



Nations in Transit 2006

Bulgaria

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003	2004	2005	2006
Electoral Process	3.25	2.75	2.25	2.00	2.00	2.00	1.75	1.75	1.75
Civil Society	4.00	3.75	3.75	3.50	3.25	3.25	3.00	2.75	2.75
Independent Media	3.75	3.50	3.50	3.25	3.25	3.50	3.50	3.50	3.25
Governance*	4.25	4.00	3.75	3.50	3.50	3.75	3.75	n/a	n/a
National Democratic Governance	n/a	3.50	3.00						
Local Democratic Governance	n/a	3.50	3.00						
Judicial Framework and Independence	4.25	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.00
Corruption	n/a	n/a	4.75	4.75	4.50	4.25	4.25	4.00	3.75
Democracy Score	3.90	3.55	3.58	3.42	3.33	3.38	3.25	3.18	2.93

**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 of this report. The opinions expressed in this report are those of the author. 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 15 years since the collapse of Communism, Bulgaria has managed to consolidate its democratic governance system 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. Bulgaria has made significant progress in establishing the rule of law, yet further efforts are needed. After a period of poor performance, the economy has recorded eight years of robust growth. Economic reforms have advanced considerably, with more work needed to improve the business environment. In 2004, the country officially became a NATO member and in 2005 signed the Treaty of Accession to the European Union (EU), with a target date for membership in 2007. Despite these positive achievements, more attention must be paid to reforming the judiciary and to fighting corruption and organized crime. Better efforts are also needed to bring the public back to politics, to reestablish its trust in democratic institutions, and to re-legitimize politics as a tool for engendering social change.

National Democratic Governance. The Bulgarian system of democratic governance is established and progressing steadily despite various problems. At the June 2005 parliamentary

elections, the leftist Bulgarian Socialist Party (BSP) won the most votes but not enough to form a government on its own. After failing to form a minority government in coalition with the ethnic Turkish party Movement for Rights and Freedoms (MRF), the BSP reached a coalition agreement with the previously ruling National Movement Simeon II (NMSS) in August 2005. As a result, a trilateral governmental coalition was established between the BSP, NMSS, and MRF. The new government and the Parliament concentrated on intensifying progress in the reforms needed for Bulgaria's integration into the EU, especially judicial reform. However, the European Commission gave the country's judicial reform and fight against organized crime and corruption an unsatisfactory assessment. *Owing to the demonstrated ability of major Bulgarian parties to overcome considerable political fragmentation after the elections and to form a government that enjoys a substantial majority and preserves the pace of EU-related reforms, the national democratic governance rating is improved from 3.50 to 3.00.*

Electoral Process. Regular national parliamentary elections were held in Bulgaria in June 2005. Additionally, mayoral by-elections were held in October in several municipalities to replace two mayors elected to the Parliament. Voter turnout in the parliamentary elections was around 55 percent. The leftist BSP won the most votes, followed by the previously ruling centrist NMSS, the MRF, and several smaller center-right political formations. Surprisingly, the extremist Attack coalition managed to pass the 4 percent threshold for the Parliament. This development indicates antidemocratic sentiments in Bulgarian society, which under certain circumstances might threaten the functioning of the democratic system of governance. The 40th National Assembly, with seven separate political parties and coalitions, is the most fragmented in Bulgaria's postindependence history. *There are no considerable changes that may lead to an improvement or decline in the electoral process rating, and it remains unchanged at 1.75.*

Civil Society. For more than a decade, Bulgaria has managed to develop a vibrant civil society. However, the nongovernmental organization (NGO) sector has still not developed sustainable fund-raising mechanisms. The Bulgarian civil society sector was formed with a top-down approach, led by donor demands and visions and not by Bulgarian citizens. This is the major reason most NGOs are still heavily dependent on foreign donors and do not enjoy public support. In 2005, more than 80 percent of funding for NGOs came from foreign sources. Given the intentions of many foreign donors to withdraw from the country, this could cause problems for the financial stability of the NGO sector. Governmental structures, the National Assembly, and the media have all gradually learned to call upon NGO expertise. However, partnerships between civil society and the government are primarily project based to take advantage of international or state funds. *Bulgaria's civil society rating remains unchanged at 2.75.*

