

# Bulgaria

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*Capital:* Sofia  
*Population:* 7.6 million  
*GNI/capita:* US\$11,370

Source: The data above was provided by The World Bank, *World Bank Indicators 2010*.

## Nations in Transit Ratings and Averaged Scores

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electoral Process	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Civil Society	3.50	3.25	3.25	3.00	2.75	2.75	2.50	2.50	2.50	2.50
Independent Media	3.25	3.25	3.50	3.50	3.50	3.25	3.50	3.50	3.75	3.75
Governance*	3.50	3.50	3.75	3.75	n/a	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.25	3.25
Local Democratic Governance	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.00	3.00
Judicial Framework and Independence	3.50	3.50	3.50	3.25	3.25	3.00	2.75	2.75	3.00	3.00
Corruption	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50	4.00	4.00
Democracy Score	3.42	3.33	3.38	3.25	3.18	2.93	2.89	2.86	3.04	3.04

\* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

# EXECUTIVE SUMMARY

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In the 21 years since the collapse of communism in 1989, Bulgaria has taken a number of steps to create a consolidated democratic governance system with a stable Parliament, sound government structures, active civil society, and free media. In 2004, Bulgaria became a member of NATO, and three years later entered the European Union (EU). Since 2007, however, the Bulgarian government has come under strong criticism for backsliding on its reform efforts. As a result of several scandals, some payments under EU funding programs were suspended in 2008. Furthermore, events during 2009 showed that efforts are still needed to ensure the vitality and continued progress of Bulgarian democracy. Many essential issues remain to be addressed, including reform of the judiciary, fighting corruption and organized crime, improvements in the treatment of underprivileged groups, and measures to restore public trust in democracy and reengage citizens in politics.

**National Democratic Governance.** The Bulgarian government faced serious problems in several policy spheres in 2009. It came under strong criticism from the European Commission (EC) for failing to effectively counteract high-level organized crime and corruption and for lack of significant progress on judicial reform. Despite the efforts of the previous government (a coalition of the Bulgarian Socialist Party, Movement for Rights and Freedoms, and the National Movement for Stability and Prosperity), considerable portions of EC funding for Bulgaria remained frozen during most of 2009. In July, the political party Citizens for European Development of Bulgaria (GERB), led by Sofia mayor Boyko Borisov, won 116 out of the 240 seats in the National Assembly, and Borisov became prime minister. For the first time since 1991, a minority government was formed: GERB proceeded to create a parliamentary majority and a single-party cabinet with support from diverse parties such as the nationalist-populist Ataka, the center-right Blue Coalition, and the newly emerged party Order, Law, and Justice. *Owing to ineffective management of EU funds, weak progress in judicial reform and the fight against high-level organized crime, and the rather heterogeneous parliamentary majority, Bulgaria's national democratic governance rating remains at 3.25.*

**Electoral Process.** The busy electoral cycle of 2009—featuring elections for the European Parliament, National Assembly, and mayor of Sofia—confirmed that Bulgaria is capable of organizing free and fair elections. The problems that transpired, although significant (especially allegations of vote-buying and isolated manipulations of results), did not affect the election results overall in the country.

Moreover, the 2009 parliamentary elections reversed the trend of falling electoral turnouts, which was indicative of general trust in the democratic process. The attempts of the governing parties to amend the electoral laws in their favor just prior to elections were partially overturned by the Constitutional Court, and as a whole, backfired by enhancing the electoral performance of the opposition. *Owing to no considerable changes in the conduct, performance, or quality of national polls, Bulgaria's electoral process rating remains at 1.75.*

**Civil Society.** Since 1989, the Bulgarian civic sector has developed significant experience and capacity. However, its ability to raise funds domestically is very limited. The situation has not changed with the country's EU membership, since the withdrawal of previous donors was substituted by funds from EU programs. This dependence continues to impede the emergence of feedback and grassroots links between nongovernmental organizations and local communities. These structural issues aside, the civic sector in Bulgaria is well regulated, free to develop its activities, and well established as a partner to the state and the media. *Owing to no major changes in the status or activities of the third sector in 2009, Bulgaria's civil society rating remains at 2.50.*

**Independent Media.** Media freedom is legally protected in Bulgaria. Print media are free from specific regulations, while electronic media are regulated by law and by a specialized regulatory body. Citizens have wide access to diverse and free media sources. After years of serious cases of violence and law enforcement harassment against journalists, 2009 was relatively calm. Some local media were subject to influence by local business interests, and nationally the government is able to exert influence through its heavy subsidization of publicly owned television and radio. Reports by international media-monitoring organizations in 2009 indicated important improvements but noted that the relative standing of the country's media sphere is worsening. *Bulgaria's independent media rating remains at 3.75.*

**Local Democratic Governance.** The factors that promise future improvements in local governance—such as setting local tax rates, better coordination of local government responsibilities under centrally financed activities, and access to EU funds—continued to work in 2009 but have not yet produced observable results. Throughout the year there were several mayoral by-elections, especially in the capital, Sofia, which were characterized by relatively low turnout and scattered reports of vote-buying or exercise of undue influence. *The institutional setup and potential of local governance continues to improve, thus Bulgaria's local democratic governance rating holds steady at 3.00.*

**Judicial Framework and Independence.** There were no major developments in the legal framework of the justice system in Bulgaria in 2009. The most important changes during the year came to the Supreme Judicial Council's procedures for appointing senior magistrates. Serious scandals, however, marred this entire process.

