

Bulgaria

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Capital: Sofia
Population: 7.7 million
GNI/capita: US\$11,100

The data above was provided by The World Bank, *World Bank Indicators 2009*.

Nations in Transit Ratings and Averaged Scores

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electoral Process	2.25	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Civil Society	3.75	3.50	3.25	3.25	3.00	2.75	2.75	2.50	2.50	2.50
Independent Media	3.50	3.25	3.25	3.50	3.50	3.50	3.25	3.50	3.50	3.75
Governance*	3.75	3.50	3.50	3.75	3.75	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.25
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.00
Judicial Framework and Independence	3.50	3.50	3.50	3.50	3.25	3.25	3.00	2.75	2.75	3.00
Corruption	4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50	4.00
Democracy Score	3.58	3.42	3.33	3.38	3.25	3.18	2.93	2.89	2.86	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

In the 19 years since the collapse of communism in 1989, 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. Over this period, a number of general, presidential, and local elections have been held freely, fairly, and without disturbance. Power has changed hands peacefully. In 2004, the country officially became a NATO member. On January 1, 2007, Bulgaria became a full member of the European Union (EU), completing its integrationist agenda, which had dominated political discourse within the country over the period of transition. However, the development of political events during 2008 has shown that despite these indisputable achievements, many efforts are still needed to make Bulgarian democracy irreversible and vital. Essential issues still need to be addressed including the reform of the judiciary, fighting corruption and organized crime, and enacting measures that might restore people's trust in democracy and bring them back into politics.

National Democratic Governance. The Bulgarian government faced serious problems in several policy spheres in 2008. Several scandals broke out in the first part of the year, revealing that mismanagement of European Union (EU) funds had led to irregularities and corruption. As a result, payments under several EU funded programs were suspended. In June 2008, a leaked OLAF (European Anti-fraud Office) report linked several members of the ruling Bulgarian Socialist Party and the President Georgi Purvanov to misuse of EU financial assistance. A government appointed minister responsible for the management of the European funds made some positive headway, but further efforts are needed, especially as Bulgaria is at risk of losing EU financial assistance to some programs due to missed deadlines. *Owing to the government's inability to effectively manage its financial assistance in the form of EU funds and its failure to enact much needed judicial reforms and address widespread corruption, the rating for national democratic governance decreases from 3.00 to 3.25.*

Electoral Process. Apart from interim local elections in a few municipalities, no elections were held in Bulgaria in 2008. With low public interest, the interim local elections featured no real engagement of political ideas and races were reduced to a competition of personalities. At the same time, the popular perception of widespread corruption among politicians remained strong. At the local level, a growing ambition among business interests to gain control over local authorities and decision-making processes, which perhaps contributed to the phenomenon of vote buying, posed a potentially serious challenge to the Bulgarian democratic

system. *There are no considerable changes to indicate either an improvement or a decline in the electoral process rating for Bulgaria, which remains at 1.75.*

Civil Society. Over the last 19 years, Bulgaria has managed to develop a vibrant civil society. However, the non-governmental organization (NGO) sector has yet to develop sustainable fund-raising mechanisms. Many NGOs established after 1989 followed donor-set agendas, which did not necessarily overlap with the goals and objectives of the civil society that these NGOs were meant to represent. Many foreign donors withdrew from Bulgaria after the country joined the European Union, and many Bulgarian organizations readjusted their activities to fit new, European funding agendas. Furthermore, European funding is distributed by the state, which puts NGO independence at risk should preference be shown to those NGOs that are supportive of government policies and programs. *Bulgaria's rating for civil society remains unchanged at 2.50.*

Independent Media. Print media in Bulgaria are generally free from state interference. Libel is still a criminal offense in the penal code, but in most cases the courts interpreted the law in favor of journalistic expression. According to several international organizations monitoring media development and performance, Bulgarian media are not fully independent from direct economic and indirect political interests. An alarming trend has developed of law enforcement agencies interfering in media independence, and cases of violence against journalists. In August 2008, the State Agency for National Security (SANS) investigated and shut down the Internet news portal, Dangerous News, which contained information about alleged relations between SANS and individuals linked to organized crime. A journalist thought to be behind the news portal was beaten shortly thereafter, and most suspect that the attack was related to his work. It was later revealed that SANS had carried out a separate investigation of several Bulgarian media outlets and even Members of the Parliament with the vague justification of alleged leaking of classified information. *Owing to these cases of law enforcement agency interference in media independence, and the violent attack against a journalist, the country's independent media rating worsens from 3.50 to 3.75.*