Independent Media. The structures for media freedom in Bulgaria remained unchanged during 2005, but progress was seen in practice. Print media are independent from state interference but still not fully independent from economic and political special interests. Recently, the electronic media market has further developed and has also managed to avoid significant state influence and interference. However, the state-owned National Radio and National Television are influenced by the government and the state despite being nominally governed by the Council for Electronic Media. Although libel is still a criminal offense in the penal code, several libel cases were brought to court, and in most of them the courts interpreted the law in a manner that favored journalistic expression. In 2005, the court found not guilty a Romanian reporter charged

in 2004 with illegal use of special surveillance devices for collecting information. *Despite libel remaining a criminal offense in the penal code, in actual practice the legal system protects journalists; therefore the independent media rating for Bulgaria improves from 3.50 to 3.25.*

Local Democratic Governance. Local self-government in Bulgaria is exercised at the municipal level, with councils and mayors being elected directly by secret ballot in universal and equal elections. Several cycles of such elections have taken place under the current Constitution, all free and fair, producing a multiplicity of local actors and coalitions. Local governments are empowered to resolve problems and make policies at the local level. They are responsible to the local public, and mechanisms for public control exist. Under a 2005 law—a major new development—municipalities have the right to issue debt to finance infrastructure and capital projects, yet they still have no right to set local tax rates, and their revenues are dominated by central government subsidies. The administrative capacity of municipalities remains limited. Although more reforms are needed, the process of actual decentralization is advancing slowly. *The structures for local governance have been improving steadily, and the landscape was additionally enhanced in 2005 by the municipalities' legal right to issue debt. Thus, Bulgaria's local democratic government rating improves from 3.50 to 3.00.*

Judicial Framework and Independence. Judicial reform is the most serious and pressing problem for Bulgarian society. While the basic framework for an independent judiciary and political, human, and civil rights is in place, the way that judicial power is constituted and functions creates problems in its enforcement. Courts are slow, and the prosecution is ineffective, while the Supreme Judicial Council, the body of power in the judiciary, does not have the legal capacity to control and demand better performance from judges and prosecutors. In 2005, the most important development was the appointment of a national ombudsman. Social and political consensus on other needed changes has progressed significantly. *Owing to gradual improvement in the institutional environment, specifically the appointment of the national ombudsman, Bulgaria's rating for judicial framework and independence improves from 3.25 to 3.00.*

Corruption. In 2005, the regulatory and administrative framework for fighting corruption in Bulgaria continued to develop. A major development in this respect was the factual appointment of a National Ombudsman. Economic freedom from excessive government taxes, bureaucratic regulations, and state involvement in the economy reduced opportunities for corruption. However, actual results in prosecuting and sentencing corrupt individuals, especially those at high levels of power, are modest. *Bulgaria's corruption rating improves from 4.00 to 3.75 owing to improvement in the institutional environment and in the measurements of economic freedom and government pressure on economic activity.*

Outlook for 2006. One major event will be of crucial significance for Bulgaria in 2006. In the middle of the year, the European Commission will decide whether to recommend a postponement of Bulgaria's membership in the EU until 2008. The decision will have an impact on the stability of the government and affect the overall development of political and economic processes within the country.

MAIN REPORT

National Democratic Governance

1997	1998	1999	2001	2002	2003	2004	2005	2006
n/a	3.50	3.00						

Since the collapse of Communism in 1989, Bulgaria has succeeded in establishing a stable democratic system of governance. According to the Constitution adopted in 1991, Bulgaria is a parliamentary republic with a system of checks and balances guaranteed by the legislative, executive, and judicial branches.

However, the 1991 Constitution granted the judicial branch significant independence without sufficient accountability to the other branches and society as a whole. Over the last few years, the government has attempted to reform the judicial system, but with little success. In 2003, the Constitutional Court struck down a new law to reorganize the judicial system, declaring that only a Grand National Assembly¹ has the right to change the structure of state power. Over the last several years, judicial reform has been a key condition for Bulgaria's integration into the European Union, and some positive steps were made as a result. In September 2003, the Constitution was changed to reduce the immunity of magistrates. In October 2005, the Parliament adopted a new penal procedures code that reorganized the investigation service and moved most of its duties from the judiciary to the executive branch. These positive steps aside, there is still much to do to make the judicial branch more accountable and effective.

