

Bulgaria

by Maria Spirova

Capital: Sofia
Population: 7.3 million
GNI/capita, PPP: US\$15,210

Source: The data above are drawn from the World Bank's *World Development Indicators 2015*.

Nations in Transit Ratings and Averaged Scores

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Electoral Process	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25
Civil Society	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25
Independent Media	3.25	3.50	3.50	3.75	3.75	3.75	3.75	4.00	4.00	4.00
National Democratic Governance	3.00	3.00	3.00	3.25	3.25	3.50	3.50	3.50	3.75	3.75
Local Democratic Governance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Judicial Framework and Independence	3.00	2.75	2.75	3.00	3.00	3.00	3.25	3.25	3.25	3.50
Corruption	3.75	3.75	3.50	4.00	4.00	4.00	4.00	4.00	4.25	4.25
Democracy Score	2.93	2.89	2.86	3.04	3.04	3.07	3.14	3.18	3.25	3.29

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

Since the collapse of communism, Bulgaria has consolidated a system of democratic institutions and joined its neighbors as a member of the North Atlantic Treaty Organization (NATO) in 2004 and the European Union (EU) in 2007. A number of general, presidential, and local elections have been held freely, fairly, and without disturbance.

These successes notwithstanding, political stability has eluded Bulgarian politics in the last few years and the country's democratic institutions have displayed a number of weaknesses. Since 2012, Bulgaria has had three governments and two caretaker cabinets. Inefficiency and graft within the political system as a whole, and the judiciary in particular, are considered major obstacles in the country's fight against high-level corruption and organized crime. Public trust in democratic institutions is low, and some ethnic minorities face discrimination. In 2014, the country struggled with a banking crisis that grew out of the cozy relationship between businessmen and politicians. Following months of political gridlock, in October, Bulgaria held its second early elections in less than 18 months.

National Democratic Governance. Plamen Oresharski's center-left government collapsed in July 2014. Months of protests and a banking crisis in June exacerbated political gridlock, and Bulgaria held early elections in October. The right-wing Citizens for European Development of Bulgaria (GERB) returned to power, in a coalition with the center-right Reformers' Block (RB) and the informal support of two other parties. Natural disasters during the summer put a dent in economic growth, and the country walked a tightrope during the South Stream pipeline negotiations, balancing Russian and European Union (EU) engagements. *Bulgaria's national democratic governance rating remains unchanged at 3.75.*

Electoral Process. The parliament adopted a new electoral code in March with some disputed changes. The May European Parliament (EP) elections bolstered GERB's popularity, and the party finished first in early parliamentary elections in October. A record number of parties won seats, but voter turnout hit an all-time low of 49 percent. Observers said the elections were conducted in a free and fair manner but noted a number of irregularities. *Bulgaria's electoral process rating remains unchanged at 2.25.*

Civil Society. The 2013 protests galvanized civil society, and demonstrations continued into 2014. Most of the initial energy transformed into institutionalized political participation. Civic initiatives that emerged from the protests continued, and activists focused on drawing attention to the overlap between political and

economic power. Nationalist and anti-immigrant rhetoric escalated as the country struggled to cope with a large influx of illegal immigrants. *Bulgaria's civil society rating remains unchanged at 2.25.*

Independent Media. Economic dependence, partisanship, and concentration of media ownership erode the quality and diversity of Bulgaria's news media. In 2014, the New Bulgarian Media Group (NBMG), announced the sale of its stakes in print media to a little-known Irish company. The electoral success of the National Front for the Salvation of Bulgaria, a nationalist party dubbed as the "party of TV SKAT," demonstrated the high levels of collusion between politicians and the media. *Bulgaria's independent media rating remains unchanged at 4.00.*

Local Democratic Governance. Municipalities have gained power but lack the resources to exercise a full measure of self-governance, and regional governors have the power to annul mayoral decisions. In 2014, 22 municipalities held local elections, challenging GERB's grip on power on the local level. Failures in dealing with the summer flooding showed that local governments are ill-equipped to handle crisis situations. *Bulgaria's local governance rating remains unchanged at 3.00.*

