

# Bulgaria 2014



**Total: 79.35**

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## Quick facts

Population:	7.2 million
Unemployment rate:	11.52 %
GDP:	55.84 billion \$
GDP growth rate:	1.71 %
GDP per capita:	7750 \$

## Political Freedom

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### Free and Fair Elections : 8.57

The legal framework in Bulgaria provides a sound basis for the conduct of free and fair elections. A number of laws - amongst them Constitution, the Electoral Code, the Law on Political Parties, the Law on Assemblies and the Criminal Code - are in place to guarantee the democratic electoral process. Yet, Bulgaria remains the only EU member state, whose elections have been thoughtfully observed by various international institutions, due to massive irregularities when it comes to the practical implementation of the electoral legislation.

The National Audit Office is responsible for the oversight of the party campaign financing. Due to loopholes, however, political parties could hold off their financial reports, thus undermining transparency and timely accountability.

### Absence of Unconstitutional Veto Players : 5.83

The institutional and legal framework of Bulgaria guarantees the independent functioning of the democratically elected government and restricts the existence of traditional unconstitutional veto players.

Interest groups, however, wield power over various sectors of the economy and public life, which undermines public confidence in the state authorities. Additionally, massive corruption scandals, misuse of EU funds, as well as alleged cases of abuse of power, with state officials involved, marked the year 2014. Since 2013, a trial against the former Minister of Interior, Tsvetan

Tsvetanov, for not imposing controls over employees and thus allowing illegal wiretaps of politicians and businessmen, is still on.

At the last elections, two highly populist and nationalist parties (ATAKA and Patriotic Front) gained altogether 30 seats out of the 240 in the National Assembly, becoming a significant factor in the Parliament's agenda. Their public statements go far beyond hate speech and often turn into a direct harassment towards the national minority groups, which represent over 15 per cent of the total population of the country.

## **Freedom of Press : 4.3**

Bulgaria is the worst of the EU countries when in terms of Press Freedom. The 2014 "Press Freedom Index", published by "Reporters without Borders", ranks the country at the place 100 out of 180 countries worldwide, which is a drop of 20 places for the last two years. The reasons for the ever deteriorating media environment are manifold.

The years 2013 and 2014 were marked by continuous street protests calling for government's resignation and increased accountability, in which both demonstrators and media reporters suffered police violence. The origins of those protests lay in the scandalous appointment of a media guru, with a highly disputable background, as the Head of the National Security Agency. The lack of transparency in the media ownership allowed government-related interest groups to substantially obstruct the media climate and bias the media, TV outlets and printed press.

Cases of independent journalists or media feeling suppressed have been reported, but not one prosecution has been launched. The role of the social media as a place for free information-flow has drastically risen.

## **Rule of Law**

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### **Independence of the Judiciary : 2.92**

Judiciary is among the least trusted. Citizens name it as the most corrupt of all major state institutions. Gap between state-of-the-art legislation and practice is huge indeed. Despite significant improvements due to reforms as of 2012, there is still political party influence on the appointment of the highest judicial bodies, preventing them in the role of defenders of judiciary autonomy. A number of appointments, including constitutional court judges, were contested because of political influence, thus lack of transparency, clear criteria or true competition. However laws or other rules are clear, concrete procedures of nomination or evaluation of senior magistrates or judges are often under-transparent. There are politically coloured disputes about allocation of workloads and ways on how to diminish the backlog of cases and improve efficiency. Civil society (primarily NGOs) are playing an important role in defending independence of judiciary, implementation of the existing rules and urging for necessary further reforms.

### **Corruption : 4.1**

Corruption is widespread and deeply rooted. In 2013, Bulgaria was ranked as the 77th of 177 countries. Its CPI has stagnated at 41 points. Citizens pointed out (via GCB 2013) at judiciary as