The Law on Access to Public Information, in force since 2000, provides Bulgarian citizens with the rights and instruments to obtain information about government activities. It includes a mechanism to initiate proceedings when these rights are violated. On the other hand, the Law on the Protection of Classified Information, in force since 2002 as a condition for Bulgaria to join NATO, is still often used by the government to refuse access to information. There were many cases where the court adjudicated access but the government used legal or administrative instruments to block it. According to the nonprofit Access to Information Program Association, many institutions, nongovernmental organizations (NGOs), and citizens have initiated cases charging violations of the law in 2004 and 2005, which indicates that Bulgarian civil society has recognized the right of access to public information as an important instrument to control the government.

Economic liberalization in Bulgaria has been a slow, difficult process. Most of the largest companies remained state owned until 1997 and maintained their monopoly market positions. After 1998, privatization efforts were intensified, and by 2005 state influence over the economy was much less significant relative to the private sector. As a whole, there are no significant government barriers to economic activity. Since 1998, Bulgaria's score in the annual Index of Economic Freedom produced by the Heritage Foundation has improved from 3.60 to 2.74 in

2005 (covering data up to 2004). The country is classified as “Mostly Free,” with 1 representing the freest.

During Bulgaria’s largely peaceful transition, no important political players have questioned democracy as the desired basis for the country's political system. Bulgarian citizens recognize the legitimacy of state institutions, and government authority extends over the full territory of the country. A considerable Turkish minority (about 8 percent of the population) lives predominantly separated from the majority but at the same time is well represented politically. However, in recent years public opinion polls have registered a growing discontent over the government's failure to raise Bulgaria's standard of living. In addition, the public’s assessment of the political elite, mainstream political parties, and key democratic institutions has been mostly negative. Various 2004 and 2005 surveys suggested that public disaffection, combined with the growing political importance of crime prevention, might provoke the appearance of a possible “strong-arm” party representing nondemocratic ideas and sentiments.

In fact, shortly before the June 2005 general elections, an extremist political formation called the Attack coalition appeared and managed to pass the 4 percent parliamentary threshold. The Attack coalition is a typical antiestablishment voice relying on the traditional protest vote in Bulgaria and a negative anti-Turk and anti-Roma campaign. Although the Attack coalition does not question the current democratic system of Bulgaria, the ease with which its message won public popularity and a position in the Parliament is disturbing. This development has indicated to the mainstream political elite the pressing need to deepen the integration of some minority groups into Bulgarian society and address other social issues that have been ignored for the past decade.

Bulgaria has a one-chamber National Assembly, the 240-member legislature, which is 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 was shifted from the National Assembly to the government and political party leadership. This bipolar episode 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. Over the last 16 years, the National Assembly has established a tradition of transparency and accountability. Committee hearings and legislative sessions are open to the public and the media, and most bills are posted on the Parliament’s Web site. All sessions are broadcast live on the parliamentary radio channel, and some are broadcast on television. Information about the government’s decisions and activities can be found on its Web site and through the ministries’ public relations offices. The work of the Council of Ministers is observable only through regular press conferences and through a daily bulletin published on the government’s Web site.

None of the major political parties succeeded in winning enough votes in the June 2005 elections to form an independent government, resulting in the longest and most complicated negotiations since 1989. On August 16, the Parliament approved a government comprising the BSP, NMSS and Movement for Rights and Freedoms (MRF) after more than 50 days of intensive discussions and after the BSP and the MRF failed to elect a minority government in July. The current government is marked by a high level of distrust among the coalition members.

The BSP and the NMSS were fervent political opponents in the preelection campaign, exchanging allegations of corruption, lack of government experience, and so forth. In July, when the Socialists attempted to pass a minority government, they introduced a bill to reconstitute the estates of Simeon Saxe-Coburg-Gotha (then prime minister and leader of the NMSS), which had been taken by the Communist regime 50 years ago. This was done to force the NMSS parliamentary group to support the BSP/MRF government. However, there are serious differences in the governance programs of both parties, and it is still not clear how they will be harmonized. In terms of ideology, the NMSS supports a more liberal economic plan, while the BSP agenda is socially oriented. In terms of policy, the most obvious contradictions concern the BSP's preelection promises to investigate returning the Saxe-Coburg-Gotha property and deal with private companies to construct the Trakia motorway.

