

Bulgaria

by Georgy Ganev, Daniel Smilov, and Antoinette Primatarova

Capital: Sofia
Population: 7.3 million
GNI/capita, PPP: US\$6,640

Source: The data above are drawn from the World Bank's *World Development Indicators 2013*.

Nations in Transit Ratings and Averaged Scores

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Electoral Process	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00
Civil Society	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Independent Media	3.50	3.50	3.25	3.50	3.50	3.75	3.75	3.75	3.75	4.00
Governance*	3.75	n/a								
National Democratic Governance	n/a	3.50	3.00	3.00	3.00	3.25	3.25	3.50	3.50	3.50
Local Democratic Governance	n/a	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Judicial Framework and Independence	3.25	3.25	3.00	2.75	2.75	3.00	3.00	3.00	3.25	3.25
Corruption	4.25	4.00	3.75	3.75	3.50	4.00	4.00	4.00	4.00	4.00
Democracy Score	3.25	3.18	2.93	2.89	2.86	3.04	3.04	3.07	3.14	3.18

* 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

In the 19 years since the collapse of communism, Bulgaria has succeeded in consolidating its system of democratic governance with a stable parliament, sound government structures, an active civil society, and a free media. A number of general, presidential, and local elections have been held freely, fairly, and without disturbance. Power has changed hands peacefully, with the country enjoying more than a decade of stable, full-term governments. In 2004, Bulgaria officially became a member of the North Atlantic Treaty Organization (NATO). On 1 January 2007, it became a full member of the European Union (EU).

These successes notwithstanding, Bulgaria's democratic institutions display a number of weaknesses. Inefficiency and graft within the judiciary are still considered a major stumbling block in the country's battle against high-level corruption and organized crime. Public trust in democratic institutions is low, and ethnic minorities face discrimination. Developments in 2012 underscored how the dominance of major media groups and infighting among their owners is undermining the country's press freedoms.

National Democratic Governance. Bulgaria's economic crisis has eaten away at the center-right GERB party's popularity since it took office in July 2009. At the time, GERB won nearly 40 percent of the vote with promises to tackle a deep recession, organized crime and graft. A new party with a chance of joining the next parliamentary session emerged in 2012, led by the country's first EU commissioner, Meglena Kuneva. Civil society, businesses, and citizens played a visible role in policy decisions, forcing an unwilling parliament to call a referendum on the future of a nuclear power plant; bringing about a smoking ban; and halting shale gas exploration and extraction. A plan to decentralize government agencies was announced, but only one agency actually moved out of Sofia in 2012. Following a suicide bombing and a negative report from the European Commission, the center-right GERB government survived a confidence vote in parliament in October. *Bulgaria's national democratic governance rating remains unchanged at 3.50.*

Electoral Process. Flawed elections in 2011 fueled a debate on revisions to the electoral code throughout 2012 to address problems such as insufficient staffing of the electoral commission and inflated voter lists. However, even with parliamentary elections scheduled for mid-2013, no agreement had been reached on key electoral reforms by year's end. The delay, coupled with the ruling party's decision to reverse a 2010 policy that had introduced preferential voting, fueled speculation by the opposition that incumbents were aiming to manipulate electoral rules in their favor.

Due to the lack of notable changes since 2011, *Bulgaria's electoral process rating remains unchanged at 2.00.*

Civil Society. Civil society has become increasingly dynamic and assertive as the result of EU support and the expansion of social networks and internet access. Examples of civil society's growing confidence in 2012 included the push for a referendum on a nuclear power plant, protests against the Forestry Act that led to a presidential veto, and the consolidation of civil society's activities for furthering judicial reform. *Bulgaria's civil society rating remains unchanged at 2.50.*

Independent Media. Bulgaria's media environment has deteriorated over the past several years, with a constant downward trend relative to other EU states. The year 2012 was marked by an escalation in "media wars" between leading media groups in the country, which accused each other of corrupt dealings with the government, tax fraud, and other criminal activities. The European Commission became involved, sending a commissioner to the country to meet with government leaders and media and strongly encouraging better protections for press freedom. There are growing concerns about the concentration of media ownership, which is exacerbated by the lack of transparency in the ownership structures of major media outlets. The financial crisis has strained media profits, increasing outlets' dependence on governmental advertising money and other favors from the state. For fear of losing stable funding, many media have become less critical of the government. Owing to the negative trends that became more pronounced in 2012, *Bulgaria's independent media rating declines from 3.75 to 4.00.*