Local Democratic Governance. During 2008, Bulgarian municipalities received several opportunities to develop their governance capacities. First, beginning in 2008 municipalities were allowed to set local tax rates at their discretion within nationally defined limits. Second, due to a package of reforms on secondary education, municipalities were better equipped to decide whether and how to participate in the financing of municipal schools. Third, European Union structural funds allowed municipalities numerous opportunities to formulate development projects and obtain generous funding. *While positive structural developments in the area of local governance continued in Bulgaria in 2008, their results remain to be seen, which justifies retaining the local democratic government rating at 3.00.*

Judicial Framework and Independence. The judicial system faced mounting pressure to undergo reforms from Bulgarian civil society, media, and through various bodies of the EU. Yet, the official bodies of the Bulgarian judiciary have thus far reacted to and commented on reports, criticisms and recommendations in a manner that suggests that opposition to reforms will continue from within the judicial system. *The increased pressure to reform the Bulgarian judiciary, and ongoing resistance from within the system justifies worsening Bulgaria's rating for judicial framework and independence from 2.75 to 3.00.*

Corruption. In 2008, a series of small steps were made towards improving the institutional framework for fighting corruption. However, a major corruption scandal related to conflict of interest in the road agency triggered the freezing of major capital transfers to Bulgaria, and was added to a list of corruption-related problems already under investigation regarding Bulgaria's misuse of European funds. *The events and information which transpired during 2008 indicate that actual corrupt practices and networks in Bulgaria are more deeply embedded and serious than previously thought, warranting a downgrade in Bulgaria's corruption rating from 3.50 to 4.00.*

Outlook for 2009. General elections slated for June will be a key event in 2009. Public opinion polls from the end of 2008 suggest that the political formation Citizens for European Development of Bulgaria (GERB) is most likely to win. Whatever form the new government takes, it will face several crucial policy challenges related to improving the management of EU assistance funds, fighting organized crime and corruption, enacting judicial reform, and responding to the global financial crisis.

MAIN REPORT

National Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.25

The current Constitution of Bulgaria has been in place since 1991; it provides for a system of governance featuring a parliamentary regime and checks and balances guaranteed by the legislative, executive, and judicial branches. Citizens are involved in the political process through elections, consultations during the legislative process, civil society organizations and the media. Bulgaria's political system is stable, with two consecutive governments having served their full constitutional terms without any major political disturbances, and a third government well under way. Democracy has firmly taken root in society, and even though the public voices its dissatisfaction with the performance of Bulgarian democracy, no alternative non-democratic projects exist.

Bulgarian citizens and media have access to government information under the Law on Access to Public Information, in force since 2000. The law includes a mechanism to initiate proceedings when these rights are violated. In recent years citizens and civil society organizations have actively exercised their right to information. Yet, the state administration is not frequently willing to publish public information as the law requires. In many cases, motives such as commercial secrets and the interests of third parties are used to refuse or limit access to public information without sufficient grounds to do so.

Beginning in 1990, Bulgaria began a slow and difficult process of economic liberalization and privatization. Currently, state influence over the economy is much less significant than the free market forces of the private sector, and there are no significant government barriers to economic activity in the country.

Bulgaria has a one-chamber National Assembly; a 240-member legislature directly elected for a four-year term. Until 2001, the Bulgarian 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). Between 1995 and 2001, one of these parties had a majority in the Parliament, and the center of actual decision making shifted from the National Assembly to the government and political party leadership. This ended with the victory of the National Movement Simeon II (NMSS) 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.

The Bulgarian National Assembly receives sufficient resources to meet its constitutional responsibilities and has established strong committees and subcommittees.