*Owing to the judiciary's inadequate reaction to scandals within the justice system in 2009, Bulgaria's judicial framework and independence rating remains at 3.00.*

**Corruption.** Despite a scandal-ridden 2008, the institutional structure for fighting corruption in Bulgaria did not undergo substantive changes in 2009. The new Bulgarian government launched investigations into the activities of its predecessor, with indictments against one former minister, yet many of those under investigation are members of the opposition and political motives cannot be ruled out *a priori*. Some of the frozen EU funds were released by the European Commission following corruption-related reforms. However, Bulgaria continued to lack coordination between the various anticorruption units. International measurements of economic freedom and bureaucratic burdens on business, as well as some measures of corruption, improved in 2009, but the procurement procedure remained marred by corruption and abuse. *While a number of positive steps were taken to regain the momentum leading up to 2008, the fight against corruption is still inconsistent, thus Bulgaria's corruption rating remains at 4.00.*

**Outlook for 2010.** The central issue for the Bulgarian government in 2010 will be to balance the consequences of the global financial and economic crisis with implementation of long-overdue reforms in sectors such as healthcare, higher education, and the judiciary. The biggest challenges remain the social effectiveness of public spending, the potential for rising popular demands for higher spending, and how best to address the problems of organized crime and corruption.

# MAIN REPORT

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## National Democratic Governance

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.25	3.25

The Constitution of Bulgaria, adopted in 1991, provides for a parliamentary system with checks and balances guaranteed by the legislative, executive, and judicial branches. Citizens may participate in the political process through elections, via consultations during the legislative process, civil society organizations, and the media. Bulgaria's political system enjoyed considerable stability over the last decade. Three consecutive governments have served full constitutional terms without major political disturbances, and democracy has firmly taken root in society. While the public voices dissatisfaction with the performance of Bulgarian democracy, no alternative non-democratic projects exist or seem viable.

Over the last several years, however, the judiciary has strongly asserted its independence vis-à-vis the other branches, which has raised some concerns about the accountability of judges and prosecutors. As a response, annual reports from the judicial branch to the Parliament on the state of the judiciary were introduced in 2007, and the Law on the Judicial System was amended to make the Supreme Judicial Council a permanent body whose members no longer engage in everyday work as judges, prosecutors, or investigators. In 2008, the Inspectorate of the Supreme Judicial Council was established to investigate procedural deficiencies and disciplinary cases in the judiciary. Despite these changes, judicial performance has not improved significantly. This is especially true for juridical proceedings against organized crime and corruption in the civil service. The Bulgarian justice system remains under review by the European Commission, whose July 2009 evaluation marked some progress but noted further needed improvements. The Commission reported: "Although indications of fraud and corruption (including collusion with organized crime) are abundant in the public domain, law enforcement agencies seem reluctant to take the initiative and seem to wait until some other administration formally reports irregularities before starting an investigation."<sup>1</sup>

Under the Law on Access to Public Information, in force since 2000, Bulgarian citizens and the media may initiate proceedings when these rights are violated, which citizens and civil society organizations have actively done in recent years. Nevertheless, the 2007 report of the Access to Information Program emphasizes weaknesses in the system. The state administration is frequently unwilling to publish much of the public information covered by the law. Motives such as commercial secrets and third-party interests are often used by state institutions to refuse or limit access without sufficient grounds. In 2008–09, lack of information on international energy agreements between Russia and Bulgaria became the focus of intense public

debate when large portions of these agreements turned out to be classified. In a positive development, after the 2009 general elections the new government started to publish the minutes from Council of Ministers meetings.

Bulgaria has a unicameral National Assembly—a 240-member legislature directly elected for a four-year term. Until 2001, the country's political system was dominated by two parties: on the left, the Bulgarian Socialist Party (BSP), successor to the former Communist Party; and on the right, the Union of Democratic Forces (UDF). This bipolar episode ended with the victory of the National Movement Simeon II (NDSV) in the 2001 general elections, increasing the political importance of the National Assembly. This trend was reinforced after the June 2005 general elections when none of the major political parties won a majority. In 2009, the political party Citizens for European Development of Bulgaria (GERB), led by Sofia mayor Boyko Borisov, won 116 out of the 240 seats in the National Assembly and Borisov became prime minister. For the first time since 1991, a minority government was formed: GERB created a parliamentary majority and a single-party cabinet with diverse support from the nationalist-populist Ataka, the center-right Blue Coalition, and the newly emerged “conservative values” party Order, Law, and Justice (RZS) (which subsequently withdrew its support).