Local Democratic Governance. The municipality remains the only level of local governance in the country. Municipalities have gained power over time but still lack sufficient resources to exercise a full measure of self-governance. EU regional development planning for the 2014–2020 fiscal period was in full swing in 2012, with a single national plan, rather than region-specific plans, being created. The regular local elections held in October 2011 were not exempt from the usual allegations of irregularities and abuses. They were also complicated by simultaneous presidential elections and the fact that they were the first elections to take place under a new election code. As a result, in several municipalities, the results were contested in court, and in four instances, courts ordered new elections (two for mayors and two for seats on local councils). These repeat elections were held in 2012 with relatively few reports of violations and turnout ranging widely. *Bulgaria's local governance rating remains unchanged at 3.00.*

Judicial Framework and Independence. The selection of new judicial leadership in 2012—considered an important opportunity to create a better environment for further judicial reform—yielded mixed results. Some appointments failed, while others dragged out past year's end. The parliament's selection of a new Supreme Judicial Council (VSS) was much more transparent than in previous years,

exposing bias in the consideration of government candidates over civil society ones. Other appointments, including that of a Constitutional Court judge and the new prosecutor general, were tainted by a lack of integrity among candidates and political horse-trading on the part of the government. *The rating for judicial framework and independence remains unchanged at 3.25.*

Corruption. The state's institutional mechanisms for curbing corruption are well-defined, but lack of coordination between them is problematic. A new addition to this structure in 2012 was a planned Temporary Parliamentary Commission to investigate old but well-known scandals under previous governments that possibly involve large-scale corruption. Recently available data on corruption levels in Bulgaria show that the public perceived national politicians as less corrupt than in 2009, though an increasing percentage of citizens have reported paying bribes. A project connecting all cash registers in the country to the national revenue service via online data transfer was completed in 2012, as was a project to put meters in a major oil refinery to ensure compliance with tax law. A new law passed in May allowed assets to be seized through the civil courts rather than requiring a criminal conviction. *Bulgaria's corruption rating remains unchanged at 4.00.*

Outlook for 2013. The year 2013 will be dominated by the coming general elections, with the constitutional term of the present parliament ending in the summer. The performance of the ruling GERB party will be under close scrutiny, as no incumbent since 1994 has led the government for two consecutive terms. It is quite likely that a newly formed party will emerge and do well at the elections. Prolonged economic stagnation has increased pressure on some social groups, which may call for adjustments in the social policy of the state in 2013.

MAIN REPORT

National Democratic Governance

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
n/a	3.50	3.00	3.00	3.00	3.25	3.25	3.50	3.50	3.50

Bulgaria is a parliamentary republic with three branches of power and a clearly defined system of checks and balances. The National Assembly (parliament) selects the prime minister and members of the judiciary. The parliament itself is popularly elected. An independent Constitutional Court serves as a check on all branches of power. The country's constitutional and legal framework allows for the free formation of political parties and for citizens' participation in political and governance processes through elections, legislative consultations, civil society organizations, and the media.

The president of Bulgaria does not have strong, formal powers but is perceived as highly legitimate because s/he is directly elected and therefore independent of the other branches of government, providing a check on their power. The importance of the president's role was demonstrated in 2012 when President Rosen Plevneliev objected to a parliamentary nominee for the Constitutional Court on the grounds that she was corrupt. Though the president lacked veto power over the nomination, his opinion and actions ultimately blocked it.¹

The two main political forces in Bulgaria in 2012 remained the ruling, center-right Citizens for European Development of Bulgaria (GERB), and the center-left Bulgarian Socialist Party (BSP). Other parties likely to play an important role in the 2013 parliamentary elections are the Bulgaria of the Citizens (BG) party and the Movement for Rights and Freedoms (DPS), which primarily represents the country's Turkish minority. Bulgaria's economic crisis has eaten away at GERB's popularity since the party took office in July 2009. At the time, GERB won nearly 40 percent of the vote with promises to tackle a deep recession, organized crime, and graft. In October 2012, GERB still enjoyed the approval of 31 percent of Bulgarians, but its disapproval rating had reached 55 percent.²

By year's end, all major polling agencies were predicting that the BG party—established in 2012 and headed by the first Bulgarian commissioner in the European Commission, Meglena Kuneva—would win seats in 2013. If they are right, it will be the fourth time a newly formed party has won its way into the National Assembly.