It also consults with a considerable number of experts and NGOs in the legislative process. Committee hearings and legislative sessions are open to the public and the media, and most bills are posted on the Parliament's Web site.

The second year of Bulgaria's membership in the European Union proved rich in disappointments. Several scandals broke out in the first part of the year, revealing that the mismanagement of financial assistance provided to the country through EU funds had led to numerous irregularities and corruption. As a result, payments under several EU funding programs were suspended. In June 2008, a leaked OLAF (European Anti-fraud Office) report linked several donors of the ruling Bulgarian Socialist Party and President Georgi Purvanov to misuse of financial resources received as part of EU assistance to Bulgaria. Furthermore, the Bulgarian government came under strong criticism in the European Commission Report on Progress in Bulgaria under the Cooperation and Verification Mechanism for failing to effectively counteract high-level organized crime and corruption. Thus, in 2008 the government appointed a separate minister responsible for the management of the European funds. Yet, assistance under several EU funding programs remains suspended and Bulgaria is at risk of losing further EU financial assistance due to missed deadlines.

The Bulgarian military and security services went through reforms during Bulgaria's NATO candidacy. As a result, more information is currently available to the public and NGOs, especially regarding the activities of the Ministry of Defense. Insufficient progress in combating corruption and organized crime, however, has caused the government and Parliament to establish changes to the internal security system. The State Agency for National Security (SANS) began operating in January 2008 with the task of guarding national security and investigating grand corruption and organized crime. But, the agency was involved in several scandals that raised questions about the democratic oversight of its activities, and led to the establishment of a parliamentary committee to monitor and control the organization.

Electoral Process

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2.25	2.00	2.00	2.00	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. Some recent problems aside, elections since 1991 have been free, fair, and in compliance with electoral law. The last parliamentary elections in 2005, presidential elections in 2006, and European Parliament elections in May 2007 were also generally assessed as free by all political parties and observers. However, the last local elections, held in October 2007, as well as some local interim elections in 2008, demonstrated some of the negative effects of the increasing commercialization of politics. 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.

According to the Bulgarian Constitution, all citizens over 18 years of age have the right to vote by secret ballot. Bulgaria has a proportional electoral system for parliamentary elections, which ensures fair polling and honest tabulation of ballots. Until 2005, legislation for parliamentary elections provided all political parties, coalitions, and candidates with equal campaigning opportunities. However, amendments to the electoral law in 2005 required a monetary deposit in order to register MP candidates. The rationale for the amendments was to reduce the number of parties participating in elections since many do not represent actual social interests and only contribute to voter confusion. As a result, the number of registered parties and coalitions decreased from 65 in 2001, to 22 in 2005.

In December 2006, a new political formation, Citizens for European Development of Bulgaria (GERB), was established by the mayor of Sofia, Boyko Borissov. GERB managed to create stable local organizations and achieved positive results in the 2007 European Parliament and local elections. GERB is currently not represented in the legislature, but public opinion polls from the end of 2008 predicted that the political formation would likely take the lead in the 2009 general elections.

The Bulgarian Constitution guarantees all citizens the right to organize political 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; or that create secret military structures. Additionally, the Constitution prohibits the establishment of organizations that achieve their goals through violence. The Attack coalition was the first to use anti-minority statements in a campaign, which led a broad alliance of NGOs to initiate a court case against the coalition.

Political party registration is transparent and uncomplicated and requires a threshold 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. Voter turnout in the October 2007 local elections was 42 percent in the first round and 29 percent in the second round. Voter turnout in the European Parliament elections held in May 2007 was 29 percent. This low number reflects a growing distance between voters and politicians based on public disappointment with government reforms from both the Left and the Right.

The general legislative framework in Bulgaria 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 current governing coalition, MRF is well represented at all levels. However, there are problems that have become clearly visible over the last several years. The MRF has created a monopolistic, strict, and hierarchical clientelistic structure that controls the lives of Bulgarian-Turks not only politically but economically. In practice, few

political options exist for Bulgarian-Turks, since the MRF is the only party that guarantees economic protection and development in return for votes. In September 2008, the chief of the political cabinet of the leader of MRF killed himself in a party building, raising serious concerns in the general public and the media about the methods of financing used by the ethnic Turkish party, and the way it participates in the political life of the country.