The National Assembly receives sufficient resources to meet its constitutional responsibilities and has established strong committees and subcommittees. It also consults with many experts and nongovernmental organizations (NGOs). Committee hearings and legislative sessions are open to the media and the public (subject to prior registration), and most bills are posted on the Parliament's Web site.

In 2009, corruption scandals continued to mar the relationship between Bulgaria and the EU with an ongoing freeze on payments to Bulgaria under several EU programs. The Bulgarian government came under strong criticism from the European Commission for failing to counteract high-level organized crime and corruption. The 2008 appointment of a separate minister responsible for the management of EU funds, despite some positive changes, did not yield results in 2009. After the formation of a new cabinet in July, payments for a significant portion of the funds resumed toward the end of the year. However, Bulgaria is still at risk of losing EU financial assistance owing to missed program deadlines and doubts about the country's administrative and institutional capacity to absorb the funding.

The military and security services went through reforms during Bulgaria's candidacy for NATO and the government established a system of democratic control with clear structures, responsibilities, and more accountability. As a result, more information is currently available to the public, especially about the activities of the Ministry of Defense. However, insufficient progress in combating corruption and organized crime led, in 2008, to the creation of a new structure in the internal security system—the State Agency for National Security (SANS)—charged with guarding national security and investigating grand corruption and organized crime. So far, the Agency has been ineffective and was even involved in several scandals that raised questions about the democratic oversight of its activities.

In response, a parliamentary committee was introduced to monitor and control SANS, but it was not operational before the 2009 elections. Afterward, the new government and parliamentary majority initiated an in-depth review of SANS activities, and the agency head and many of his closest advisers resigned. The general assessment was negative, with serious suspicions that SANS had been used against inconvenient political opponents, and that it even tacitly supported the formation of a new political party by leaking sensitive information to its leader. Toward the end of 2009, secret reports were leaked to the press indicating that there were different camps in the agency that collected intelligence on each other. The leak further discredited SANS and raised questions on its role in the political process. Amendments to legislation reduced the investigating prerogatives of the agency, turning it into a purely intelligence-gathering body.

#### Electoral Process

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75

Bulgaria has developed a stable electoral system that ensures free and fair legislative, presidential, and municipal elections. However, the local elections in October 2007, as well as some local interim elections in 2008, demonstrated the increasing commercialization of politics in the country. There were suspicions among political parties, the media, and the general public that numerous candidates for mayoral positions and municipal councils had attempted to buy votes.

These suspicions were strengthened in 2009 amid elections for the European Parliament (EP), the National Assembly, and several interim mayoral elections. There were allegations that some parties resorted to direct vote-buying, especially in Roma-populated areas. After the parliamentary elections, several parties challenged the validity of the electoral results in the polling sections abroad, especially in neighboring Turkey. The Movement for Rights and Freedoms (the party representing ethnic Turks in Bulgaria) allegedly manipulated voters and rigged the results in these sections in the absence of independent observers. The controversy reached the Constitutional Court, whose decision on the issue was pending at year's end. The Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe (CoE) observed the National Assembly elections in July and reported in its Statement of Preliminary Findings and Conclusions that the elections "were generally in accordance with OSCE commitments and CoE standards; however, further efforts are necessary to ensure the integrity of the election process and increase public confidence."

According to the Bulgarian constitution, all citizens over 18 have the right to vote by secret ballot. Until 2009, Bulgaria had a pure, proportional electoral system for parliamentary elections. In presidential and mayoral elections, it uses a majoritarian system with two rounds. Until 2005, the law provided all parties,

coalitions, and candidates with equal campaigning opportunities. However, amendments adopted in 2005 in order to reduce the number of registered parties and coalitions participating in elections, established a deposit to register parliamentary candidates. The number of registered parties and coalitions decreased from 65 in 2001 to 22 in 2005, and 20 in 2009.

The National Assembly elections of June–July 2009 were carried out under revised electoral laws. Under pressure from President Georgi Parvanov, and a number of civil society actors, the ruling coalition of the Bulgarian Socialist Party (BSP), the National Movement for Stability and Prosperity (NDSV), and the Movement for Rights and Freedoms (MRF) introduced a “majoritarian element” in parliamentary elections. Due to disagreements in the coalition, this happened barely two months before the elections, with 31 out of the 240 deputies to be elected in single-member districts, while the rest were to be elected following the purely proportional system. The changes produced a number of unintended consequences. For instance, the BSP—the main sponsor of the majoritarian element reform—won none of the single-member district seats.