Judicial Framework and Independence. Bulgaria's judiciary is riddled with corruption, and uncompetitive and nontransparent appointment procedures expose the branch to political meddling. Several decisions of the Supreme Judicial Council (VSS) involving high-ranking officials were seen as politically motivated. In May, the office of the Sofia Prosecutor initiated an investigation into alleged treason committed by President Rosen Plevneliev, despite lacking the constitutional authority to do so. The allocation of cases is not random in Bulgaria, as evidenced by reports of politicized allocation of insolvency cases in connection with the Corporate Commercial Bank (KTB) scandal. *Bulgaria's rating for judicial framework and independence declines from 3.25 to 3.50.*

Corruption. Informal ties between political leaders and economic groups, especially media owners, risk the stability of Bulgaria's political and economic system. In 2014, an alleged personal conflict between Delyan Peevski, media mogul and politician, and Tsvetan Vassilev, the owner of KTB, led to a banking crisis, a government bailout, and numerous arrests. As the state has made little progress in curbing organized crime or dismantling Bulgaria's patronage networks, *Bulgaria's corruption rating remains unchanged at 4.25.*

Outlook for 2015. The year 2015 will be challenging for Bulgaria's political system. The coalition government will have to preserve its majority in the parliament while implementing policies that will not make it popular in the country. Local elections are scheduled for October, and competition on the local level will dominate political discourse in the national political arena as well.

MAIN REPORT

National Democratic Governance

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.00	3.00	3.00	3.25	3.25	3.50	3.50	3.50	3.75	3.75

Bulgaria is a parliamentary republic with three branches of government and a defined system of checks and balances. The National Assembly (parliament) selects the prime minister and some of the members of the highest judiciary organs. 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 governance through elections, legislative consultations, civil society organizations, and the media.

The president of Bulgaria has no strong formal powers but has often played an important role in domestic politics. The directly elected office is independent of the other branches of government and provides a check on their power. Similar to the year before, President Rosen Plevneliev continued to take positions on political issues in 2014. He sought to persuade the political forces to call early elections following the European Parliament (EP) elections in May, which reflected a change in people's political preferences. He also helped negotiate the coalition deal that put the new government in power in October and appointed a caretaker government for the interim time.

The parliament is the main seat of power in the political system. The first half of the year saw a continuation of trends from 2013, when perpetual legislative deadlock paralyzed a parliament split almost equally between the governing coalition of the Bulgarian Socialist Party (BSP) and Movement of Rights and Freedoms (DPS) and the opposition Citizens for European Development of Bulgaria (GERB) and the extremist Ataka. The BSP–DPS coalition continued to rely on Ataka to secure a quorum and pass legislation. This fragile arrangement flared into periods of scandals.

Bulgarian voters expressed a change in their political preferences in the EP elections in May. The results made new elections a more likely possibility and emboldened GERB, whose members saw that their chance to return had increased. In addition, a banking crisis shook the country in the summer of 2014, when two banks, the Corporate Commercial Bank (KTB) and the First Investment Bank (FIB), experienced runs on their deposits. Although the state guaranteed deposits up to 196,000 leva (\$100,000) and began paying them out in December, scandals around the KTB and its management executives continued throughout the year.¹ An unfavorable June report by the European Commission cast doubt on Bulgaria's readiness to join the eurozone and contributed to the feeling of deadlock, which eventually led to early elections in October.

The new parliament elected on 5 October 2014 became the most fragmented in Bulgaria's democratic history. With eight parties and alliances winning seats, the number of parties doubled compared to the previous parliament. GERB emerged as the strongest party and returned to power only 18 months after its February 2013 ousting. After a prolonged negotiation process, it formed a coalition with the Reformers' Block (RB) and secured the support of two smaller parties. RB is a coalition of center-right parties, including Democrats for a Strong Bulgaria (DSB) and the Bulgaria for Citizens Movement (DBG). The other two parties in the coalition are the Alternative for the Revival of Bulgaria (ABV), a splinter from BSP founded by former president Georgi Parvanov, and Patriotic Front (PF), a coalition of two nationalist parties.

Securing 54 percent of the seats, the GERB-led coalition took office on 7 November 2014, promising stability and a "pro-European reformist government."² Only GERB and RB signed a coalition agreement; the coalition secured the support of the other two formations by allowing ABV to name a minister and giving policy concessions to the PF. One such concession was the renewed idea to scrap news broadcasts in Turkish on the main channel of state-owned television.