By contrast, the Roma minority 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 fact that a political party consolidating and representing Roma interests at the national level still does not exist, despite attempts to create one.

Civil Society

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.75	3.50	3.25	3.25	3.00	2.75	2.75	2.50	2.50	2.50

The Bulgarian Constitution guarantees citizens the right to organize freely in associations, movements, societies, or other civil society organizations. There have been no administrative or other barriers to NGOs over the last 18 years, nor do they experience significant state or other influence on their activities, which are regulated by the Law on Non–Economic Purpose Legal Entities.

At the end of 2007, the Bulstat Register indicated that 26,696 nonprofit organizations were registered in Bulgaria. Of these, 83 percent were foundations, and the remaining 17 percent were societies. The number of active groups is not known, but according to the Central Register for Nonprofit Legal Entities, in 2008 there were 6,544 registered nonprofit organizations working for the public benefit. Both private and public benefit NGOs are involved in human rights, minority issues, health care, education, women’s issues, 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.

The growth of civil society in Bulgaria after 1989 follows the emergence of programs and grants for NGO development. The sector was formed with a top-down approach led by donors. A positive result of the donor-driven emergence of Bulgarian NGOs is their well-developed instructional framework, human resources, and networking capacity. However, one of the major shortcomings is their inability to involve the community in decision making. NGOs expect resources from the central and local governments but do little to empower their own target groups within the community. Thus, citizen participation in civil society primarily takes the role of passive beneficiary.

Most ethnic and religious groups, including Turks, Roma, Muslims, Armenians, and Jews, have their own NGOs engaged in a variety of civic activities. Although the Roma ethnic minority is not represented in government, some Roma NGOs function as political discussion clubs and proto-parties. The Orthodox Church remains the most influential religious group in Bulgaria, but only a small percentage of the population attends services regularly. Anti-liberal nonprofit institutions are constitutionally banned, and none are officially registered. Several informal organizations could be considered anti-liberal, but they have little public influence.

NGO registration is inexpensive and takes approximately one month to complete. Public NGOs are not obliged to pay taxes on their funding resources, but they must be listed and report their activities annually in the register. NGOs are allowed to carry out for-profit activities, provided the work does not clash with their stated organizational aims and is registered separately. Groups must pay normal taxes on all such for-profit work, and they must invest all net profits in their main activities.

A significant number of large foreign NGOs and their donors withdrew from Bulgaria after the country joined the European Union in 2007 causing funding problems for some organizations. On the other hand, the accession of Bulgaria into the EU has opened new funding possibilities. European funding is distributed by the state, putting NGO independence at risk and favoring those NGOs that are supportive of government policies and programs. There are clear cases of conflicting interests where the state funds certain NGOs to monitor their performance in some policy fields related to European integration without sufficient guarantees of the neutrality of the process.

Despite these issues, there were some positive recent developments in Bulgarian civil society. Environmental organizations managed to engage a large number of young people in protest campaigns against unregulated construction projects on the Black Sea and at mountain ski resorts. In 2001, a permanent parliamentary Committee on the Problems of Civil Society was created to serve as a bridge between civil society and the Parliament, reflecting the government's changing attitudes toward the NGO sector. The committee's public council includes 21 members representing 28 NGOs. Other parliamentary committees recruit NGO experts as advisers for public hearings on issues of national importance. Despite this positive practice, no formal mechanism exists for consulting civil society in the development of legislation.

The partnership between the media and NGOs has become reliable and stable. However, partnerships between civil society and the government continue to work primarily on a project-based approach. As noted by Balkan Assist, interaction between the government and civil society is most often built on the "opportunistic" goal of securing financial resources from international or domestic government funders.

The activities of interest groups are largely unregulated. Bulgarian think tanks have advocated for increased transparency and decreased clientelism and have

repeatedly urged the Parliament to legalize and regulate lobbying. As a result, the Committee on the Problems of Civil Society launched a bill in 2002 calling for the registration of lobbyists, but there were still no developments on this legislation at the end of 2008.

