membership in ERM2 and the banking union. Major outstanding questions for 2020 are whether this approval is issued, and whether the rising recessionary expectations will be fulfilled.

European Commission (2020): Country Report Bulgaria 2020. SWD(2020) 501 final. Brussels (<https://ec.europa.eu/info/sites/info/files/2020-european-semester-country-report-bulgaria-en.pdf>).

Labor Markets

Labor Market
Policy
Score: 5

In 2019, employment levels in Bulgaria reached a record high, approaching EU averages. Unemployment rates fell to their lowest point since measurement started in the early 1990s. Both developments have primarily been due to the continuing economic growth. By contrast, more specific labor market policies such as activating inactive groups within Bulgarian society, addressing the growing skills mismatch persistently reported by businesses, and closing the gap between educational curricula and the requirements of a modern labor market have been far from successful.

The weak labor market policy is increasingly undermining the sustainability of economic growth. 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. If the expectations of a coming recession prove justified, the severity of these problems will intensify.

Taxes

Tax Policy
Score: 6

Bulgaria's government revenues are a mix of direct taxes, indirect taxes and social security contributions. Direct taxes, both personal and corporate, constitute a relatively small component of overall tax revenues, and are based on a strategy of very low rates spread uniformly over a very broad tax base. Both the personal and corporate taxes use a flat 10% rate, with a very limited set of exemptions. The system of indirect taxes is centered on a value-added tax with a flat rate of 20% for all products except tourist packages. Excises are the other important component of indirect tax revenues. Here Bulgaria follows the requirements of the European Union, imposing rates at the low end of what is allowed by its membership obligations. While the tax structure is simple, tax filing is extremely cumbersome for businesses due to extensive red tape and an unfriendly bureaucracy. Moreover, the share of foregone tax revenues is rather high.

Bulgaria has been successful in collecting sufficient revenues to finance public expenditures, with the country posting budget surpluses or small deficits in nearly every one of the last 20 years. At around 30% of GDP, the tax-to-GDP ratio is relatively low.

With its low rates, and uniform and broad tax base, Bulgaria's tax system fully achieves the objective of horizontal equity. 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 rather small.

The low corporate-income tax makes the Bulgarian tax system highly competitive. However, this competitiveness is reduced by the cumbersome nature of tax filing.

Bulgaria has a relatively large share of environmental taxation as a share of total tax revenue. This is mainly due to high energy-consumption levels rather than a strict environmental-tax policy and appropriate level of taxation. Bulgaria is the most energy- and greenhouse-gas-intensive economy in EU, with coal being the main source of energy. The country lacks a clear environmental-tax policy orientation, with the relevant taxes being considered purely as revenue generators rather than as tools to influence incentives for firms and individuals. The implicit tax rate on energy is the second-lowest in EU.

Citation:

European Commission (2020): Country Report Bulgaria 2020. SWD(2020) 501 final. Brussels, 24-25 (<https://ec.europa.eu/info/sites/info/files/2020-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. In the two periods when the budgetary position worsened (2009 – 2010 and 2013 – 2014), budgetary discipline was swiftly restored. The country has posted fiscal surpluses since 2016. In 2019, the surplus remained above 1% of GDP, exceeding the original government projections of a roughly balanced budget. Public debt presently stands at 20% of GDP, and is set to decrease further.

Fiscal rules (e.g., a medium-term balanced budget target, a public spending ceiling of 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 evaluations of the Ministry of Finance's medium-term budget forecasts, the public debt management strategy, the 2020 draft budget and the ministry's 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. The resulting swings in aggregate spending over the course of the calendar year has made economic development less balanced. Moreover, there seems to be a deliberate under-execution of capital expenditures. The resulting underspending on capital formation, including on important economic and social infrastructure, may damage the sustainability of economic growth.

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. Nominally, 2018 R&D expenditures recovered to their 2015 levels, but as a percentage of GDP, they remain markedly below 1%. The structure remains unchanged, with about 22% of spending done by the public sector and 78% by the private sector. Research and innovation activities in Bulgaria are characterized by weak links between producers and relevant research institutions, as well as by far-reaching institutional fragmentation. Participation in and implementation of EU-funded programs has been weak. The implementation of the existing National Strategy for Development of Scientific Research 2017 – 2030 ("Better Science for a Better Bulgaria") has not yet been evaluated.