Many BSP members and followers do not trust the MRF because of the party's expedient political shifts and flexible commitments over the last 16 years. This was well illustrated in the second half of August when it appeared that the MRF would receive the right to appoint governors in six districts (in which Bulgarian Turks have no significant presence). Several BSP and NMSS local party structures officially protested, and some even took part in public protests against the government. Political tensions were calmed after the MRF decided to appoint ethnic Bulgarians as district governors. However, according to data from public opinion polls, negative perceptions of the MRF still dominate and are likely to create similar problems for the ruling coalition in the future.

Bulgaria's civil service is regulated by the Administration Law of 1998 and the Civil Service Law of 2000. These introduce competition for civil servant appointments, with selection based on the professional qualifications of candidates. The Civil Service Law has been amended several times since its adoption (most recently in August 2004) to improve the recruitment and performance of civil servants. Yet there is still room for improvement in the selection of candidates and the efficiency and quality of administrative services available to citizens. One of the official motives for the adoption of the Civil Service Law was its potential to curb corruption. Public surveys have indicated that civil servants are still perceived as one of the most corrupt professional groups in Bulgarian society.

The executive is subject to supervision by the legislature. Every Friday, ministers are obligated to answer questions raised by members of Parliament (MPs). In addition, governmental structures are obligated to provide information upon request on behalf of parliamentary committees or MPs. The executive is also supervised by the National Audit Office (NAO) through regular financial or performance audits of all governmental structures and agencies. The NAO has 11 members, elected and dismissed by the Parliament, to which it reports annually. For

example, an NAO report in April 2004 resulted in the creation of an ad hoc parliamentary committee to investigate the spending of moneys received under various EU programs in the Ministry of Regional Development and Public Works.

Since military and security services are under the jurisdiction of the executive branch, they are also subject to parliamentary control. The Parliament discusses and approves their budgets as part of the total state budget. MPs also monitor the performance of different military and security structures operating under the Ministries of Defense and the Interior. At the same time, to avoid centralizing power in this key area, the government proposes, and the president approves, candidates for directors of the security services and the chief of staff of the Bulgarian armed forces. There is also judicial oversight of the military and security sector—a special prosecutorial body investigates military and security officials in Bulgaria.

The Bulgarian military and security services have gone through reforms during Bulgaria's NATO candidacy. The government established a modern system of democratic control over the armed forces and security services, based on clear organizational and functional structures, responsibility, and accountability. As a result, more information is currently available to the public and NGOs, especially about the activities of the Ministry of Defense. Several NGOs are working on problems in the security sector and civil control over the armed forces. Still, some problems exist regarding access to information. Often, military or security officials take advantage of the new Law on the Protection of Classified Information, adopted as part of the reform package required for membership in NATO. With a similar justification, some lawsuits against members of the military and security sector have been classified and closed to the public.

Electoral Process

1997	1998	1999	2001	2002	2003	2004	2005	2006
3.25	2.75	2.25	2.00	2.00	2.00	1.75	1.75	1.75

The Bulgarian Constitution provides all citizens over 18 with the right to vote by secret ballot in municipal, legislative, and presidential elections. Small glitches aside, elections since 1991 have been free, fair, and compliant with the law. The parliamentary elections in 2005 were also generally assessed as free by all political parties and observers. However, the government's decision to introduce a controversial elections lottery to increase voter turnout worsened the overall assessment of the elections. Several smaller opposition parties accused the ruling NMSS of abusing administrative power for narrow party benefits. According to some experts, the ruling party had direct political interest in higher voter turnout, and international observers defined this practice as unusual, emphasizing that it was unacceptable to publicly fund the lottery.