In March, the government's decision to halt the construction of a new nuclear power plant near the town of Belene in northern Bulgaria spurred loud opposition from a coalition of political parties (BSP and the nationalist parties Ataka and the Bulgarian National Movement, or VMRO), civil society organizations, and businesses in the energy sector. The opposition mobilized more than the half-million signatures necessary to call a national referendum on the discontinued project. The referendum, the first since the end of communism, is scheduled for January 2013.³

For the referendum to be valid, 60 percent of the electorate must vote, which may be a high bar to pass. Furthermore, the successful petition to hold a referendum posed the question as, “Should nuclear energy be developed in Bulgaria through the building of a nuclear plant at the Belene site?” However, opponents of the plant, including GERB, argued that a referendum on a particular project would be unconstitutional. GERB’s parliamentary majority thus decided to edit the question, removing any specific reference to the Belene project. The question now planned for the referendum is, “Should atomic energy be developed in Bulgaria through the building of a new atomic plant?”

The enactment of a law banning tobacco smoking in public buildings and rooms was also preceded by a lively public debate. Unlike numerous previous debates, this discussion was not heavily politicized: The arguments centered on the issues—scientific and economic evidence, and the costs and benefits of the ban for society—rather than the horse-race aspect more traditionally the focus of a political debate.

In the first half of 2012, the government announced plans to permanently move some of its administrative offices out of the capital city of Sofia in order to bring more administrative services and central government job opportunities to people in the country’s regions. Despite much speculation and discussion in the media about what services would be moved and where, the only office to leave Sofia by year’s end was the tourism sector of the Ministry of Economy, Energy, and Tourism, which relocated to Bulgaria’s second-largest city, Plovdiv.⁴ It was unclear at the turn of 2013 whether the announced goals were being achieved or whether the process of decentralization would continue.

A suicide bombing at the Burgas airport in July 2012 killed five Israeli tourists and a Bulgarian bus driver. The attack, which Israel and other observers attributed to the Lebanese Islamist militant group Hezbollah, raised questions about the effectiveness of Bulgaria’s security services. Later that month, the government survived a parliamentary confidence vote that was triggered by the airport bombing and a negative EU progress report on Bulgaria’s efforts to reform its judiciary and fight corruption and organized crime.

Electoral Process

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00

Bulgaria’s president is directly elected, and seats in parliament are apportioned based on a system of proportional representation, with a 4 percent threshold of popular votes required for a party to take seats. Since 1991, international observers have deemed all Bulgarian elections free and fair, though allegations of vote-buying and other manipulations have been common in recent years. In 2012, criticism of the previous year’s elections led to inconclusive discussions on comprehensive electoral code reform.

A new electoral code adopted in 2010 combined most of Bulgaria's existing electoral laws into a single document and introduced a number of controlling mechanisms aimed at reducing election day fraud. The code also introduced a preferential voting component to local and parliamentary votes, allowing candidates to move to the top of their party's list if voters mark their name on the ballot. Residency requirements, another innovation of the new code, have been criticized for limiting the voting power of Bulgarian citizens living abroad, especially Bulgarians residing in Turkey. The first presidential and municipal elections conducted under the new electoral code took place in October 2011, resulting in an overwhelming victory for GERB, which won the presidency and numerous local races. The BSP came in second overall and lost its hold over some larger cities in the country, including Varna.

The elections of 2011 were heavily criticized by both domestic actors and international observers. The final report by the election observation mission of the Organization for Security and Cooperation in Europe (OSCE), published in January 2012, focused in particular on the following weaknesses: the lack of permanent staff at the Central Election Commission (CEC); the lack of sufficient opposition representation among the leadership of electoral commissions at all levels; electoral commissions' insufficient openness to the public; inflated voter lists, which at the moment are almost as big as the entire population of the country; and insufficient guarantees of editorial freedom in public electronic media during the campaign.⁵

The OSCE's recommendations were at the heart of the proposals in 2012 for amendments to the electoral code, which were discussed both in the parliament and under the aegis of the president. However, consensus could not be achieved on relatively minor points, such as the format of publicly accessible electoral commission meetings, preventing the adoption of comprehensive amendments to the code. It remains unclear how some of the bigger structural problems, such as the inflated voter lists, will be managed in the future.