Bulgaria has three major independent trade unions, and the rights of workers to engage in collective bargaining and strike are protected by law. Trade unions take part along with the government and employers in the Tripartite Commission for Negotiations on various issues. There are also a growing number of farmers groups and small-business associations. The activity of trade unions is focused mostly on bargaining with the government for common social policies rather than protecting the labor rights of employees in private companies.

Bulgaria's education system is largely free of political influence and propaganda. Low wages and poor funding for secondary education led to a teachers strike in September–October 2007. The government consented to raise teacher salaries in exchange for an agreement on a package of reforms. According to data from the National Statistical Institute for 2007–2008, there are 5,782 educational institutions in Bulgaria, including 2,456 child care centers, 2,563 primary and secondary schools, 503 professional schools, and 53 colleges and universities. Of these, 363 are privately owned, including 36 child care centers; 120 primary, secondary, and professional schools; and 16 colleges and universities.

Independent Media

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.50	3.25	3.25	3.50	3.50	3.50	3.25	3.50	3.50	3.75

The Bulgarian Constitution proclaims that media are free and shall not be subject to censorship, and the country's media freedoms are further developed in legislation. A court decision is required for an injunction or confiscation of printed matter or other media. The right of citizens to seek, obtain, and disseminate information is also guaranteed by the Constitution and the Law on Access to Public Information. Legal framework aside, the 2008 Media Sustainability Index of the International Research & Exchanges Board, reports that some political and economic interests are posing obstacles to the proper implementation of the laws related to media freedoms. Additionally, Bulgarian society is not fully utilizing freedom of speech as a fundamental right.

There is still no specific legislation protecting journalists from victimization by state or nonstate actors. Libel, which can include criticizing government officials, is a criminal offense in the penal code. Both prosecutors and individual citizens can bring libel charges, with penalties running in some cases as high as US\$13,300. Since the penal code was amended in 2000, a number of cases have been brought forward, but in most cases the courts interpreted the law in a manner

that favored journalistic expression, with only a few convictions. The previous prosecutor general filed several charges of illegal use of surveillance devices against reporters investigating corruption. However, the policy of the prosecutor general in 2008 leaned in favor of journalistic expression. Shortly after taking office, the current prosecutor general canceled a preliminary investigation of BBC journalists who created the film *Buying the Games*, in which former Bulgarian International Olympic Committee member Ivan Slavkov was accused of corruption.

In general, there is free competition among media outlets and differing viewpoints are presented. Print and electronic media have successfully emancipated themselves from governmental control, though the state-owned National Radio and National Television are still not sufficiently independent from the state. They are governed directly by the Council for Electronic Media (CEM), whose nine members are appointed by the National Assembly and the president. Although the CEM is not under government orders, the parliamentary majority approves its budget. Throughout its existence, the council has had a reputation of political dependence. CEM is also responsible for licensing private electronic media. Many experts assess the process of media licensing as overcomplicated, lengthy and politicized.

While media in Bulgaria are generally free from direct government interference, it is not clear whether they are independent of special interests, either political or economical. According to the 2008 Media Sustainability Index prepared by the International Research & Exchanges Board, the process of ownership consolidation in the media sector poses a danger to smaller and regional media. This might have a negative impact on the plurality of sources of information. Often, topics covered by the media are dictated by the ownership's business priorities or political affiliation, and journalistic self-censorship is officially disguised as editorial policy, especially in regional media, which are more exposed to pressure from advertisers or local political interests.

Reporters without Borders has stated that despite the existence of universal and equal suffrage, media pluralism, and constitutional guaranties, freedom of media in Bulgaria continued to deteriorate in 2008. They ranked the country 59th in their annual survey—the lowest score among all members of the EU, and 20 points lower than last year.

In August 2008, the State Agency for National Security (SANS) investigated and shut down the Internet news portal, Dangerous News due to an alleged leak of classified information. Soon afterwards, a journalist from Frog News (another Internet news portal) was attacked and beaten. There are suspicions that the attack was related to his work on Dangerous News, which involved information about alleged relations between the SANS and members of organized crime. It later became clear that SANS had carried out investigations of many Bulgarian media outlets and even members of Parliament with the vague justification of alleged leaking of classified information. All of these events are indicative of the environment in which Bulgarian media operate, and the threats to freedom of speech in the country.