Bulgaria is still the poorest country in the European Union (EU). In addition to the banking crisis, the government faced an energy crisis, with domestic as well as international dimensions. Government-regulated increases in the price of electricity sparked protests in early 2013 and eventually led to the resignation of the previous GERB government. As Bulgarian power companies continued to lose money, price regulation remained on the agenda of the new government. Natural disasters put a damper on economic growth, and a massive summer rainfall that brought flooding in several areas of the country stretched thin the government's resources. Thirty people died, and the disaster called into question the ability of the Bulgarian national and local authorities to handle crisis situations.³ In a positive development, however, economic growth picked up in the second half of 2014, while unemployment edged down to 11.6 percent.⁴

Bulgaria's relations with Russia have always served as a counterweight to its European and North Atlantic integration, especially when the Socialists were in power. With the Ukrainian crisis in full swing and BSP in power in the first half of 2014, Bulgarian public discourse bifurcated, with differences of opinion falling along economic lines.

Bulgaria's participation in the construction of the South Stream, a project to transport Russian gas through the Black Sea to southern Europe, had long been on the policy agenda. Construction began in late 2013 with the blessing of Prime Minister Plamen Oresharski, but public and political debate about the desirability of the pipeline and the wisdom of cooperation with Russia persisted. GERB insisted that Bulgaria should complete the pipeline only as long as it is in the best interest of the country and in line with EU regulations and in May initiated a vote of no confidence against the government of Plamen Oresharski. Over the summer, the EU demanded that Bulgaria suspend work on the project due to a potential breach of the EU's internal market rules. The government complied; however, in

November, President Plevneliev urged the new cabinet to continue cooperation with the European Commission on the issue.⁵ As of 1 December, Russian President Vladimir Putin said that the South Stream project was canceled, and the planning did not resume by year's end.⁶

Electoral Process

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25

Bulgaria's president is directly elected. Seats in the national parliament are distributed according to a proportional representation system with a 4 percent threshold required for a party to enter parliament. There are no special provisions for the representation of minority groups in the country, and the constitutional ban on ethnic parties makes the representation of minorities difficult. Bulgaria's Turkish minority has been represented in parliament since 1990 through the liberal DPS, while the less populous and less organized Roma minority has not been able to secure legislative representation. Since 1991, international observers have deemed all Bulgarian elections free and fair, but in recent years allegations of vote buying and other irregularities have become more common. The Organization for Security and Cooperation in Europe (OSCE) and other observers noted irregularities in the October 2014 snap elections, although fewer compared to elections in previous years.⁷

In March 2014, the parliament passed a new electoral code, but the provisions of the code were highly debated both before and after its adoption. The code preserved much of the previous system, and parties continue to run regional lists in 31 districts according to a proportional system of representation. In recent years, there has been a discussion on strengthening the majoritarian element in the system, and the parliament introduced preference voting in 2010. It has, however, not been used in practice, and the 2014 changes weakened its importance by stipulating that a vote should be allocated for the number one candidate on the party list in cases where preference is not indicated. The new code also assigned more power to the parliament in appointing the leadership of the Central Electoral Commission (EC); introduced media subsidies for parties that do not receive state subsidies; and relaxed some of the registration requirements for independent candidates. Some previously disputed rules were preserved, including the requirement to carry out election campaigning in Bulgarian, and the prerequisite to reside in a given locality for six months in order to be allowed to vote there.⁸

Electoral arrangements dominated the institutional struggle between the parliament and the president. As expected, Plevneliev vetoed the changes in February, disputing most strongly the fact that the new code did not allow electronic voting and voicing concerns about the politicization of future electoral commissions.⁹ The parliament overturned his veto with the support of the BSP, DPS, and Ataka. Earlier, in January, the parliament refused to approve a national referendum on electoral reform that Plevneliev had initiated. Members of parliament (MPs)

belonging to the governing BSP–DPS coalition attempted to take Plevneliev to the Constitutional Court in April, claiming that his appointments to the CEC were unconstitutional. In line with the 2013 popular vote, Plevneliev allocated six seats to GERB, five to BSP, and one to DPS and Ataka each. The court considered the request in substance but ultimately rejected the petition and in June ruled that the president had not violated the Constitution or any other relevant law.¹⁰ Electoral law remained a controversial issue for much of the year, despite claims by the OSCE that the new code provides “a sound basis for the conduct of democratic elections.” The organization, however, acknowledged several “ambiguities and gaps which hamper the consistent application of the law” and added that the law failed to address some of its previous recommendations.¹¹