The only tangible change by the end of the year was the controversial elimination in December of preferential voting, only two years after its introduction by the current majority and before it could be tested in parliamentary elections. Initially, preferential voting was introduced in order to give citizens greater opportunity to choose among candidates on party lists. It was abolished because opponents, namely GERB, argued that preferential voting was ineffective. However, GERB critics viewed the change as an attempt to ensure the party's victory in the 2013 races.⁶ This type of policy reversal without clear justification undermines the predictability of electoral law.

A particularly sensitive problem in election campaigns is media coverage. All electoral communications are paid for by candidates and parties. This gives an advantage to parties, which are eligible to receive campaign financing from the state, while independent candidates rely on private donations to fund their campaigns. Another problem is that media advertisements are often indistinguishable from genuine journalistic content and election coverage. State-funded media are strictly

proscribed from taking sides in their coverage of the campaign—a rule introduced to ensure fairness, but which has actually scared many reporters away from in-depth election coverage. Those journalists who do cover elections often report on safe, nonpartisan issues, resulting in a disproportionate emphasis on problems like vote-buying. The efforts to revise the electoral code do not fully address these problems.

Civil Society

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50

The Bulgarian constitution guarantees the right of citizens to organize freely into various types of political and civil society organizations. Civil society organizations have mushroomed in the postcommunist period, playing an important role in articulating citizens' needs and interests. The expansion of internet access and online social networks has further encouraged civil society activity, as has the EU's support for nongovernmental and grassroots associations.

Under the Non-Economic Purpose Legal Entities Act, the Bulgarian Ministry of Justice maintains a central register for entities that define themselves as acting in the public interest. By the end of 2012, there were 10,101 entries in the register, an increase of 10 percent since 2011.⁷ Of these, 8,638 were associations, 1,392 were foundations, and 56 were branches of foreign-based nongovernmental organizations (NGOs). An independent web portal for NGOs, launched in 2010, contained 5,576 entries in 2012, compared to 5,302 in 2011 and 5,094 in 2010. The top five self-defined activities of organizations on the portal were education (859), social services (548), culture and art (504), economic development (360), and youth issues (330).⁸

There were no major changes in 2012 to the domestic legal, regulatory, or financial environment in which civil society operates. Registration and tax processes remained relatively simple and stable. Public benefit NGOs are not obliged to pay direct taxes and are allowed to carry out for-profit activities that do not interfere with their stated aims if these projects are registered and taxed separately.

The strength and assertiveness of civil society has in some cases made the government more responsive to its demands. The decision to hold a referendum on the Belene nuclear power plant is one example. Another is the government's decision, after a very active civil society campaign online and in the streets, not to adopt the controversial Anti-Counterfeiting Trade Agreement (ACTA) intended to combat infringement on intellectual property rights.⁹ Civil society organizations involved in judicial issues and judicial professional organizations also remain active, despite the fact that government is less receptive to their concerns.¹⁰

Protests over environmental concerns gained momentum during the year. Environmental organizations, with the help of citizen protests, prompted a draft bill banning new construction in a seaside area with rare natural formations. In January, after weeks of public protests, Bulgaria became the second European country after

France to ban test drilling for shale gas using the controversial hydraulic-fracturing (fracking) method.¹¹ In June, protest rallies against the controversial new Forestry Act blocked downtown Sofia near the crossing of Eagles Bridge. The law would have enabled the construction of ski slopes and lifts in previously protected areas, removing the obligation that the status of the land be changed for this purpose. After several days of massive rallies organized by environmental NGOs via online media, Prime Minister Borisov asked President Plevneliev to impose a veto on the law. Counter-protests in the tourist towns of Bansko, Razlog and Dobrinishte, echoed the government's original position, arguing that the construction of sports facilities in Bulgarian mountains was necessary to ensure the economic development of the municipalities.¹² Nevertheless, the veto was upheld, and in late 2012, the protestors on Eagles Bridge were honored with the "Human of the Year" award from the Bulgarian Helsinki Committee.¹³

Independent Media

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3.50	3.50	3.25	3.50	3.50	3.75	3.75	3.75	3.75	4.00

Media freedom is legally protected in Bulgaria, with citizens enjoying unrestricted access to a variety of media sources. The right to information is also enshrined in the constitution and in the Law on Access to Public Information. Nevertheless, Bulgaria has struggled to develop a strong, independent media sector. Assessments of the media environment by international organizations have chronicled a tumultuous five-year period, with a consistent downward trend relative to the performance of other EU states.¹⁴ In 2012, the media environment continued to deteriorate, as the fight for market dominance and influence between the county's major media conglomerates intensified.