Global Financial System

Stabilizing
Global Financial
System
Score: 5

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 its desire to join the European banking union. Since then, it has adopted a number of policy measures designed to demonstrate the country's capacity to contribute to international financial regulation and supervision. However, reviews by EU organizations have indicated weaknesses in Bulgaria's supervisory capacities with respect to money laundering and insurance. In its pursuit of the goal of becoming a member of the Euro area and the EU banking union, the Bulgarian government might become more proactive in the sphere of international financial architecture.

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, while subsequently falling back to 3.7% in 2022.

The quality of education in Bulgaria falls short of the needs of a modern competitive economy. While the PISA, Progress in International Reading Literacy Study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS) scores have improved since 2006 in absolute terms, as have the PISA background indicators, they are still low relative to comparable countries. With respect to higher education, the QS World University Ranking features only one Bulgarian university, Sofia University, among the world's top universities. However, it is not among the top 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.

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

Social Inclusion

Social Inclusion
Policy
Score: 4

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 since 2015, reaching a record high in 2017, but decreasing slightly in 2018.

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. On the more positive side, Bulgaria has shown the EU's fastest rate of decrease over the last decade in the proportion of the population living under conditions of severe material deprivation.

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

Health Policy
Score: 4

The Bulgarian healthcare 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 healthcare 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 the robust economic growth and the decline in unemployment, the financial balance of the healthcare system has improved.

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

Health policy has suffered from a frequent turnover of ministers and their teams, along with a resulting policy instability. Kiril Ananiev, the minister of health in the period under review, is a significant exception, having already served more than two years. Moreover, he has a background in finance rather than in medicine. However, he has done little to address the problems of the Bulgarian healthcare system.

Citation:

Atanasova, E., M. Pavlova, E. Moutafova, B. Rechel, W. Groot (2013): Out-of-pocket payments for healthcare 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 childcare 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.

Family networks, and specifically the traditional involvement of grandparents in caring for children, constitute an important source of help that enables parents to be more economically active. Indeed, this is one of the determinants of the low rate of day care enrollment for children up to the age of two. There is an active child support payment policy that often attracts social and political commentary, but the actual disbursements are relatively small (even within the social policy budget) and the effect on parents' behavior seems negligible. This support is not means tested, and is given to rich and poor families regardless of their different labor market prospects.

Bogdanov, G., B. Zahariev (2018): Early childhood education and care services for children under the age of 3 in Bulgaria well below the Barcelona target. European Social Policy Network, ESPN Flash Report 2018/76, Brussels.

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 11 percentage points between 2014 and 2018. 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. This is clearly reflected in the high and rising old-age dependency ratio.

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 failure of public institutions in this respect has been especially marked, with real humanitarian disaster being averted solely due to the efforts of private charities.

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 have prevented most refugee/migrant children from enrolling in school, and the presence of nationalists in the government has increased this tendency. This policy may prove unsustainable in light of the escalation of military action in Syria at the end of 2019, which may result in a sharp increase in migration pressure.

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 improved in recent years. Violence against women, an issue given greater prominence by the public discussions triggered by the Bulgarian parliament's failure to ratify 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 those 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: 5

Environmental policy has not been among the Borissov government's top priorities, and has thus been neither ambitious nor consistently implemented or coordinated. This is not surprising given that Bulgarians are the EU's most skeptical population when it comes to the urgency of climate-change policies. According to Eurobarometer, only 14% of Bulgarians believe that combating climate change and preserving the environment should be a priority for the EU, and only 16% based their European Parliament vote on environmental issues (partly due to the lack of candidates addressing the issue, no doubt).

However, as the 2019 local elections showed, at least in the larger cities, the Bulgarian public's sensitivity to environmental issues has risen, with clean air being the greatest concern. Especially in the capital, Sofia, candidates giving environmental issues a clear priority achieved very strong results.