After months of deadlock, the May EP elections gave Bulgaria’s political elite new impetus to push for early elections. After spending only 18 months in opposition, GERB won the elections with over 30 percent of the vote. The results also indicated the electorate’s dissatisfaction with the governing BSP–DPS coalition; BSP gained a little over 18 percent, compared to over 30 percent just a year before. More importantly, with six parties passing the 4 percent threshold, the results promised a very different legislature from the incumbent.¹²

After a hot summer ridden with a banking crisis and natural disasters, the parties agreed to the dissolution of the parliament in July, and Plevneliev scheduled snap elections for 5 October. Twenty-five parties and alliances ran for parliament, as well as three independent candidates—half as many as in 2013. The vote yielded the most fragmented parliament in Bulgaria’s democratic history, with eight parties winning seats. The voter turnout fell to a historic low at 48.7 percent, but the distribution of votes ensured that most of them were not “wasted,” meaning that 93.4 percent of voters cast ballots for a party that gained representation in the parliament.¹³ No Bulgarian vote has reached such a high level of representation since 1990. In 2013, about 24 percent of votes did not gain representation.¹⁴

GERB emerged as the clear winner with 84 seats in the parliament (32.7 percent), while the BSP lost almost half of its votes and placed a distant second with 39 seats (15.4 percent).¹⁵ Like in previous national polls, DPS captured the Turkish minority vote, but with 487,134 votes it nearly edged out the Socialists to become the second largest party.¹⁶ Benefiting from the low turnout, DPS secured 38 seats (14.8 percent). The center-right was strengthened as RB, a natural political ally to GERB, secured the fourth place with 23 seats (8.9 percent). From the remaining seats, 19 went to PF (7.3 percent), 15 to the populist Bulgaria without Censorship (BBT, 5.7 percent), and 11 to Ataka (4.5 percent) and ABV (4.1 percent) each. The new ruling coalition, formed out of two parties with the informal support of two more, is precarious and increases the risk that Bulgaria will need to hold a third early election before it achieves greater political stability.

Compared to the run-up to the previous early election, in May 2013, the campaigning was lackluster this time around. The focus was on stability, justice, and the creation of more jobs, and candidates did not address important issues such as the banking crisis, the problems in the energy sector, relations with Russia,

corruption, and judicial reform.¹⁷ The campaign was expensive at the same time. Combined, the political parties spent 4 million leva (\$2.2 million) on campaign ads, but the low turnout called into question the efficacy of the employed methods.¹⁸

Civil Society

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25

Bulgarian civil society has become increasingly assertive and dynamic, as evidenced by widespread demonstrations against perceived government corruption and mismanagement of the economy in 2013. Some of that impetus was lost during 2014, as the protests diminished in frequency and extent, and civil society actors shifted to a more institutionalized participation in the political process.

Civil society organizations mushroomed in the postcommunist period, especially after internet access became widely available. Online social networks and support from the EU and the United States have also helped Bulgarian nongovernmental and grassroots associations. According to the central register of the Ministry of Justice, there were more than 12,000 entities defining themselves as public interest organizations at the end of 2014.¹⁹ An independent web portal for NGOs, launched in 2010, contained 5,834 entries in 2014, compared to 5,691 in 2013 and 5,576 in 2012. The top five self-defined activities of organizations on the portal were education (962), social services (677), culture and art (598), economic development (398), and youth issues (385).²⁰

In 2014 there were no major changes to the legal framework in which civil society organizations operated. Registration and tax processes remained relatively simple and stable. In late 2013, the government introduced a bill to formalize volunteer work, but the parliament never voted on it, and Bulgarian volunteers remained without legal recognition or protections in 2014.²¹

Civil society was galvanized during the 2013 protests that started with demonstrations over rising electricity and fuel prices and led to the resignation of the previous Borisov government in February 2013.²² The demonstrations did not stop during the BSP–DPS coalition and were reinvigorated by the June appointment of Delyan Peevski, a DPS politician and businessman with extensive media holdings, to chair the Bulgarian State Agency for National Security (DANS).²³ Although Oresharski removed Peevski from his post within days, antigovernment protests, while diminished in strength, continued throughout 2013 and in the first half of 2014. They culminated in June, with the one-year anniversary of Peevski's appointment. Protesters also celebrated the resignation of the Oresharski cabinet, announced in July.²⁴

In many ways, 2014 saw civil society accomplish some of its goals as demands of the months-long protests were finally met. Apart from the resignation of the Oresharski government, the new cabinet was more open to the incorporation of citizens' input into the policymaking process. Additionally, the formation and success

of RB, a party that grew out of protesters' demands for reorganization of the center-right, reinvigorated the right-wing of the political spectrum.²⁵ By the end of 2014, the RB was in power in Bulgaria—a development that few would have predicted.