The print media market is characterized by a high number of dailies per capita and low newspaper circulation. With the exception of a few local newspapers and the official *State Gazette*, all print media in Bulgaria are privately owned, some by foreign entities. Two of the country's most popular dailies, *Trud* and *24 Chasa*, were owned by the German group Westdeutsche Allgemeine Zeitung (WAZ) until they were sold to three Bulgarian entrepreneurs in late 2010. After the sale, conflict emerged among the new owners. Despite heavy publicity of the conflict that has had a negative impact on the media's image in Bulgaria, the newspapers have remained considerably influential.

In 2009, a new player entered the print media market, the New Bulgarian Media Group (NBMG), and its hold on the media market continued to grow in 2012. It currently owns a daily (*Telegraph*) with reportedly the highest circulation in Bulgaria, although data on circulation is not entirely reliable. The group has also expanded into the electronic media market, acquiring control over TV stations and a number of other outlets. There have been persistent allegations that the group was created with loans from a bank that handles the financing of state-owned

enterprises, but these allegations have not triggered a review for unlawful state aid or illegitimate concentration by the state's anti-monopoly commission or other relevant bodies. According to its competitors, the group also controls some 80 percent of printed press distribution.¹⁵

The 2012 “media war,” as it has been called, pitted NBMG against several other media moguls, with endless accusations of illegal behavior published and broadcast by various outlets. The intensification of the conflict raised concerns that Bulgaria's major media groups have prioritized defending their corporate interests and attacking their competitors over freedom of speech and media legitimacy.¹⁶ In June, the network TV7, owned by NBMG, aired a series of programs accusing the owners of *Trud* and *24 Chasa*, Lyubomir Pavlov and Ognyan Donev of the Media Group Bulgaria Holding, and the owner of *Dnevnik* and *Kapital*, Ivo Prokopiev of the group Economedia, of fraud and corrupt dealings with previous governments. *Trud* and *24 Chasa* also published articles accusing NBMG magnate Irena Krasteva's son, a member of the parliament, of “shady deals” with the government.¹⁷

Over the summer, the Sofia prosecutor's office charged Pavlov and Donev with money laundering.¹⁸ The proceedings were ongoing at the end of 2012, but the affair resulted in the sale of *Trud* and *24 Chasa* to new owners at the end of the year. The new owners' identities have not been fully disclosed, raising new concerns of increased media concentration. Economedia also came under serious financial pressure toward the end of the year, when Alpha Bank, which had given the media group a large loan, claimed failure for debt repayment and attempted to seize the group's assets. The issue remained unresolved at the turn of 2013, and in the context of the “media war,” there was speculation that the bank's reasons for acting against Economedia were not purely financial.¹⁹

Rising concerns over warring media parties eventually led the European Union to become involved. In September, Neelie Kroes, the EU's digital agenda commissioner, met with Bulgaria's major media owners to discuss the state of press freedom in the country. After the meeting, she addressed a letter to Prime Minister Boyko Borisov expressing deep concern for the situation and urging him to protect transparency and pluralism in the media sector.²⁰ Generally, the EU has limited room to maneuver in this area, which underlines the need for more developed European standards on regulating media concentration.²¹

Electronic media are regulated through the Law on Radio and Television by the Council for Electronic Media (CEM). Although the CEM is not under government orders, parliament must approve its budget. The country's switch to digital broadcasting—and particularly the parliament's oversight of the CEM in this process—has left ample room for the influence of political and special-interest agendas. In practice, each new government introduces changes to the electronic media law and/or in the CEM, in order to have tighter control over the country's public electronic media.

Bulgaria has three national public TV channels: BNT1, BNT2, and the worldwide satellite channel TV Bulgaria. Since 2000, private commercial TV channels have also been broadcast nationwide: BTV, NovaTV, and Pro.BG.

National public television has four regional channels in Varna, Rousse, Plovdiv, and Blagoevgrad. As of 2006, there were 196 cable and satellite TV programs, and 42 towns had local TV operators and private TV channels. In addition, Bulgarian citizens have access to numerous foreign programs via satellite and cable. Despite the large number of registered programs, however, the national market for both radio and television is relatively concentrated.

Three of Bulgaria's radio stations have national coverage: Horizont and Hristo Botev of the public radio operator Bulgarian National Radio (BNR), and the private Darik. In general, Bulgaria's largest cities, especially Sofia, enjoy much greater diversity of programming than smaller cities. Just 42 of the 240 towns in the country have local radio programs, but the 9 towns with a population over 100,000 host a total of 115 local radio stations. There are also 18 radio networks which broadcast in the major towns.