With the exception of a few local newspapers and the official *State Gazette*, all print media in Bulgaria are privately owned. Overall, there are more than 500 newspapers and magazines. At the end of 2007, the nation's largest newspapers were *Troud*, *24 Hours*, *Standard*, *Monitor*, *Sega*, *Novinar*, *Douma*, *Dnevnik*, and the weeklies *Democracia Dnes* and *Capital*. *Troud* and *24 Hours*, which enjoy the highest circulation, are owned by the German publishing group Westdeutsche Allgemeine Zeitung. The newspaper market includes many other dailies, guaranteeing that readers have a broad selection of information sources and points of view.

As of 2008, there were 210 radio stations in Bulgaria. Of these, 169 are wireless and 41 are cable and satellite broadcast. There are 213 television stations in the country, 3 of which reach national audiences through wireless broadcasting.¹

The public's interest in politics has declined over the last few years, which has resulted in a decrease in circulation at the top newspapers, especially those with ties to political parties. Only the BSP-affiliated *Douma* maintains wide public significance. Low public interest in newspapers has led to their increased commercialization. It is often suspected that newspapers are used by different economic players to pursue financial or political interests. The largest private newspapers are printed by IPK Rodina, a private-owned print house.

Among Bulgaria's most important journalistic associations are the Media Coalition and the Free Speech Civil Forum Association; another, the Journalists Union, is a holdover from the Communist era currently attempting to reform its image. More than half of the journalists in Bulgaria are women. The publishers of the biggest newspapers are united in their own organizations, such as the Union of Newspaper Publishers. 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.

The Bulgarian media code of ethics, signed in 2004 by 160 national and regional outlets, includes standards for the use of information from unidentified sources, preliminary nondisclosure of a source's identity, respect of personal information, and nonpublication of personal pictures of children (unless it is in the public interest). Adopting the code of ethics demonstrated that Bulgarian media have matured enough to assume self-regulation. As a next step, two commissions on ethics in all media began to collect and deal with complaints and infringements of the code in 2006. The major functions of the commissions include promoting adherence to the code, resolving arguments between media outlets and audiences, and encouraging public debate on journalistic ethics.

The Internet in Bulgaria is free from regulation and restrictions, and access is easy and inexpensive. Over the last few years, the number of Bulgarian Web sites has grown significantly. According to data reported by the Alpha Research polling agency in May 2008, the percentage of adult Bulgarians who have access to the Internet has expanded to 31 percent over the last year.

Local Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	3.50	3.00	3.00	3.00	3.00

The municipality, with an elected municipal council and mayor, is the basic unit of local governance in Bulgaria. Municipalities can formulate and implement policies, own property, make budgets and conduct financial transactions. The public's right to hold local referenda and general assemblies is also envisaged by the Constitution.

In 2008 municipalities utilized a 2007 constitutional amendment allowing municipalities in Bulgaria to set local tax rates at their own discretion, within limits set by the National Assembly. Furthermore, reforms in secondary education initiated in 2008 allowed municipalities to support local schools by augmenting the nationally delegated budgets. A third important development was the introduction of EU structural fund financed projects, many of which benefit local governments or focus on the municipality. While these three developments represent a structural change in the institutional capacity of Bulgarian municipalities in the direction towards greater autonomy from the national budget, it is too early to tell how successfully municipalities are coping with this increased capacity.

Local by-elections were held in several Bulgarian towns in 2008. According to media reports, the practice of vote-buying in local elections continued, but two relatively new points should be noted. First, several persons were charged with, and a few were sentenced for, vote-buying following the by-election in Sandanski. Second, a general evaluation indicates that vote-buying is not a very effective way for special interests or shady money to secure seats in the local parliaments. At the same time, some smaller municipalities in Bulgaria remain relatively vulnerable to powerful local interests, while their administrative capacities in formulating policies and delivering services to their residents remain limited.