By early 2014, an engaged public emerged, prepared to force dialogue on important issues with its elected officials. Protests diminished in frequency and extent, but nongovernmental organizations (NGOs) began to work through institutional channels to effect change. Protest Network, an organization that emerged from the protests, worked to bring to light the links between business, media, and politics and took legal steps against violations of the Electoral and Criminal Code.²⁶ Bulgarians living abroad campaigned successfully to make their participation in national elections easier. They lobbied through social and traditional media to decrease the legal requirements for opening election sections abroad, and diaspora voter turnout jumped 25 percent in the October early elections compared to May 2013.²⁷

Environmental NGOs staged protests and worked in other ways to raise awareness about the management of national parks and reserves, the development of shale gas in the country, and the preservation of biodiversity. A new online platform established in 2014, For the Nature, coordinates the activities of over 20 NGOs.²⁸

Since 2013, Bulgaria has faced a large influx of asylum seekers. Over 11,000 illegal immigrants and refugees, mostly from Syria, entered Bulgaria during 2014, compared to 1,387 refugees in 2012.²⁹ This put unprecedented strain on the state's immigration and border agencies, and undermined Bulgaria's willingness and ability to integrate and welcome newcomers. The authorities housed the refugees in poor conditions and expelled some, deeming them a threat to national security (5 percent were refused asylum). The general public reacted to the influx of predominantly Muslim Syrians with fear and reluctance to help, given Bulgaria's poor economic situation. Nationalist and anti-minority rhetoric increased, and some questioned DPS's position in the political process. Political actors, such as the Patriotic Front, capitalized on these feelings and did well in the October 2014 elections.

NGOs remained timid in defending the rights of national and religious minorities.³⁰ The Institute for Public Space provided information and coordination of assistance efforts to refugees.³¹ The caretaker government of Georgi Bliznashki, in power from August to November, put policies in place to integrate asylum seekers and refugees, but personnel reshuffles at the Agency for Refugees delayed implementation.

Independent Media

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.25	3.50	3.50	3.75	3.75	3.75	3.75	4.00	4.00	4.00

Media freedom is legally protected in Bulgaria. Citizens enjoy unrestricted access to a variety of news sources. The right to information is enshrined in the constitution and in the Law on Access to Public Information. Nevertheless, the independence of the sector has deteriorated over the past decade. The circulation of print media

has declined, outlets have become concentrated in the hands of a few owners, and political influence has remained high, despite numerous scandals revealing the ties between politicians, media owners, and businessmen.

Nationwide, Bulgarian TV channels are concentrated around four networks: Bulgarian public television (BNT), which has three national channels and one global satellite channel; bTV and other five channels owned by Central European Media Enterprises; Nova Televizia and an additional five channels owned by Modern Times Group (MTG); and four channels, including TV7, owned by Crown Media Ltd. These 20 channels broadcast nationwide, but only 8 of them—the biggest of each group—are available for free.³² Bulgaria's citizens also have access to numerous regional TV channels.

By September 2013, Bulgaria completed the EU-mandated switchover from analog to digital television. In early 2014, extra subsidies were given to the municipalities where the switchover had deprived citizens of free access to television.³³

Four radio stations have national terrestrial coverage, three stations of the Bulgarian National Radio (BNR) and one private station, Darik. The largest cities of the country have access to a variety of radio stations, including several music stations, and BNR has regional stations in eight major cities.³⁴ The Council for Electronic Media (CEM), an independent body with members jointly elected by the parliament and media organizations, regulates both radio and television.