The financial crisis has strained profits for most private media, making them ever more dependent on government advertising and other favors from the state. Reliance on public funds has led major media outlets to perpetuate the problem of self-censorship, as they have toned down their criticism of the government. Fortunately, the public broadcasters, especially BNR, have avoided many of the negative trends occurring in the private sector, and institutional guarantees have generally succeeded in protecting their independence. Consequently, public radio has become a major source for objective information.

Libel remains a criminal offense, punishable by a fine that rarely exceeds US\$10,000. Though defamation suits remain common, the courts tend to interpret the law in favor of freedom of expression and convictions are relatively few.

Impunity for crimes against journalists remains the norm, encouraging self-censorship. In May, the vehicle of investigative journalist Lidia Pavlova of the Blagoevgrad daily *Struma* was set on fire. She and her family had received multiple threats in the past, and her car had been repeatedly attacked. In July, Varna-based journalist Spas Spasov received a threatening message at his home address, apparently in connection with his reporting on a construction project.

Of the few NGOs that work on media issues, the most important is the Media Development Center, which provides journalists with training and legal advice.

Local Democratic Governance

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
n/a	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

The local democratic governance structure in Bulgaria consists only of the municipality. While the parliament may create an intermediate level of self-government—the region, as envisaged in the constitution—so far, it has chosen not to do so. In general, despite the slow tendency toward decentralization and transfer of greater powers to municipalities to shape their development and serve the needs

of their citizens, most municipalities in Bulgaria remain relatively small, poor, and dependent on the centralized national decision-making mechanisms.

There are 264 municipalities in Bulgaria, and their size in terms of population ranges from several thousand in some mountainous areas to more than a million in the capital city.²² Besides population, municipalities in Bulgaria are also quite diverse in terms of geographical and economic characteristics. Under the constitution, the municipalities are legal entities with all respective rights and powers to own property, transact, budget, set local tax rates, and to define and set local fees and issue debt within limits specified by law. However, only recently has municipalities' capacity to acquire debt to finance specific projects and set local tax rates within limits set by the parliament been expanded, with the important spheres of budgeting and regional development still highly centralized.

This relatively simple structure comprising one national and one local level of governance is made more complex by the presence of additional actors and geographical designations. There are 28 district governors, who are directly appointed by the executive Council of Ministers and thus are local representatives of the national government. The district governors serve as communication channels through which municipalities are more likely to formulate proposals, have their voices heard, and ultimately achieve their goals. There are also six EU planning regions. A specific portion of EU structural and cohesion funds is devoted to regional development, and each region's development strategies are prepared with some involvement from the municipalities and representatives of local civil society. In 2012, the beginning of planning for regional development for the 2014–20 period provided another channel for municipalities to participate in the formulation of policies for their development. However, in this planning period, a single national program, rather than six regional programs, for development are being prepared. The old regional approach empowered local actors—such as regional development councils, district governors, and municipalities—much more than does the approach of a single national operating program, which is dominated by actors in Sofia.

Generally, municipalities have been actively involved in national policymaking on local development since Bulgaria entered the EU, which prioritizes regional and local development. When negotiating with the state and with the EU, they are represented by the National Association of Municipalities in the Republic of Bulgaria (NAMRB). An important organization in the local governance context, NAMRB provides a forum for voicing local governments' concerns and also provides a venue for sharing best practices and improving administrative capacities. A similar role is played by various nongovernment organizations specializing in aiding local governments and improving their capacity.

Local elections of 2011 were repeated in 2012 in four municipalities after courts ruled the original polls' results to be invalid.²³ Reportedly, irregularities stemmed mainly from confusion related to the implementation of a new election code and the fact that presidential elections were occurring simultaneously. Voter turnout in 2011 was relatively high at just over 50 percent;²⁴ turnout levels for

the follow-up municipal elections ranged from 34 to 65 percent. The follow-up elections were characterized by relatively low levels of vote-buying or other election day transgressions.