Judicial Framework and Independence

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.50	3.50	3.50	3.50	3.25	3.25	3.00	2.75	2.75	3.00

Basic rights such as the freedom of expression, of association, and of religious beliefs, as well as the rights to privacy, property and inheritance, and economic initiative and enterprise, are enshrined in the Constitution, further defined and regulated in national legislation, and generally protected in practice. Major problem areas are discrimination against the Roma minority and against certain religious beliefs, cases of abuse of the rights of suspects, and significant delays in judicial decisions.

The Bulgarian judiciary provides an effective check on both the legislature and the executive. The Supreme Judicial Council consists of 25 members appointed

for five-year mandates in a manner preventing complete political control over the Council. 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 Judicial Council, with rotating 9 year mandates. Both bodies have successfully opposed government decisions and acts of Parliament. The two supreme courts have also made decisions in favor of citizens against government bodies on numerous occasions.

The Supreme Judicial Council appoints and dismisses Bulgarian judges. In 2008, the Supreme Judicial Council continued to sanction judges with unsatisfactory performance. The authority of the courts is recognized, and judicial decisions are effectively enforced in Bulgaria.

Among the three branches of government, the judiciary is highly independent and creates an imbalance in democratic accountability. In 2007 annual reports from the three highest figures in the judicial branch to Parliament on the state of the judiciary were introduced, as well as a change to the Law on the Judicial System to make the Supreme Judicial Council a permanent body whose members are no longer engaged in everyday work as judges, prosecutors, or investigators. In 2008, an inspectorate of the Supreme Judicial Council was tasked with investigating procedural deficiencies and disciplinary cases in the judiciary. Despite these positive institutional and legal developments, judicial performance has not significantly improved, especially in regards to proceedings against individuals involved with organized crime and corrupt state servants. The Bulgarian judicial system remains under review by the European Commission, which in its July 2008 evaluation marked some progress, but noted the need for further improvements.²

Parliament adopted changes introducing an independent inspectorate for monitoring the judicial system and a new Judicial System Law in 2007 in response to a European Commission report³ on judicial sector reforms in Bulgaria. As a result, the SJC became a permanently sitting body,⁴ with the expectation that this would improve its capacity and incentives to exert *de facto* control over the activities of the Bulgarian magistrates. However, the 2008 report by the European Commission⁵ suggests that while improvements in the Bulgarian judiciary continue, positive developments in legislative changes and action plans still need to be followed by practical implementation and actual results.

Throughout 2008 formal and informal sources of monitoring and evaluating the judiciary became visible. Firstly, in 2008 the independent inspectorate of the judicial system began publishing monitoring reports, which were both discussed in the Supreme Judicial Council and widely covered in the media. Secondly, business organizations began organizing events highlighting the problems Bulgarian businesses have with inconsistent judicial practices, lengthy procedures, and especially issues related to the security of property rights due to judicial decisions. Concrete cases under discussion included several attempts to fraudulently register governing bodies of private companies, submitting false documents, and relying on insufficient checks on the part of the judiciary. Another problem area concerned low level courts disregarding the decisions of higher courts, and setting

disproportionately severe limitations on the activities of companies as a guarantee of future claims against them. A third problem area, which has the potential to become a very significant problem in light of the economic crisis, is the lack of experience and established practices in enforcing insolvency legislation, which came to light during court decisions related to the insolvency procedure of the largest steel plant in the country.

Despite these two additional sources of pressure on the judicial system, the expectation that this added pressure will lead to actual changes and results needs to be moderated by the opposition from within the Bulgarian judiciary to reform pressures. This opposition became clearly visible in the official and unofficial reaction from the Supreme Judicial Council and individual representatives of the judicial branch to the findings and recommendations of both the European Commission and the Bulgarian judicial inspectorate.

Corruption

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50	4.00

Bulgaria has a growing structure of governmental bodies fighting corruption, but coordination between these bodies is lacking and there is no clear definition of the responsibilities for achieving anti-corruption aims.