Media ownership continued to be a contentious issue in 2014. The New Bulgarian Media Group (NBMG), which entered the print market in 2009, quickly expanded into electronic media and acquired TV stations. NBMG is owned by Irena Krasteva, former head of the state lottery and mother of Peevski, the politician whose appointment galvanized protests in 2013. In 2012 and 2013, media outlets owned by NBMG took part in the so-called media wars, a series of accusations and counter-accusations between media moguls.³⁵ Until KTB's 2014 collapse, there had been persistent allegations that the private bank, which also handled the finances of state-owned enterprises, financed NBMG. This prompted accusations of indirect public funding.³⁶ In April 2014, NBMG agreed to sell its print media subsidiary and a 50 percent stake in its book-publishing subsidiary to an Irish company, Media Maker Limited. The company was established two days before the transaction and its directors have headed more than 30 other Irish companies.³⁷ The sale had not gone through by year's end.

Collusion between media owners and politicians was further demonstrated by the success of the National Front for the Salvation of Bulgaria, which calls itself "the party of TV SKAT." This party was built on the popularity of TV SKAT, a channel carrying nationalist content. In the October elections, it secured a place in parliament as a coalition member of Patriotic Front and became a support party to the cabinet.

The financial crisis has strained profits for most private media, making them ever more dependent on government advertising and other favors from the state. Major media outlets self-censor and tone down their criticism of the government. Fortunately, public broadcasters, especially BNR, are more immune to the business

cycle as they are funded from the state budget, and institutional guarantees have generally succeeded in protecting their independence. Consequently, public radio has become a major source of objective information. By late 2014, state-owned television and radio had emerged as the most autonomous media outlets in practice. According to several media experts and scholars, the business model of Western-style media independence, which is based on private funding and revenues, has failed in Bulgaria.³⁸

Libel remains a criminal offense, punishable with fines of up to \$10,000. Defamation suits remain common, but the courts tend to interpret the law in favor of freedom of expression, and convictions are relatively few.

Local Democratic Governance

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

The 1991 constitution guarantees the principle of local self-government and divides the country into regions and municipalities. It identifies the municipality as the principal subunit and provides municipalities with certain rights and powers, such as the right to own property or set budgets independently. The constitution also allows citizen participation in local government through elections for mayors and city councils and voting on local referendums.

The 264 self-governing municipalities with directly elected governments constitute 28 regions (*oblasts*). Each region is headed by a governor appointed by the prime minister, acting as the local extension of the central government. The governors are responsible for implementing laws, guaranteeing the rule of law, protecting national interests, and preserving public peace.

Power at the municipal level is divided between the mayor and the municipal council, with the latter acting as a policymaking body. Municipal councils address issues connected to local infrastructure, social welfare services, some educational and healthcare institutions, cultural development, environmental protection, and trash collection.

Municipalities are dependent on the central state financially, and regional governors have the power to annul mayoral decisions. Since Bulgaria entered the EU, however, municipalities have been more actively involved in national policymaking on local development. When negotiating with the state and with the EU, municipalities are represented by the National Association of Municipalities in the Republic of Bulgaria (NAMRB), which provides a forum for voicing local governments' concerns and also a venue for sharing best practices and improving administrative capacities. A similar role is played by various NGOs specializing in aiding local governments and improving their capacity.

In 2010, amendments to the electoral law eliminated direct elections for mayors in settlements with less than 350 inhabitants and cut the number of local

councilors by about 20 percent in large municipalities, thus effectively increasing the electoral threshold and limiting representation at the local level. The new electoral law in 2014 made few changes in the regulation of local elections. It preserved the residency requirement of six months for participating in local elections, but reintroduced elections for the mayors of Sofia, Plovdiv, and Varna city subdivisions.

In the last local elections in 2011, GERB won the majority of mayoral seats. This not only secured its power but also reversed, at least to some extent, the previous trend toward the proliferation of local political parties and coalitions.³⁹ In 2014, 22 municipalities held by-elections due to the expiration of mandates, and the results decreased GERB's dominance in local politics.⁴⁰ Local elections are scheduled for 2015, and experts expect a reinvigoration of local politics during the election campaign.