During and after the 2011 local elections, the trend toward a proliferation of relatively small, locally focused political formations that were able to enter the municipal councils and become important political stakeholders was reversed to some extent. The GERB government and its local functionaries managed a successful campaign and largely incorporated many of these local groups. The 2012 follow-up election in the municipality of Kyustendil, however, presented the opposite situation: A local group, rallying behind the mayor, defeated all major national parties by a significant margin, though with only 34 percent voter participation.²⁵

Judicial Framework and Independence

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3.25	3.25	3.00	2.75	2.75	3.00	3.00	3.00	3.25	3.25

Bulgaria's judiciary has benefited from reforms associated with EU accession, but the 2012 European Commission report found that institutional and legal improvements have not led to practical gains in efficiency or accountability. Ongoing flaws in the judicial appointment and disciplinary processes were in evidence throughout 2012. In November 2012, a judge resigned from the Constitutional Court just weeks after her appointment due to allegations of abuse of office in a prior judicial posting.

In July, the outgoing Supreme Judicial Council (VSS) dismissed Miroslava Todorova, chair of the Bulgarian Judges Association (BJA), from her position as judge at the Sofia City Court on alleged disciplinary grounds. The decision came in the context of Interior Minister Tsvetan Tsvetanov's continued attacks against the judicial system in general and Todorova and the BJA in particular: Tsvetanov had accused Todorova, a strong critic of his ministry and the VSS, of supporting organized crime earlier in the year, prompting Todorova to bring a libel case against the minister. Todorova's dismissal was broadly seen as political revenge meant to undermine the independence of the judiciary. Bulgarian judges staged an unprecedented rally against the dismissal and called for the resignation of the VSS.²⁶ (The same call had been made in 2011 over the body's reportedly nepotistic appointments of personnel.) President Plevneliev also joined in the strong public criticism toward the VSS's decision.²⁷ At the end of the year, Todorova's supporters were awaiting a court decision on the validity of her dismissal.

The selection of new judicial leadership in 2012—including the state prosecutor and members of the VSS—was considered an important opportunity to create a better environment for further judicial reform. With the EU's next monitoring report on Bulgaria's judiciary not scheduled for release until the end of 2013, reform-minded legal NGOs took greater responsibility for closely monitoring and reporting on the nomination and election process.²⁸ The increased transparency of

the process revealed problematic bias in favor of government nominees. Although civil society organizations came up with highly qualified nominees for the VSS within the parliamentary quota, most of these were disregarded by the parliament. The parliament's nominees received public hearings that were broadcast in the media, including by television stations and online. The selection process stretched over two and a half months, and new VSS began its work in October.

Controversy emerged over other judicial nominees in the fall. Veneta Markovska, deputy chief of the Supreme Administrative Court, was nominated for the Constitutional Court by a group of independent MPs, though she is considered a protégé of the governing GERB party. On 31 October, she was elected by the parliament despite media allegations of corruption and abuse-of-influence against her. Among other allegations, Markovska has been Civil society and media criticism, in combination with strong pressure from the European Commission, resulted in President Plevneliev making an unexpected move.²⁹ When Markovska was to be sworn in, the president walked out of the ceremony and thus effectively ended her nomination.³⁰ An attempt to select a new candidate in place of Markovska—Galya Gugusheva, deputy head of the Special Anti-Mafia Prosecutor's Office of Appeals—also raised issues of integrity, namely her reported involvement in money-laundering, and enforced the impression that the government is involved in political horse-trading in an attempt to assure control over the judiciary.³¹

The new prosecutor general, Sotir Tsatsarov, was elected by the VSS on 20 December in another controversial procedure. Although there were two other candidates, they did not receive a vote because the VSS decided to vote on candidates in the order they were nominated. Once Tsatsarov, the first name on the list, got the necessary votes, the VSS chairman, who is the minister of justice, concluded there was no need to put the other candidates to a vote. Public support for Tsatsarov from both the prime minister and the minister of interior contributed to the widespread assumption that he was the government's candidate. Despite public criticism, President Plevneliev signed the appointment decree on 21 December.³²

The election of a new chief of the Inspectorate of the VSS requires the support of at least two-thirds of the parliament. GERB proved unable to garner enough support for its proposed candidates in 2012.

Corruption

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
4.25	4.00	3.75	3.75	3.50	4.00	4.00	4.00	4.00	4.00

Notwithstanding its declared commitment to combating organized crime and corruption, Bulgaria continues to be criticized by international monitors for its failure to achieve tangible results in either area. It is estimated that an informal, untaxed "shadow economy" accounts for close to one-third of Bulgaria's gross domestic product.