As for resource use, water management has remained a major problem. The fact that responsibility for this activity it rests predominantly with municipalities has created problems of coordination and strategy development. Another problem is that a considerable quantity of Bulgaria's renewable water resources are also affected by actions in 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, but this decision has not yet shown major effects. While energy efficiency has risen, the waste-recycling rates have remained low.

The low air quality and the limited progress with urban wastewater collection and treatment have been the main issues in the area of environmental pollution. Both topics featured prominently in the European Commission's 2017 Environmental Implementation Review, but have been only partially addressed.

Improvements in energy efficiency and shift to fuel sources with lower rates of carbon emissions than their predecessors have led to a gradual decrease in the economy's carbon dioxide intensity. However, the formulation of a national strategy for climate policy has progressed slowly. While Bulgaria is meeting its international commitments with regard to renewable energy, the share of renewables in the country's energy mix has stagnated since 2013, so that it is likely to miss the revised targets.

Bulgaria ranks among the countries with the greatest biological diversity in Europe. It 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. In the summer of 2019, there was a clear and deliberate attempt by identifiable business interests to take over a major Bulgarian environmental NGO, the Bulgarian society for the protection of birds; this took the form of a coordinated action to enlist a large number of new members in the month before a key general assembly. The goal of the

takeover, which eventually failed, was twofold: to acquire valuable society assets, including large areas of forest land, and to prevent the society's future actions against certain business projects.

Citation:

European Commission (2019): Environmental Implementation Review 2019. Country Report Bulgaria. SWD(2019) 113 final. Brussels.

Global Environmental Protection

Global
Environmental
Policy
Score: 5

The topic of environmental sustainability does play a role in the internal and international political discourses of the Bulgarian government and politicians, but government is relatively passive with respect to international environmental and climate policies. While the country has a relatively large share of renewables in its energy mix, it is among the group of East-Central European countries that are comparatively cautious about adopting aggressive carbon reduction targets. The government chose not to include environmental topics among its priorities during its presidency of the Council of the European Union in the first half of 2018. Bulgaria also contributes relatively little to the Green Climate Fund.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

The present electoral code in Bulgaria 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. Citizens of other countries cannot run in elections, with the exception of citizens of EU countries in municipal and European Parliament elections. A constitutional clause prohibits the formation of “ethnically based” parties, but Constitutional Court rulings through the years have rendered this irrelevant in practice.

For the European Parliament elections held in May 2019, one out of 28 applying parties, coalitions and individual-candidate committees was denied registration due to the fact that the forms used to collect citizen signatures did not comply with the published requirements. In the municipal elections held in October and November 2019, no significant reports of candidate registration denials were reported. The only comparatively prominent case reported was when two individual candidates for the mayoral and municipal council elections in Sofia were rejected by the municipal electoral commission because they had submitted their documentation seven minutes after the deadline. However, this decision was ultimately reversed by the Central Electoral Commission.

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 a large number of parties or candidates usually in the running, as was the case with both elections in 2019, splitting the time between all is a serious challenge that leaves most participants dissatisfied. Between electoral campaigns, parties not already represented in parliament have little access to public media, especially if they are considered to be potentially serious competitors by the incumbent parties.

During the municipal election campaign in October 2019, one of the candidates for mayor of Sofia caused a scandal during a televised debate by attempting to prevent other candidates from taking the floor. All assessments of the event agree that public television service handled the situation professionally. The man was invited to leave the studio, and the live broadcast was paused and resumed only after he had been escorted out of the studio by police officers.

Access to privately owned media, which dominate the market, 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. Online resources have played a prominent role in referendum and election campaigns in since 2015. In the 2019 EU Parliament elections, a significant share of the unexpectedly large vote for individual independent candidates can be attributed to their active use of such outreach platforms, and in the municipal elections at least one well-known blogger won a mayoral position in one of Sofia's 24 districts.

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 failed to introduce them in practice.

Other changes to the electoral code adopted in April 2016 made voting compulsory and limited the number of voting stations in foreign countries to 35 per country. However, the first of these provisions does not envisage any penalty for failing to vote, while the second was later relaxed for EU member states.