Another contentious reform concerned increasing the electoral threshold for coalitions from 4 to 8 percent of the vote. Just as with the majoritarian element, this measure was meant to strengthen the chances of the BSP and to negatively affect some of its opponents, namely, the Blue Coalition, which comprised successor parties from the once mighty Union of Democratic Forces (UDF). This measure was pronounced unconstitutional by the Constitutional Court before the elections. The Court, however, refused to invalidate the majoritarian element provision, although the 31 electoral districts featured grossly unequal numbers of voters, which raised the issue of malapportionment and possible violation of the one-person-one-vote principle.

In December 2006, a new political party, GERB, was established by the incumbent mayor of Sofia, Boyko Borisov. GERB achieved good results at the 2007 European Parliament and local elections. The electoral cycle of 2009 confirmed GERB as the biggest and most influential party in the country. The BSP lost a significant part of its support, and NDSV could not clear the 4 percent electoral threshold for the National Assembly; the Blue Coalition passed the threshold but its results were also disappointing. In total, GERB won 116 out of the 240 seats (39.72 percent of the vote) in the National Assembly and Borisov became Prime Minister. Second was BSP and coalition with 17.7 percent of the vote and 40 seats, less than half of the seats it had in the previous Parliament. The MRF secured 14.45 percent of the vote, which made it the only party from the previous ruling coalition to stabilize and even slightly better its performance. The nationalist-populist Ataka received 9.36 percent of the vote, the center-right Blue Coalition 6.76 percent, and the new party, Order, Law, and Justice, made it just over the 4 percent threshold.

These results roughly confirmed trends that were obvious from the results of the European Parliament elections: GERB—24.48 percent of the vote and 5 seats; BSP—18.59 percent and 4 seats; MRF—14.21 percent and 3 seats; Ataka—21.01 percent and 2 seats; NDSV and the Blue Coalition—8 percent and 2 seats each.



Compared to the European elections, GERB mobilized more successfully for the national elections and managed to widen the gap with the BSP. The electoral system amendments contributed to this outcome as well. At the same time, NDSV did relatively well at the European elections, it won two seats, due mainly to the appeal of EU Commissioner Meglena Kuneva who headed the party list, but the party failed to clear the national electoral threshold. By contrast, Order, Law, and Justice performed better at the National Assembly elections but failed to elect a parliamentarian.

The 2009 elections confirmed the trend of relative weakening of the “traditional” programmatic parties of the left and right in Bulgaria: the BSP and the Blue Coalition. They also confirmed the rise of populist players and parties formed around charismatic personalities, campaigning on the issues of anticorruption, personal integrity, and moderate nationalism. Especially telling were the 2009 local by-elections in which GERB took important mayoral races, including the mayor of Sofia post, vacated when Boyko Borisov became prime minister.

GERB is a typical “leader’s party,” following the model of the National Movement Simeon II, formed around the Bulgarian King Simeon Saxe-Coburg Gotha, which won the 2001 elections only months after emerging on the political scene. Prime Minister Borisov, the leader of GERB, owes his impressive political career to Simeon Saxe-Coburg Gotha: initially the prime minister’s bodyguard who was later appointed chief secretary of the Ministry of Interior. After the 2005 general elections, Borisov left the party of the former Bulgarian king and won the mayoral elections in Sofia. GERB has no established ideological and programmatic profile but was accepted as a full member of the European People’s Party. At present, the party is actively building an image as the main center-right force in the country and uses strong anticorruption language, especially against its predecessors from the BSP and MRF. It is unclear whether GERB will manage to establish itself as a lasting, programmatic formation or suffer a fate similar to NDSV.

The Bulgarian constitution guarantees all citizens the right to organize parties, movements, or other political entities. It bans the establishment of political organizations that act against national integrity and state sovereignty; that call for ethnic, national, or religious hostility; that create secret military structures; or that pursue their goals through violence. The Ataka (Attack) coalition was the first to use anti-minority statements in the 2005 campaign. It is a typical antiestablishment political formation benefiting from the traditional protest vote in Bulgaria, and its support is an effect of transitory social disaffections as well as deeper public perceptions about the unfairness of the country’s transition process. The 2009 elections showed that the party had stabilized its support at around 10 percent.

In Bulgaria, political party registration is liberal and uncomplicated and requires a minimum of 5,000 members. The large number of parties participating in local elections indicates that local interests usually work through independent participation, a strategy that is less likely to succeed at the national level. The 2009 elections partially reversed the downward trend in turnout: for the National Assembly elections, turnout reached 60.2 percent (55.76 percent in 2005, 67.03 percent in 2001), while the EP elections drew 37.49 percent (28.60 percent in 2007).

The law provides all minority groups with essential political rights and participation in the political process. Although MRF bylaws state that members are welcome regardless of their ethnicity or religion, the party essentially represents the interests of Bulgarian Turks. As part of the governing coalitions in 2001–09, MRF was well represented at all levels. However, the MRF has created a strict hierarchical, clientelistic structure that controls the lives of Bulgarian Turks not only politically, but economically, leaving them no other political options. During the 2009 elections, most of the parties campaigned against MRF, alleging corrupt practices and manipulation of voters. The general atmosphere was one of resurgent nationalism and criminalization of the ethnic minority. Passions calmed considerably after the parliamentary elections, but the MRF is still not considered an acceptable political partner; in fact, if there is one thing that unites the current parliamentary majority, it is its anti-MRF stance.