In 2008, the results of changes to the Law on Publicity of the Property Owned by Persons Occupying High State Positions in 2007, which gave the National Audit Office the right to cross-check the declarations of high officials, politicians, or parties, could be seen as personal declarations became more numerous and detailed. This has attracted media interest, and led to extensive coverage of the issue. Furthermore, political parties became more sensitive to issues related to party financing, and in October 2008, proposed legislation envisaging important changes aimed at decreasing the dependence of parties on non-transparent private donations.

At the outset of 2008, two additional, institutional changes contributed to the gradual decrease in state involvement in economic activities of private, economic agents: a flat 10 percent personal income tax rate decreasing the incentive for tax evasion, and the transfer of the process of registering new companies from the courts to an agency in the executive. The latter was associated with a drop in administrative barriers in the registration process, and the possibility to register online. While in the long term this is expected to represent a major alleviation of administrative burden, many Bulgarian businesses experienced difficulties registering in the transition period from the old procedures to the new ones. Despite the short-term problems, the World Bank's *Doing Business* survey noted the reform with a 22 place improvement for Bulgaria in the category "registering a new business" for 2008.

The Bulgarian economy is free from excessive state involvement. The private sector produces more than 80 percent of the gross value added and provides about 75 percent of the country's employment. The budget proposal adopted by the government envisages a surplus in 2009. The ratio of state budget expenditures to gross domestic product was less than 39 percent in 2008, but the government proposed an increase in capital expenditures for 2009 as a reaction to the economic crisis, which will most likely increase this ratio. In 2008 the Heritage Foundation indicated a slight increase in the degree of economic freedom in Bulgaria from 62.2 to 62.9 points.⁶

A major corruption scandal broke at the end of 2008, after earlier in the year a Bulgarian newspaper published information about a major conflict of interest in the executive road agency. The government was slow in responding to this information, which triggered an in-depth investigation by the European Commission. The case was combined with ongoing investigations into conflict of interest and fraud, all related to potentially corrupt practices in various European pre-accession programs in Bulgaria. The Bulgarian government reacted by introducing structural changes—creating the position of a deputy prime minister responsible for the administrative capacity of absorbing European funds, closing down the previous road agency and creating a new one with a different status and level of accountability, adopting conflict of interest legislation, and changes in the public procurement legislation towards more competitiveness and higher transparency. However, by the end of July the European Commission decided to block a significant portion of the funds for Bulgaria and to temporarily deny the accreditation of two payment agencies. At the end of November, the European Commission made a final decision to permanently strip the two agencies of their accreditation, and thus cancel a significant portion of remaining pre-accession funds. The main argument of the Commission is that Bulgaria, after two years of membership in the EU, still cannot show concrete results in its fight against corruption and organized crime, and cannot be entrusted with spending European taxpayers' money.

The scandal gives ground for two important, albeit differing, inferences. On the one hand, the information which transpired during the scandal indicated that the degree of penetration of corrupt practices and of lack of capacity of the executive to resist such practices in Bulgaria are significantly higher than previously thought. As an example of such reevaluation, the Transparency International index of corruption perceptions in the country, released in the middle of 2008, marked a significant worsening from 4.1 to 3.6. On the other hand, the scandal itself, as well as the active participation of the media covering it, indicates that the Bulgarian public is highly sensitive to corruption, and, with EU assistance, is making it the focus of the governmental agenda.

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- ¹ Data from the registers of the Council for Electronic Media (CEM).
 - ² Report from the Commission to the European Parliament and the Council On Progress in Bulgaria under the Co-operation and Verification Mechanism, Brussels, July 23, 2008.
 - ³ *Report from the Commission on Bulgaria's progress on accompanying measures following accession*, (Brussels: European Commission, June 27, 2007).
 - ⁴ Before this change the SJC consisted of acting magistrates (judges, prosecutors and investigators), who were sitting with the Council while simultaneously performing their routine magisterial tasks. Today they are separated from such tasks and sit with the Council full time.
 - ⁵ Report from the Commission to the European Parliament and the Council On Progress in Bulgaria under the Co-operation and Verification Mechanism, Brussels, July 23, 2008.
 - ⁶ *2008 Index of Economic Freedom*, The Heritage Foundation and The Wall Street Journal.