Party Financing
Score: 4

Party financing in Bulgaria is regulated by the Political Parties Act. The party-financing regime was given a significant overhaul in 2019, in part due to the results of a national referendum in 2016 in which a proposal dramatically decreasing the amount of parties' public subsidies received very broad support. The annual subsidy was decreased from BGN 11 to BGN 1 per voter in the last parliamentary elections for parties obtaining more than 1% of the vote. To compensate for this loss of revenues, the prohibition on donations from businesses was eliminated. Thus, party financing will probably shift from predominantly state subsidies to a system in which most funding comes from private donations dominated by firms, with no legal maximum on donations by private persons or firms. The decline in state subsidies for parties is likely to weaken the parties with high vote shares. At the same time, the greater reliance on business-sector money will facilitate the creation of crony-style party-business nexuses.

Party financing is overseen by the Audit Office. Every year, parties are obliged to submit a full financial report, including a description of all their properties and an income statement. Reports must also be submitted after each electoral campaign. Reports from parties with budgets larger than €25,000 must be certified by an independent financial auditor. The Audit Office is obliged to publish all these reports online, audit them and publish the auditing reports. Parties are subject to penalties for irregularities in their financial reporting. The likelihood that political consequences will result is increased by the fact that all reports are made available online.

Despite legal prohibitions, non-regulated party financing seems to be available in practice. The most recent allegations of illicit financing involve claims by whistleblowers who previously worked for the state agency serving Bulgarians abroad, indicating that the agency sells Bulgarian citizenship, with the proceeds going to one of the parties in the ruling coalition.

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.

National referendums were held in 2013 and 2015, and with another that included three different proposals in 2016. However, turnout levels were not high enough in any these referendums to make the results obligatory for parliament.

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. Three local referendums were held in 2017, and another two in 2019. In one case in 2019, voter turnout was high enough to make the results binding.

Access to Information

Media Freedom
Score: 3

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, media independence is limited in Bulgaria, and the situation further worsened in 2019. After a series of well-known investigative electronic-media journalists lost their positions and on-air exposure over the last two years, the public radio's leading station was pressured into actually shutting down for several hours with the sole purpose of keeping a particular investigative journalist off the air. This journalist had been asking inconvenient questions about the selection procedure for the new prosecutor

general in September 2019. This caused a major crisis, and forced the Council for Electronic Media to fire the recently elected executive director of the radio service. In the process, it became clear that the decision to shut down the broadcast was a result of outside pressure by unrevealed persons.

During the municipal election campaign in Sofia, one of the mayoral candidates, who is also a leader of one of the three parties forming the junior partner in the ruling coalition, created a scandal during a live broadcast of a candidate debate on public TV. While the show was on the air, he directly threatened that if his behavior was not tolerated, he would cut the funding of the public TV service, which is voted on every year by parliament as part of the state budget.

Media outlets' dependence on advertising and other revenues from the government or government-owned enterprises continues to be a problem. Similarly, some outlets or their owners are involved in business deals with the government. Transparency regarding the ultimate ownership of private media organizations is very low, especially for the print media.

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

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, allowing for hidden interests to operate. That said, at least one well-known de facto owner of print media (Delyan Peevski) has made his ownership official. Pluralism of opinions is greater in the radio and print media than in the TV sector. The fact that Sega, one of the few newspapers that leans against the government, is shifting from daily to weekly publication in 2020 signals a narrowing of the field.

The rising importance of online media, including blogging and various independent sites, has been a significant recent development. These online resources have played a prominent role in the referendum and election campaigns since 2015. In the 2019 EU Parliament elections, a significant portion of the unexpectedly large vote for individual independent candidates can be attributed to their active use of such outreach platforms. In the municipal elections, at least one well-known blogger won a mayoral position in one of Sofia's 24 districts.

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 (2019): Access to information in Bulgaria in 2018. Sofia (http://store.aip-bg.org/publications/ann_rep_bg/2018.pdf).

Global right to information rating: <https://www.rti-rating.org/>

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. During 2019, these rights were confirmed by a number of protests that were allowed to take place unimpeded, and by the registration of a new party established by popular TV personality Slavi Trifonov, which opinion surveys indicate has the real potential of becoming a serious factor.