By contrast, the Roma minority is not represented by a single ethnic party and remains politically disorganized. It is still poorly represented in government structures, with some exceptions at the municipal level. Observers agree that the political system discriminates against the Roma minority and impedes its political expression. Equally important, however, is the minority's lack of organization, arguably due to its internal fragmentation.

#### Civil Society

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.50	3.25	3.25	3.00	2.75	2.75	2.50	2.50	2.50	2.50

An independent civic sector in Bulgaria is guaranteed by the constitution under the freedom of association, and by the Law on Non-Economic Purpose Legal Entities. The state in general does not impose obstacles to the formation of NGOs, and registration and tax regimes are relatively simple and stable. Civic organizations enjoy access to information rights, and the major agent for the spread of access to information practices in Bulgaria has been an NGO, the Access to Information Programme in Sofia.

After a major reform in the registration process in 2007–08, there has been a lack of clear statistics for non-economic purpose legal entities for private benefit, but a central registry of such entities for public benefit exists. As of December 2009, there were 7,459 registered organizations in Bulgaria, of which 84 percent were associations, 15 percent foundations, and 1 percent branches of foreign legal entities. Relative to the end of 2008 this represents a 14 percent increase in the number of civic organizations for public benefit. It is unclear how many are active, but they cover a variety of civic activities: human rights, minority and gender issues, health care, education, charity work, public policy, the environment, culture, science, social services, information technology, religion, sports, and business development. There are no clear statistics on volunteerism in Bulgaria.

There are registered NGOs focusing on the issues of most ethnic and religious groups in Bulgaria. Anti-liberal and extremist nonprofit institutions are constitutionally banned, and none are officially registered. Several informal organizations could be considered as such, but their activities are sporadic and have weak public influence.

Many NGOs in Bulgaria have been active since 1989, which has enabled them to develop sustainable and effective management practices. While the law specifies the permissible governance structures, it leaves a significant degree of freedom as to how these legal forms are used in practice. At present, Bulgarian NGOs either have significant management experience or access to assistance. Yet, access to resources are not balanced, and the initial formation of the country's civic sector was driven by external donor demands. While this helped to develop NGOs' organizational and network capacities, it did not enhance their genuine embeddedness in local communities. Consequently, the domestic funding base of NGOs is underdeveloped. This is a challenge since many foreign donors concluded that civic activity should be financed domestically after the country's EU membership.

Public benefit NGOs are not obliged to pay direct taxes and are allowed to carry out for-profit activities if they do not clash with the NGOs' stated aims, are registered separately, and taxes are paid. Involvement of the civic sector in legislative and executive work in Bulgaria is not specifically regulated, but such engagement exists in practice. While official testimony by civic actors in policy formulation or legislation drafting is not common, consulting and invitations for comments are gaining ground. With respect to Parliament, invitations to advocacy groups or policy research institutes have become standard practice. In the executive, such practices vary between ministries.

The major formal link between government and NGOs is the Tripartite Commission, a medium for negotiations between government, trade unions, and business organizations. The freedom to form trade unions and business organizations is guaranteed, and there are three trade unions and several business associations recognized as nationally representative. The commission works regularly and has an effect on policy formulation and legislation. The link between Bulgarian civil society and the media is reliable and stable. The media regularly refer to the views of civic organizations and rely on experts from policy institutes for opinions and commentaries on news and policy proposals.

#### Independent Media

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.25	3.25	3.50	3.50	3.50	3.25	3.50	3.50	3.75	3.75

Media freedom in Bulgaria is protected by the constitution and several laws. The right to information is also enshrined in the constitution and in the Law on Access to Public Information. However, this legal framework lacks specialized legislation addressing the protection of journalists from victimization. Inasmuch

as such protection exists, it is due to the general laws protecting citizens and to the reputation of the journalistic profession and individual journalists and media.

Libel is a criminal offense in Bulgaria, but the penalty is a fine that rarely exceeds US\$10,000. Despite numerous libel cases, the courts tend to interpret the law in favor of the freedom of expression and convictions are few.

Print media in Bulgaria are free from regulation. Electronic media are subject to the Law on Radio and Television, enforced by the regulatory Council for Electronic Media (CEM). CEM has the dual role of governing the state-owned radio and television and regulating other broadcasters through licensing and registration. CEM is not under government orders, but Parliament approves its budget. Throughout its existence, the council has had a reputation of political dependence and has been criticized for its regulatory actions. The manner in which Parliament has regulated and the CEM has implemented Bulgaria's switch to digital broadcasting has raised suspicions of political and special interest influence on the country's electronic media.