In the second half of 2014, the local authorities focused on recovering from the summer flooding. Failures in dealing with the disasters and their consequences demonstrated a lack of coordination of emergency operations and no proper financing for local prevention and recovery from natural disasters.⁴¹

Judicial Framework and Independence

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.00	2.75	2.75	3.00	3.00	3.00	3.25	3.25	3.25	3.50

The Bulgarian constitution guarantees the independence of the judiciary, whose primary role is to safeguard the rights and legitimate interests of all citizens, legal entities, and the state. The court system is made up of the Constitutional Court, the Supreme Court, the Supreme Court of Cassation, the Supreme Administrative Court (VAS), the appeals courts, military courts, and district courts. Each of the 12 members of the Constitutional Court is elected for one nine-year term. The court ensures that laws conform to the constitution and has been involved in resolving numerous controversial situations over the years. In April 2014, the court was called upon to intervene in the institutional power struggle between the president and the parliament, when 117 MPs from the BSP–DPS majority asked the Constitutional Court to declare unconstitutional the president's appointment of CEC members. The court dismissed the claims.⁴²

The Supreme Judicial Council (VSS), which was established to guarantee judicial independence, is possibly the most criticized institution within the judicial system. This 25-member body has the power to appoint, promote, demote, reassign, and dismiss judges, prosecutors, and investigating magistrates. Its members are elected for five-year terms, and half of them are elected by the parliament, which allows for political influencing.

Bulgaria's judiciary has benefited from reforms implemented in the run-up to EU accession. However, nontransparent and uncompetitive appointment procedures in the highest judicial bodies remain a problem, according to the 2014

European Commission report. Both Bulgarian NGOs and the Council of Europe stressed the importance of this particular issue for Bulgaria's democracy, noting that a change would require courage to challenge vested interests.⁴³ Since Bulgaria's rule of law is under close scrutiny by the European Commission through the Cooperation and Verification Mechanism (CVM), positive developments in the field are generally valued as a demonstration of political will to Brussels. Other than political appointments, general corruption is the other problem hampering the Bulgarian judicial system.

As in previous years, allegations of improper appointments to high-ranking judicial bodies surfaced several times in 2014. In September, the VSS was due to elect a new chair to the Supreme Court of Cassation. Of two candidates, Pavlina Panova was considered the better qualified and more professionally suited by the professional guild. However, the VSS failed to choose Panova, or anyone else, which many saw as proof that the body had been under political pressure.⁴⁴ As of the end of 2014, the Supreme Court of Cassation still did not have a new chairperson.

The case of former deputy chief prosecutor Kamen Sitnilski continued in 2014. Sitnilski was the first VSS member to be dismissed in July 2013. The courts found him guilty, together with two other judges, of violating the principles of judicial independence and the judicial code of ethics. The allegations were made on the basis of wiretaps conducted by the security services.⁴⁵ In early 2014, Sitnilski appealed to the Supreme Administrative Court, and in May, the court reversed his conviction. The procedure was accompanied by a fervent debate about the independence of the judiciary, institutional infighting, and the use of the judicial branch for political purposes.⁴⁶

There were further developments in the case of Miroslava Todorova, chairwoman of the Bulgarian Judges Association (BJA). The VSS dismissed Todorova on disciplinary grounds in 2012. Her dismissal was seen as revenge by then interior minister Tsvetan Tsvetanov, whom Todorova had sued for libel for accusations of supporting organized crime. The dismissal was first upheld in early 2013; however, following strong criticism from NGOs, the European Commission, and the U.S. State Department, the Supreme Appellate Court reversed the decision in July 2013.⁴⁷ In March 2014, the VSS imposed a new disciplinary sanction on Todorova, demoting her to a regional judge.⁴⁸ Media commentators and legal NGOs said this censure of Todorova was politically driven as well, given that the VSS was dominated by GERB appointees.⁴⁹

The City Prosecutor of Sofia provoked the biggest judicial scandal of 2014, when it launched an investigation into alleged treason by Plevneliev in May. The investigation was based on the accusations of Nikolay Barekov, founder of Bulgaria without Censorship and a journalist-turned-politician, who argued that Plevneliev committed treason when he met with the management of the Austrian energy company EVN in March. EVN had sued Bulgaria for damages incurred due to unlawful regulatory measures earlier. Since only a qualified majority of MPs can bring such a case to the Constitutional Court, the Sofia prosecutor's investigation was seen as an abuse of judicial power for political purposes.⁵⁰

Legal experts continued to criticize the non-random pattern of case allocation. A study by the Bulgarian Institute for Legal Initiatives (BiLI) in 2013 found security flaws in the software used by the Supreme Administrative Court and Sofia City Court to assign cases, making the process vulnerable to manipulation.⁵¹ NGOs and professional organizations lobbied the VSS to reconsider the procedure, and reforms started in 2014 with the implementation of an alert system, automatically warning VSS of allocation decisions. Despite this, media widely reported in November that the judges assigned to insolvency cases following the KTB scandal were not chosen randomly.⁵²

In November, the new cabinet took office with promises of reform and adopted a new strategy for judicial reform, but doubts persisted about its commitment to challenge the status quo.