There is a strong history of different parties coming to power consecutively and peacefully in Bulgaria. None of the Bulgarian governments since 1990 has been reelected, suggesting that democratic procedures in Bulgaria are effective and no party has attempted or been successful in using its position in power to win elections. The last presidential election held in 2001 registered the first victory of a left-wing candidate, representing the BSP. The last local elections in

October 2003 were the first in recent Bulgarian history to take place without international observers, an acknowledgment that Bulgaria has managed to establish a tradition of free and fair elections. Partial mayoral elections took place in October 2005 in the capital of Sofia and 10 other Bulgarian municipalities whose mayors had been elected to the Parliament in June.

The June 2005 general elections were won by the left-wing BSP, successor to the Bulgarian Communist Party, with 33.98 percent of the votes and 82 seats. After failing to elect a minority government in coalition with the ethnic Turkish party MRF in July, the BSP agreed to a government coalition with the previously ruling NMSS in August 2005. Since 1990, the party has been trying to move away from its Communist legacy and build a modern leftist organization. Following the 1997 crisis, when protesters took to the streets to force the BSP government's resignation, the BSP adopted Atlanticist ideas in its platforms. In 2003, it was accepted for full membership in the Socialist International, indicating international recognition of the party's reformation. Sergey Stanishev, a former BSP international affairs secretary, is the current party leader and was appointed prime minister after the June elections.

The previously ruling centrist NMSS won 21.83 percent of the votes and 53 parliamentary seats. Although declaring prior to the election that it would not enter into a coalition with the BSP, the NMSS had finally to agree on such an arrangement. This inconsistency was motivated largely by the need to maintain political stability for the sake of Bulgaria's forthcoming accession to the EU. The NMSS was created only three months before the 2001 general elections by Simeon Saxe-Coburg-Gotha, Bulgaria's former king, but succeeded in winning most of the votes and forming a government. Though lacking a clear political and ideological identity, the NMSS managed to complete its full four-year term in office. In 2003, the NMSS was admitted to the Liberal International, the world federation of liberal political parties, as an associate member.

The MRF achieved the best election results in its 15-year history, winning 14.07 percent of the votes and 34 seats. The party was established in 1990 as an organization representing the Turkish minority in Bulgaria and has been represented in the Parliament ever since. The MRF gained representation in the government for the first time in the 2001 elections and since then has continued to broaden its base of power. The party supports centrist political positions and is a member of the Liberal International. Ahmed Dogan has led the party since its establishment.

Though the June elections reflected the ongoing disintegration of the center-right political space, the major electoral surprise was the appearance of the extremist Attack coalition. It achieved unexpectedly good results and succeeded in entering the Parliament, leaving behind all major center-right political formations. The coalition won 8.93 percent of the votes and 21 parliamentary seats. The Attack coalition is a typical antiestablishment political formation benefiting from the traditional protest vote in Bulgaria. It was formed by Volen Siderov, a journalist who was editor in chief of *Democracia*, the official newspaper of the UDF in the 1990s. Siderov has produced the TV program *Ataka* for the last few years, and this launched his current political career as the Attack coalition's leader.

The Attack coalition's message is predominantly anti-Turk and anti-Roma, suggesting that the Bulgarian majority is threatened by the growing influence of Turkish and Roma minorities. The

coalition accuses the entire political elite of corruption and betraying Bulgarian national interests. It also opposes Bulgarian membership in NATO and insists that European integration should strictly observe Bulgarian national interests. The new parliamentarians from the coalition include persons connected by their prior political failures, such as Petar Beron, deputy leader of the party, who left the UDF after it became known that he had worked for the Special Services during the Communist regime.

Bulgaria has a proportional electoral system, except in presidential and mayoral elections. The electoral system ensures fair polling and honest tabulation of ballots. Up to 2005, legislation for parliamentary elections provided all political parties, coalitions, and candidates with equal campaigning opportunities. However, amendments made to the electoral law in 2005 now require deposits to register MP candidates: 40,000 BGN (approximately US\$25,500) for coalition candidates, 20,000 BGN (approximately US\$12,750) for individual party candidates, and 5,000 BGN (approximately US\$3,200) for individual candidates nominated by citizen committees. The rationale behind these amendments was to reduce the number of parties participating in the 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. Additionally, an integrated white ballot replaced the system of separate colored ballots. This is also considered a positive step, as the colored ballots were confusing to some of the voters and prompted endless quarrels among the parties over color choices.