There were 438 newspapers in publication in Bulgaria in 2008, including 64 dailies. Total circulation increased for a fourth year in a row.<sup>2</sup> Except for a few local newspapers and the official *State Gazette*, all print media in Bulgaria are privately owned. Even the dailies and weeklies with the highest circulation do not enjoy large market shares and cannot exercise monopoly influence. Competition among different publications is relatively high, which guarantees readers a broad selection of information sources and points of view.

Due to changes in legal requirements adopted in 2008, the CEM reregistered a number of electronic broadcasters in 2009, with a total of 311 radio and 136 television programs in December.<sup>3</sup> In addition, Bulgarian citizens have access through air, cable, and satellite to foreign programs. Despite the large number of registered programs, the national electronic media market is relatively concentrated, with national broadcasting licenses (three each for radio and television) enjoying significant influence. In recent years, data on advertising revenues indicate that these dominant media are facing increasing competition from cable and satellite sources. A significant obstacle to free competition, however, is the sizeable annual government subsidy for state-owned radio and television, which greatly distorts the market.

Internet use in Bulgarian households continues to steadily increase, and the Internet space is relatively free of interference. The Ministry of the Interior has proposed significantly increasing police and investigators' access to servers and data without court permission. All such proposals have been blocked in Parliament thus far.

Professional organizations and NGOs have played an important role in the development of Bulgarian media, in particular the journalistic associations Media Coalition and Free Speech Civil Forum Association. The publishers of leading newspapers are also organized, with groups such as the Union of Newspaper Publishers. Of the few NGOs focusing on media issues, the most important is the Media Development Center, providing journalists with training and legal advice.

The Bulgarian media code of ethics, a self-regulation signed in 2004, includes standards for the use of information by unidentified sources, preliminary nondisclosure of a source's identity, respect of personal information, and the publication of children's personal pictures. Two media ethics bodies (Ethics Commission for Print Media and Ethics Commission for Electronic Media, both operating under the rules of the National Council for Journalistic Ethics) have developed into respected self-regulatory mechanisms. Their functions include promoting adherence to the code, resolving arguments between media and audiences, and encouraging public debate on journalistic ethics.

The Bulgarian media space is monitored by foreign observers. The 2009 Media Sustainability Index concluded that Bulgaria's media sphere is approaching "actual and irrevocable" sustainability, but this stage has not yet been reached.<sup>4</sup> The most important problem areas are violence against journalists, the work of professional journalist organizations, and the transparency of media ownership. Over the past five years, Reporters Without Borders' Press Freedom Index has reported an uneven path for Bulgaria, with relatively sharp improvements and setbacks each year, but a constant deterioration of ranking relative to other countries.<sup>5</sup> Yet, in 2009, there were no major reported cases of violence or undue procedures against journalists.

#### Local Democratic Governance

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.00	3.00

The municipality, with an elected council and mayor, is the basic unit of local governance in Bulgaria. The municipality has constitutional powers to formulate, implement, and regulate policies; own property; prepare budgets; and execute financial transactions. The right to local referendums and citizen assemblies is also envisaged by the constitution. Municipal elections in Bulgaria have been free and fair over the last several electoral cycles. The last nationwide local elections were held in 2007.

Several mayoral by-elections took place in 2009. The most important was the November election in the capital city, Sofia, whose former mayor, Boyko Borisov, became prime minister earlier in the year. The turnout in Sofia and Vratsa, the other district center holding by-elections, was 23 percent, about one-third less compared to a similar by-election in Sofia in 2005. One explanation for the lower turnout was the fact that in both cities there were clear and relatively unchallenged leaders. An indirect confirmation of this hypothesis could be found in Razlog, the only town where there was serious competition between two candidates, with turnout close to 60 percent and the voting going to a second round.

Under the constitution, Bulgarian municipalities have independent budgets and the right to set local tax rates within limits defined by Parliament. As a result, there are a variety of rates on local taxes in addition to the existing variety of local fees. The second source of local revenues is property, which municipalities are free

to govern independently. A third source is the issuing of municipal bonds or loans from banks or the central government, which is regulated by the Municipal Debt Act and allows municipalities to plan revenues and expenditures more independently. A fourth resource is EU structural funds, of which local governments are major beneficiaries. This resource is expected to grow due to planned increases and the improved capacity of municipalities to absorb them.

However, data from 2008 indicate that Bulgarian municipalities are still dependent on transfers from the central budget, both as subsidies and as delegated budgets, for more than 60 percent of their resources (mostly for education, which is financed nationally but administered locally). This allows the national government to influence local politics and favor some municipalities over others, although it is not clear to what extent this occurs. This potential for favoritism makes the coordination and negotiation between local communities and the Ministry of Finance very important, and municipalities are represented in this process by the National Association of Municipalities in the Republic of Bulgaria (NAMRB). While its objections and proposals are regularly made public, it is unclear how much NAMRB influences the final national budget. Thus, despite recent improvements and with some exceptions, Bulgarian municipalities do not yet have sufficient security and control over the resources necessary for performing their responsibilities.