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, especially against the highly marginalized Roma minority. There is some labor market discrimination based on gender, sexual orientation, physical and mental ability, and ethnicity. The public discourse has become increasingly xenophobic, as explicitly nationalistic parties serve in the ruling coalition and routinely rely on agitation during election campaigns. The government failed to push through the ratification of the Istanbul Convention, and some portions of it were pronounced unconstitutional by the Constitutional Court.

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. Legal certainty is diminished by the fact that laws usually give the administration sizable scope for discretion, while also suffering from internal inconsistencies and contradictions that make it possible to find ad hoc legal justifications for virtually any decision. Thus, executive action is not only relatively unpredictable, but may involve applying the law differently to different citizens or firms, thus creating privileges and inequality before the law.

Judicial Review
Score: 5

Courts in Bulgaria are formally independent from other branches of power and have large competencies to review the actions and normative acts of the executive. 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 (CVM) by its partner countries from the European Union. In the fall of 2019, the European Commission announced that it planned to terminate Bulgaria's coverage by the CVM, but as of the time of writing, it remained unclear whether this decision was based on the progress made to date or the conclusion that the mechanism had proven ineffective.

Since 2015, judges have become formally more independent from prosecutors and investigators in the Supreme Judicial Council. However, despite the formal changes, the Supreme Judicial Council remains politicized, and its decisions continue to suffer from a significant lack of transparency and accountability. In 2019, the Council was strongly criticized for its highly nontransparent and noncompetitive procedure for electing a new prosecutor general, leading to citizen protests.

Citation:

European Commission (2019): Report from the Commission to the European Parliament and the Council on Progress in Bulgaria under the Co-operation and Verification Mechanism. COM(2019)498 final, Brussels (https://ec.europa.eu/info/files/progress-report-bulgaria-2019com-2019-498_en).

Vassileva, R. (2019): CVM Here, CVM There: The European Commission in Bulgaria's Legal Wonderland. *Verfassungsblog*, June 16 (<https://verfassungsblog.de/cvm-here-cvm-there-the-european-commission-in-bulgarias-legal-wonderland/>).

Appointment of
Justices
Score: 5

The procedures for appointing Constitutional Court justices in Bulgaria do not include special majority requirements, thus enabling political appointments. This is balanced by the fact that three different bodies are involved, and appointments are spread over time. Equal shares of the 12 justices of the Constitutional Court are appointed personally by the president, by the National Assembly with a simple majority, and by a joint plenary of the justices of the two supreme courts (the Supreme Court of Cassation and the Supreme Administrative Court), also with a simple majority. 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' joint plenary (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 corruption have remained stable over the last five years at levels indicating that corruption is a serious problem. While the number of criminal prosecutions of high-profile political actors has been high from a comparative perspective, no actual convictions of such persons can be reported.

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. However, new agency has not been

very effective either in bringing cases of high-level corruption to court or in confiscating illegally acquired property. During the period under review, investigative journalists uncovered highly dubious practices (personal-property construction in violation of municipal regulations) by the head of the agency, who was forced to resign as a result. Meanwhile, well-documented allegations of conflicts of interest and illicit enrichment through real-estate deals on the part of members of the governing elite, including the deputy chair of the senior ruling-coalition party and the minister of justice, were glossed over and exonerated. No corruption charges were ever pursued, and the only consequences were ultimately political, as both individuals had to resign their party and ministerial positions.

Citation:

Popova, M., V. Post (2018): Prosecuting high-level corruption in Eastern Europe., in: Communist and Post-Communist Studies 51(3), 231-244.

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 160 "active" strategic documents relating to the national level. More than 20 of them were updated or created in 2019, and six have a time horizon extending beyond 2025.

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 has very limited 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. Inasmuch as there are individual members from various ministries who sit on a number of such committees, their personal involvement may ensure some level of coordination between proposals.

Ministerial
Bureaucracy
Score: 4

Some coordination of policy proposals by ministry officials and civil servants takes place, but the relevant issues are usually 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 in interministerial coordination. The rules of coordination between government

coalition parties or parties supporting the government are traditionally not communicated to the public. In 2019, informal coordination within the governing coalition was complicated by the fact that the junior partner, a coalition of three nationalistic parties, had de facto fallen apart, with its three leaders engaging in severe and public attacks on one another. This has forced Prime Minister Borissov to rely on purely ad hoc tactics in every specific decision-making context.