Corruption

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.75	3.75	3.50	4.00	4.00	4.00	4.00	4.00	4.25	4.25

Despite repeated promises by successive governments to eradicate corruption, graft is still widespread in Bulgaria, organized crime remains powerful, and political appointment processes are largely nontransparent. An overlap between politics and monopolistic businesses remained evident throughout 2014, surfacing as scandals and a political crisis over the summer.

Partly in response to persistent EU criticism over the last decade, Bulgaria has developed an institutional framework designed to fight corruption on the state level. 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 under the Council of Ministers and in all regional offices. The Center for Prevention and Countering Corruption and Organized Crime (BORKOR) under the Council of Ministers is tasked with curbing corruption and providing expertise and liaisons where necessary. It maintained an active profile during 2014, identifying the weak spots of state administration and producing recommendations to their eradication.⁵³ However, the constitutional independence of the different branches of power means that, in effect, there is no common center of command 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.

Perceived corruption decreased slightly according to Transparency International's 2014 Corruption Perceptions Index.⁵⁴ Respondents to TI's 2013 Corruption Perceptions Index named the judiciary as Bulgaria's most corrupt public institution, followed by political parties and the healthcare sector.⁵⁵ The European Commission's July 2012 progress report found that acquittal rates were disproportionately high in corruption cases against senior government officials.

Estimates show that Bulgaria's untaxed shadow economy accounts for roughly one-third of the country's GDP, the highest rate in the EU (although, it should be noted that such statistics can be skewed by high unemployment).⁵⁶ Bulgaria's Association for Industrial Capital (BICA) found that the shadow economy shrank as a percentage of GDP to 32.3 percent in 2014 from 42.2 percent in 2010, suggesting that Bulgarians are becoming increasingly intolerant with under-the-table economic dealings.⁵⁷

The 2013 World Competitiveness Yearbook of the IMD World Competitiveness Center substantially downgraded Bulgaria's competitiveness ranking because of "corruption, access to financing, inefficient government bureaucracy and policy instability."⁵⁸ The country's ranking did not improve much in 2014.⁵⁹ This is despite the fact that the cost of living and doing business in Bulgaria is among the lowest in Europe, and the government does not intervene directly in the economy.

According to the European Commission and Europol, the law enforcement agency of the EU charged with fighting organized crime, Bulgarian criminals are among the most internationally well-connected in Europe, active in 15 countries across the continent.⁶⁰ They specialize in human trafficking and credit card fraud. Within Bulgaria, these groups are also linked to a high number of contract killings, few of which have been prosecuted and fewer of which have resulted in convictions.⁶¹

Analysts often describe the Bulgarian government as a closed system in which a limited circle of actors has access to political and economic power.⁶² The 2014 scandal around KTB, the lender of many state-owned companies, served as a convoluted demonstration of this phenomenon. The bank experienced a run on deposits in June, which many linked to a falling out between KTB's majority shareholder Tsvetan Vassilev and media mogul Peevski, associated with NMBG.⁶³ The feud between the two started when Protest Network—a group of activists who came together during the June 2013 protests—released a report in February, alleging that Vassilev, Peevski, and BBT leader Barekov had criminal dealings.⁶⁴ Vassilev and Peevski each suspected the other of being behind the report. Following exchanges of death threats, Peevski withdrew his money from KTB, and media close to him reported that the bank was insolvent, which triggered a run on the bank on 16 and 17 June. Although the Bulgarian National Bank promptly issued a statement supporting KTB, the bank was unable to recover and closed in a few days. In July, the state stepped in to guarantee its deposits, which reportedly included a third of Bulgaria's state enterprises' deposits as well.

The incident demonstrated the fragility of a political and economic system based on opaque personal relationships between powerful men. Vassilev, who was charged with embezzling \$140 million, fled, but police arrested him in Serbia in September. Despite calls for the resignation of Ivan Iskrov, Bulgaria's central bank governor, for failing to spot KTB's weaknesses, the governor remained on the job.⁶⁵ Peevski emerged from the scandal unscathed and was reelected to parliament on a DPS ticket.

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