#### Judicial Framework and Independence

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.50	3.50	3.50	3.25	3.25	3.00	2.75	2.75	3.00	3.00

The basic rights of Bulgarians, such as freedom of expression, association, and religious beliefs, as well as the rights to privacy, property, inheritance, and economic initiative and enterprise, are enshrined in the constitution. These rights are further defined and regulated in national legislation and generally protected in practice. Traditionally, the country's major problem areas, with regard to basic rights, involve discrimination against the Roma minority and certain religious beliefs, cases of abuse of the rights of suspects, and significant delays in judicial decisions on specific issues.

While many problems remain, the Bulgarian judiciary provides an effective check on both the legislature and the executive. Its governing body is the Supreme Judicial Council (SJC). The independence of the SJC is guaranteed by the mandates of its members, who are appointed for 5-year terms following a complex procedure: 11 are elected by parliament, 11 by the judiciary, and 3 *ex officio* members. At present, the members of the SJC are required to leave any other positions once appointed.

The Bulgarian constitution is applied directly by the Constitutional Court, consisting of 12 justices appointed in equal quotas by Parliament, the president, and

the supreme courts with rotating 9-year mandates. The Court has co-determined public policy and has often opposed government decisions and acts of Parliament in areas such as restitution, privatization, regulation of public electronic media, and reform of the judiciary. Over the last several years, the number of Court decisions has fallen to around ten per year, suggesting that more open access to the Court may improve protection of constitutional rights and principles. The two supreme courts have also made decisions in favor of citizens against government bodies on numerous occasions.

Judges in Bulgaria are appointed and dismissed by the SJC. All appointments follow legally envisaged competitive procedures. In 2009, the SJC continued sanctioning judges for unsatisfactory performance, but during the year the Council was involved in its own scandal over candidates with apparent links to a certain businessperson and promises to secure votes in favor of business interests. It was revealed that the businessperson had regular telephone contact with at least three members of the SJC. The ensuing investigation did not reveal the contents of the conversations, but the scandal undermined the authority of the SJC in a crucial moment for judicial reform in Bulgaria. Due to the scandal, two of the implicated SJC members resigned, as well as some of the candidates connected to the business interest. The response of the SJC to the scandal seemed unsatisfactory to much of the public, and there were even calls for the resignation of the entire body. These attitudes were only strengthened by the decision of the SJC to grant substantial financial bonuses for all magistrates at the end of the year, at a time of serious cuts and austerity measures by the government.

The authority of the courts is recognized, and judicial decisions are enforced effectively in Bulgaria by both the traditional state enforcement judges and organs, and by an established sector of private judicial enforcement entities (baliffs). Yet, after numerous reforms in preceding years, there were few practical results observed in 2008–09, a problem reflected in the latest report of the European Commission, which noted particular concern over the incapacity of law enforcement bodies to tackle contract killings and high-level corruption. There are few verdicts and sentences in cases of alleged organized crime activities. The rights of prisoners and detained persons remain a major problem of the Bulgarian judicial system. Over the last 20 years, little progress has been recorded in this respect. The most recent, in-depth study concludes that under current conditions, the standards of human rights during arrest and imprisonment are not fully observed in Bulgaria and are far from reaching international standards.<sup>6</sup>

In 2008, the judicial system was monitored by the newly established, independent Inspectorate of the Judicial System as well as by numerous civil society organizations, the media, and various EU bodies. However, the expectation that this additional pressure will lead to actual changes and results should be tempered by the Bulgarian judiciary's record of internal opposition to reform. This opposition was clearly visible in the official and unofficial reaction of the SJC and representatives of the judicial branch to the findings and recommendations of both the European Commission and the Bulgarian judicial inspectorate.

Two specific problems of the judiciary emerged during 2009. The appointment of magistrates by the SJC proved to be inefficient and non-transparent, which threatens to undermine their legitimacy. Part of the problem is the flawed system of assessing the performance of magistrates. In the absence of reasonable performance criteria, appointment decisions remain prone to subjectivity and undue influence. Also, the 2009 electoral cycle demonstrated that despite the good guarantees for independence of the judiciary, parts of it could be mobilized for political goals. For example, the refusals by courts to register the UDF before the June–July elections threatened the participation of the Blue Coalition. No satisfactory reasons were given for the delays, and the public impression was that they aimed to impede the opponents of the then-ruling coalition. These impressions were confirmed when superior courts ultimately overturned the refusals only after the formal registration deadline had passed. The damage to the electoral process was minor, since the Blue Coalition ultimately ran on the basis of informal agreements between its main constituent parties; however, the diminished authority of the judiciary caused by such maneuvers is likely to be more lasting.