After years of changes and continued EU monitoring of Bulgaria's progress in the fight against corruption, the country's institutional framework in this field has acquired a distinctive structure. Each branch of the government has a specialized anticorruption body, and there are inspectorates for allegations of corruption, conflicts of interest, and abuse of power. There is also a Center for Prevention and Countering Corruption and Organized Crime under the Council of Ministers, tasked with curbing corruption and providing expertise and liaisons where necessary. However, the constitutional independence of the different branches of power means that, in effect, there is no common center of command or coordination of activities for these anticorruption bodies. They also have no explicit, shared goals or expectations. Consequently, the various units can avoid responsibility for achieving results by blaming their counterparts' inactivity. Toward the end of 2012, a Temporary Parliamentary Survey Commission was elected by the parliament to investigate corruption scandals from previous governments. It is unclear how such a temporary commission can significantly contribute to fighting corruption in the country.

A leaked phone conversation implicating Prime Minister Borisov in the protection of a powerful businessman's commercial interests in 2010 haunted the government throughout 2011 and 2012. According to the weekly newspaper *Galeria*, the taped conversation features Borisov instructing Customs Agency head Vanyo Tanov to abstain from further investigation into a facility run by Mihail Mihov, the president of the Bulgarian Basketball Federation (BBF) and owner of the Ledenika brewery. The government managed the fallout in 2012 by allowing the investigation to continue and levying sanctions against Mihov, who died of a heart-attack at the end of March. So far, there have been no direct consequences for the prime minister, even after he acknowledged his "mistake" in a July interview with bloggers from *Politikat.net*.³³

In 2012, two new datasets for measuring corruption became available: one using mostly survey questions on perceptions, and another using more concrete questions about corrupt activities or being pressured into corruption.³⁴ In the mostly perceptions-based dataset, which was gathered by the European Commission, there were decreases—some of them significant—between the latest (2011) and the previously available (2009) data.³⁵ According to these data, the public saw national politicians as notably less corrupt in 2011 than in 2009.³⁶ Respondents also appeared to see a reduction in corruption among police,³⁷ public education officials, and inspectors. However, the same study showed a significant increase in the number of respondents who reported being asked or expected to pay a bribe.³⁸ In the second study, done by the Center for the Study of Democracy in Sofia, reports of involvement in corrupt acts remained mostly the same between 2009 and 2012, with slight increases in 2012, and reports of yielding to pressure to participate in a corrupt activity. However, reports of giving bribes without pressure nearly tripled between 2010 and 2012.³⁹

Two global indices of economic freedom published in 2012 reflected virtually no changes—very slight decreases and increases—in Bulgaria's composite scores,

though these measurements may be affected by the country's persistently high unemployment rate.⁴⁰

A recent, important development in the regulation of hidden economic activity was the establishment of a real-time, online connection between all gas-station cash registers and the country's revenue agency, later followed by such connections for all cash registers in the country. This effort occurred simultaneously with the state customs agency installing measuring tools for the inflow and outflow of products at the major oil refinery in the country, to ensure compliance with tax laws. While it is probably too early to assess the full effects of these policy changes on corruption levels, data from the national revenue agency indicate that, immediately after all these connections were established, there was a 20 percent increase in declared commercial turnover, which continued and contributed to the increase in revenue in the national budget for 2012.⁴¹

Recovery of illegal assets is seen as a vital tool in the battle against organized crime. Under pressure from the EU, Bulgaria's parliament adopted a law in May 2012 allowing for the seizure of illegally obtained assets in the absence of a criminal conviction.⁴² Prime Minister Borisov threatened to resign if the parliament—which had rejected the legislation in July 2011, citing procedural concerns and the possibility that such a law might be used to target the opposition—did so a second time. Under the law, a new commission in charge of forfeiture of criminal assets is empowered to investigate people charged with participation in organized crime, terrorism, human trafficking, money laundering, and tax evasion, among other offenses. If an investigation (not to exceed 1.5 years) reveals a discrepancy of more than €125,000 between a person's declared income and assets acquired over the previous 15 years, the panel can ask the court to confiscate all property above that amount.⁴³ Though the Constitutional Court ruled found no fault with the law's main provisions, concerns about certain procedural provisions and the law's potential to become a tool to pressure the political opposition remained unaddressed at year's end.

■ AUTHORS: GEORGY GANEV, DANIEL SMILOV, AND ANTOINETTE PRIMATAROVA

Georgy Ganev is program director for economic research; Daniel Smilov is program director for political and legal research; Antoinette Primatarova is program director for European studies at the Center for Liberal Strategies, a nonprofit think tank based in Sofia.

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