the most corrupt field, followed by health care services, political parties and legislative bodies. But beneath those visible manifestations, there is a much more dangerous and persistent layer, a sort of informal unholy alliance, by political-corporate oligarchy, corrupt political elites and traditional media, poised to keep the state captured, protect corruption practices and trade influence. Not to mention the presence of organized crime and the increased influence of foreign authoritarian regimes and their quasi-companies. Political corruption distorts the process of decentralization, whereby mayors loyal to central government use to receive most of the money from the regional development funds (e.g. in 2014, estimated 90-133 BGN p/c against ca. 15 BGN p/c in opposition-led municipalities). Bulgaria's accession to the EU was to a degree politically driven. Same as to Romanian, EU has struggled hard to offer incentives to Bulgarian authorities to reform themselves. One of the ways is the so called "Cooperation and Verification Mechanism", whereby the annual progress has been monitored in the fields of reforming judiciary, promoting integrity and combating corruption and organized crime. In the last report on Bulgaria, as of January 2014, the EC warned that widespread corruption had serious impact on the willingness of businesses to invest in the country. Business community has been losing the last traces of trust in the neutrality of public procurement. Instead of targeting irregularities in the public sector, the Conflict of Interest Commission itself was politically influenced. Various well-meant anti-corruption projects failed. Above all there is a lack of successful pursuit of high level corruption cases. Civil society tries hard, but to a meager avail, to reverse the recent involution trends. Instead of corrupt and compromised traditional media, NGOs and new civic initiatives use blogs and new online social networks to offer alternative information and press politicians for more accountability.

## **Protection of Human Rights : 6.61**

Seven years after accession, human rights are still protected far below average EU standards. Considerable improvements have been lately achieved regarding less arbitrary arrests, less risk of extrajudicial killings, better treatment of refugees and a bit more protection at the workplace. In numerous other fields, situation is worsening. Torture or abuse in overcrowded prisons is widespread. Despite some post-2007 improvements, human, including sex trafficking persisted, whereby Bulgaria was both a source and a transit route. Minority rights are in bad shape. Among ethnic minorities, Romany and Macedonians are worse protected. "Non-traditional" (new or small) religious communities are unequal to "established" religions. Regarding LGBTs, social conservatism hinders any change. Violent homophobia persists, incited even by some local priests. Same-sex households are discriminated in many ways. Pride Parade has been held in Sofia annually, with ever less counter-violence, while in some smaller towns such events are banned. Civil society is strong and is among major obstacles to even worse developments. Freedom of speech is sub-average, among other reasons also because of illicit monopolies in traditional media, whose alliance with other commercial or political monopolies is notorious.

## **Economic Freedom**

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### **Security of Property Rights : 4.63**

Private property is not adequately protected in Bulgaria. As in other countries in the region, one of the main reasons is the judicial system: courts are partial and prone to being externally influenced which raises questions regarding the integrity of the whole legal system. Furthermore, court procedures are ineffective, time consuming and costly. Another important weakness is the

unreliability of the police in the country. All these factors combined play into the relatively low score regarding property rights. In order to improve the situation, reforms of the legal system should be undertaken. But this is unlikely to happen due to the lack of political will.

## **Size of Government: Expenditures, Taxes, and Enterprises : 7.79**

Bulgaria performs above average in this indicator. The main reasons for its good performance are low government consumption, transfers and subsidies. Furthermore, the level of public debt is less of an issue in Bulgaria. It peaked at 17.6% of GDP in 2013. – the highest level since the beginning of the recent global recession but is still negligible compared to neighbouring Greece or the EU average. But there are also some negative aspects: government expenditures increased by almost three percentage points (from 34.4% to 37.3% of GDP) in order to boost slow growth. Transfers and subsidies are still present among publicly owned companies but their amount has been reduced from pre-2012 levels.

## **Regulation of Credit, Labour, and Business : 7.12**

The regulatory framework in Bulgaria is a mixture of modern liberal laws and some more restrictive ones. Regulations regarding credit and labour are Bulgaria's strong points. There are no significant costs of collective bargaining and the minimum wage is kept relatively low compared to the average salary (approximately 34% in 2013). Only hiring and firing procedures may need improvement. All these factors lead to significantly lower level of unemployment in Bulgaria compared to the other countries in the region (about 13%, while it stood at 27% in Greece, 30% in Macedonia and 21% in Serbia). Business regulations on the other hand are less favorable. Red tape and complicated administrative requirements incur high costs on businesses.

## **Freedom to Trade Internationally : 8.78**

Bulgaria fosters freedom to trade internationally. Being an EU member, it has to abide by the EU common trade policy, which is mostly liberal. Therefore, Bulgarian foreign trade is generally liberalised, although there is room for improvements. Tariffs are generally low, but regulatory barriers to trade and controls on movement of foreign resident workers are still present. Bulgaria's main trade partners are the EU countries, Turkey and Russia.