#### Corruption

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50	4.00	4.00

The institutional structure for fighting corruption in Bulgaria did not experience substantive changes in 2009. Each branch of power has a specialized anticorruption body, and there are inspectorates for dealing with allegations of corruption, conflicts of interest, and abuse of power. In 2009, for the second year, the judicial system inspectorate published its reports, followed by respective disciplinary decisions. Also during the year, important corruption-related reforms in the agencies disbursing EU pre-accession and structural funds in the country were completed. In recognition of this, the European Commission restored most of Bulgaria's financing toward the end of 2009. Still, the country's fight against corruption lacks coordination between different units, and clearly defined responsibilities and expectations are needed.

The Bulgarian economy is relatively free from excessive state involvement. The private sector dominates production and employment with few exceptions, such as railways and tobacco products. After the emergence of a serious budget deficit in mid-2009, the newly elected government managed to stabilize revenues and curb expenditures, finishing the year with a small deficit. A similarly small deficit is envisaged for 2010. Government expenditures approached 40 percent of GDP in 2009, worsening relative to the pre-crisis period, and are expected to exceed that level in 2010. In 2009, the Heritage Foundation's Index of Economic Freedom, following an improving upward revision for Bulgaria over the previous several years, recorded another increase from 63.7 to 64.6 points (on a scale of 0 to 100, with 100 indicating most free). The Economic Freedom of the World Index for Bulgaria



also improved, increasing from 6.67 in 2008 to 6.74 in 2009 (on a scale of 0 to 10 with 10 indicating most free).

Reform results were seen following the transfer of the company register from the courts to an executive agency in 2008, including a drop in administrative barriers and the possibility to register online. Transitional problems were overcome, and by the end of 2009 the registration process operated smoothly. As a result, in the World Bank's *Doing Business* survey, Bulgaria recorded a 31-point improvement in the "starting a business" category for 2009. Bulgaria's ranking will likely continue to improve owing to Parliament's decrease in the requirement for registered capital of limited liability companies to the negligible BGN 2 (approximately US\$1.50 at the time of adoption) in October 2009. While business entry has improved significantly, the same cannot be said about procurement procedures, where allegations of corruption and abuse still stand in the way of substantive reforms. The new government vowed to implement such reforms, but as of the end of 2009 no actions had been taken.

Bulgaria has a requirement for financial disclosure in place. The declarations of high-ranking officials, politicians, and parties are publicly available and are cross-checked by the National Audit Office. The level of direct involvement of government officials in economic activities is limited by conflict of interest legislation, and any such involvement constitutes a crime. However, the media regularly report on alleged illicit connections between bureaucrats, politicians, and businesses. Only one such allegation, concerning the head of the road agency, has so far led to a court case (pending). Attempts to change party financing legislation have been less successful. While party finances have become more transparent, the rules governing their funding and spending are still unreformed.

Bulgaria's new government, elected in July 2009, began investigating the potentially illegal acts of the preceding government. Numerous allegations were publicized, mostly related to accusations of embezzlement, signing of contracts in breach of legal requirements and procedures, and illegal land swaps; as a result, several ex-ministers were put under investigation and immunity for the former prime minister, Sergei Stanishev was lifted by Parliament. One indictment of a former minister (Nikolay Tsonev, Minister of Defense April 2008–July 2009) was introduced in court in 2009. On one hand, this indicates a visible increase in corruption-revealing procedures launched against the highest levels of power. On the other hand, the former high-level officials now being investigated are also today's opposition, so a political motive cannot be excluded a priori. Bulgarian media are active in reporting corruption allegations, and the public shows an unflinching concern with the country's level of corruption. Implementation of institutional changes, pressure from the public, and demands by Bulgaria's European partners have led to visible actions in curbing corruption.

Possibly due to the change in government and its ensuing actions, the latest measurement of corruption in the country indicates a significant decrease from August 2008 to October 2009.<sup>7</sup> Most notable are the reported improvements in corruption pressure (individuals being asked for bribes) and in perceptions about the practical effectiveness of corrupt acts.

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  - <sup>2</sup> Data from National Statistical Institute, <http://www.nsi.bg/otrasalen.php?otr=34> (accessed November 2009).
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  - <sup>5</sup> “Press Freedom Index,” <http://en.rsf.org/> (accessed November 2009).
  - <sup>6</sup> “Граждански доклад за изпълнението на мерките на правителството в областта на правата на човека и интеграцията на малцинства и уязвими групи, произтичащи от политическите критерии за членство в ЕС за периода януари 2008 г.–ноември 2009 г.” (Citizen’s Report on the Implementation of the Government Measures in the Sphere of Protection of Human Rights and Integration of Minorities and At-Risk Groups Stemming from the Political Criteria for Membership in the EU for the Period January 2008–November 2009), publication of the “Human Rights” Family of Civic Organizations, Sofia, November 2009.
  - <sup>7</sup> Center for the Study of Democracy, 2009, *Crime without Punishment. Countering Corruption and Organized Crime in Bulgaria*; survey information updated in December 2009, [www.csd.bg](http://www.csd.bg).