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. As of the end of 2019, no e-government strategy proposal for the 2021 – 2027 program period had yet been made public.

Evidence-based Instruments

RIA Application
Score: 5

Changes in the legal framework for RIA in 2016 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 are subsequently filed with the proposal and made available to the public online. The legal framework for impact assessments was reformed in 2016. The methodology used both for acts of parliament and Council of Ministers decisions has been completed and published. In 2018, 22 full assessments were performed for new proposed laws in parliament, double the amount conducted in 2017. However, the overall number of full and partial assessments together decreased by 16% from 410 to 345.

Citation:

Administration of the Council of Ministers (2019): Impact assessment: annual report for 2018 (in Bulgarian). Sofia (<http://strategy.bg/FileHandler.ashx?fileId=16640>).

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 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. By the end of the review period in 2019, only two such evaluations had been published through the government's public-consultation portal.

Societal Consultation

Public
Consultation
Score: 5

Various interests are generally represented and involved in consultations in Bulgaria's policymaking process. The National Council for Tripartite Cooperation, which includes representatives of the government, trade unions and employer associations, is traditionally integrated into many decisions. 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 on proposals, but this step is in many cases either too short to allow for in-depth analysis and discussion, or is simply skipped. An increasing number of government agencies are making their deliberations open to the general public as a default policy.

Policy Communication

Coherent
Communication
Score: 4

Government communication in Bulgaria exhibits a relatively low degree of coherence. The various ministries' communication activities are not centrally coordinated, so it is easy for the media to identify inconsistencies and contradictions in the information they release and the positions taken. These tend to be more pronounced under coalition governments in which the various ministries are headed by representatives of different parties. Public announcements and communications are often intended to hide rather than highlight and explain the true intentions behind proposed regulations and policies. One example in this regard was offered by the proposed Belene nuclear power plant. Whereas the government's initial announcements stressed that the project was reactivated due to interest from Chinese investors and Chinese construction companies, without any Bulgarian commitments or

finances involved, it later emerged that Russian investors and companies were the only candidates, and Bulgarian public financing may 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 EU's macroeconomic imbalances procedure, since these are no longer regarded as being excessive. Another important policy objective – integration into the euro area and the European banking union – has been furthered somewhat, with the government's negotiations with its EU partners successfully producing a clear roadmap outlining key measures to be introduced. The deadline for completing the measures passed in July 2019, with the government reporting that all necessary measures had been completed. However, as of the end of the review period, the EU partners had not yet rendered a positive assessment, and Bulgaria remained outside the banking union and the Exchange Rate Mechanism II.

Government-body 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 the other ministers. 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 the officeholder's informal political authority and ability to appoint and dismiss deputy ministers.

When the prime minister is a party leader with a relatively strong personality, as has been the case under the Borissov governments, the degree 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, but later in the year was not able to demand the resignation of ministers from his coalition partner, because this would likely have toppled the ruling majority. In 2019, a water crisis near the metropolitan Sofia area caused a political headache. Public pressure mounted on Borissov to address the crisis by firing the environmental minister, who is a member of the

nationalist coalition partner. Borissov resisted asking for the minister's resignation, but it was unclear whether this was because he believed it was unnecessary, or for fear that the coalition partner might withdraw from the government.

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

Ministries' capacity to monitor the implementation activities of bureaucracies and executive agencies within their task areas is quite limited in institutional terms. For example, a serious shortcoming was revealed in 2019 with the Ministry of Finance's failure to monitor the revenue agency's implementation of personal-data protection policies. What monitoring does take place generally focuses only on high-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 the central government in three ways: a portion of the revenues from some general taxes are designated for municipal budgets; the central government subsidizes municipal budgets; and the central government delegates some tasks (mostly responsibility for managing schools and hospitals) to municipalities, transferring the associated financing to them (known as delegated budgets). The National Association of Municipalities claims that the central government routinely leaves delegated functions underfunded. There have also been allegations that the central government favors municipalities headed by the parties governing at the national level. While the topic of fiscal decentralization – which would significantly increase

municipal revenue sources at the expense of the national budget – 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.

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 was accompanied by an implementation program for the 2016 – 2019 period. Its implementation was meant to be monitored by a newly created council on the decentralization of state government. However, this council has existed only on paper. No evaluation of the implementation program has been published thus far, and as of the end of 2019, no new implementation program for the coming years had been published.

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 healthcare 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, post-privatization monitoring, and the energy and media sectors. In 2019, scandals involving prominent political figures’ real-estate deals made it clear that building-permit regulations in Sofia are implemented very unevenly.

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 improvement is the implementation of EU-funded programs and mechanisms; this is particularly evident in spheres such as transportation and environmental-protection infrastructure, while less so with regard to agricultural subsidies and judicial reform. In 2017, the government adapted to its upcoming presidency of the Council of the European Union by creating a Ministry of the Bulgarian Presidency. Its operation was deemed successful, and at the end of 2018 the ministry was disbanded, indicating that the capacity to adapt to changing circumstances remained. A next challenge will be the adaptation of government structures to upcoming changes in the EU funding framework.

International
Coordination
Score: 4

Bulgarian government bodies do possess the capacity to correspond with, coordinate with and participate in international processes and initiatives. 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 with regard to international commitments, and recently an increase in xenophobia as represented by portions of 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. 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 following a fatal accident in the summer of 2018. Several additional examples appeared in 2019, including the exposure of governance weaknesses in the overall personal-data protection framework after the revenue agency's servers were hacked, as well as heated debates on the anti-corruption governance structure after the person heading

the national anti-corruption agency was exposed as having been involved in activities suggesting corruption and conflict of interest.

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.

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 2019, there were close to 10,000 datasets available, and constant updates take place. 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. Two major limitations remain, however. First, the supply of data, which would enable citizens to make a preliminary assessment of major government projects and plans, is 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, 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. 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.

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. There is no penalty 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.

Summoning
Experts
Score: 10

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. Due to budget constraints, committees have to be selective, and cannot invite a broad range of experts; however, they use this opportunity regularly.

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. As of 2019, 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.

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. There is little 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. In some cases, outlets are actively pressured not to cover substantive issues; in one particularly egregious example, one of the national radio service's stations was taken off the air for several hours with the aim of preventing a well-known journalist from asking questions and analyzing the ongoing process of selecting the new prosecutor general.

The number of online media outlets is increasing, with their importance growing. These provide a new venue for coverage of policy decisions that in some cases offers timelier and more in-depth reporting on topical issues. In 2019, the Radio Free Europe outlet for Bulgaria was reestablished online, and

its investigative reporting producing immediate impact in the two serious corruption scandals of the year – the real-estate dealings of high officials and the violation of municipal construction regulations by the head of the anti-corruption agency.

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%.

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 some input, and the party has several factions that vie for influence over the party’s central decision-making structure. Following recent changes, the party’s leader is now elected by a direct vote of all party members, with the first such election scheduled to take place at the end of the present leadership team’s mandate, but before the end of 2021 at the latest.

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 close associates. 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 were relatively active in this

regard throughout the period in review. They also cooperate 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 noneconomic 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. 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 due to the adoption, in both years, of completely new Audit Office Acts, in each instance 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 prosecutor general or the anti-corruption agency.

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 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. Over the last four years, Ombudsperson Maya Manolova has been very publicly active, significantly raising the office's profile and degree of public recognition. However, Manolova resigned in September 2019, a year before the end of her term, to run for mayor of Sofia. Thus, parliament will have to elect a new ombudsperson.

Data Protection
Authority
Score: 5

The Personal Data Protection Commission was established in 2002. Bulgarian legislation treats personal-data administrators from 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.

While the competencies of the commission are thus relatively broad, it has limited resources in terms of funding and staff. The massive data breach experienced by the National Revenue Agency, which affected as many as half of the country's citizens and was revealed in July 2019, revealed severe limitations in government agencies' ability to protect personal data, while additionally exposing the ineffective nature of the commission's oversight.

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