The Bulgarian Constitution guarantees all citizens the right of free organization in 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. Until 2005, no substantial organizations used the ethnic card in their political rhetoric or practice. The Attack coalition was the first to use anti-minority statements in a campaign, and this became a reason for a broad alliance of NGOs to initiate a court case against the formation of the coalition and its leader in December 2005.

The political party registration process in Bulgaria is liberal and uncomplicated, and parties can appeal rejected applications. In October 2004, the Parliament passed on first reading a bill raising the number of members required for new party registration from 500 to 5,000. Although somewhat positive, the new law fell short of expected party funding reforms, including more transparent fund-raising and a reduction in the range of funding sources allowed by law. The Bulgarian electoral system is multiparty based, with mechanisms for the opposition to influence decision making. Twenty-two political parties and coalitions were registered to participate in the 2005 parliamentary elections, and 146 were registered for the 2003 local elections. The large number of parties participating in local elections reflects that local interests usually work through independent participation, a strategy that is less likely to succeed at the national level. According to data from the Alpha Research polling agency, 30 percent of participants in the 1999 local elections and 41 percent in the 2003 local elections voted for small or locally represented political entities.

In spite of the government's controversial efforts to increase participation in elections, voter turnout in June was 55 percent. During the last presidential elections, voter turnout was 42 percent in the first round and 55 percent in the second. Voter turnout in the 2003 local elections was around 50 percent in both rounds. In all cases, the numbers are lower than in previous elections. According to the Alpha Research agency², approximately 6 percent of the population is currently affiliated with political parties. These data reflect a growing distance between voters and politicians, based on public disappointment with government reforms from both the Left and the Right. As a result, people are less confident that they can solve problems through political and collective instruments and turn instead to individual strategies. This also resulted in growing public support for extremist or nondemocratic political ideas represented by formations like the Attack coalition. Further, a rise in populism has been observed in the last several years. Boiko Borissov, a former chief secretary of the Home Ministry, was elected Sofia mayor in October 2005 on a campaign of antipolitical and populist sentiments; he enjoys wide support as a nonpolitical alternative to the mainstream Bulgarian political elite. In spite of the change in government, public opinion polls like Gallup BBSS Bulgaria³ continued to measure worryingly low levels of trust in state institutions over 2005. About 18 percent of respondents stated they trust the Parliament, and about 24 percent trust the government.

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, this Turkish minority party is well represented at all levels of government. In contrast, the Roma minority is still poorly represented in government structures, with some exceptions at the municipal level. The general hypothesis is 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 Roma interests and representing them at the national level still does not exist, even though there have been attempts to create one.

No particular businesses or other interests interfere directly in electoral procedures. However, there are suspicions that powerful economic interests influence the decision-making process by lobbying political parties or providing illicit party financing. A scandal exploded at the start of 2004 when it became clear that some Bulgarian companies close to the BSP had received oil gifts from the former Iraqi regime of Saddam Hussein. There are suspicions that in fact the oil gifts were destined for the BSP in return for political support of the Iraqi regime. In October 2005, the BSP was mentioned in the UN's Independent Inquiry Committee final report⁴ on the oil-for-food investigation. BSP leadership denied the allegations and claimed the party never profited from oil deals with the former Iraqi regime.

Civil Society

1997	1998	1999	2001	2002	2003	2004	2005	2006
4.00	3.75	3.75	3.50	3.25	3.25	3.00	2.75	2.75

The Bulgarian Constitution guarantees citizens the right to organize freely in associations, movements, societies, or other nonprofit organizations. There have been no administrative or other barriers to NGOs over the last 16 years, nor do they experience significant state or other influence on their activities, which are regulated by the Noneconomic Purpose Legal Entities Law.

The 2005 Bulgarian Statistic Register indicates that there are 22,336 registered nonprofit organizations in the country. Of these, 4,010 are foundations, 18,305 are societies, and 51 are local branches of international nonprofits. The number of groups actually active is not known, but according to the Central Register for Nonprofit Legal Entities for 2005, there are 4,145 registered nonprofit organizations acting for public benefit. Both private and public benefit NGOs are focused on crucial areas of Bulgarian society, including 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 goes hand in hand with the emergence of programs and grants for NGO development. The sector was formed with a top-down approach led by donors, not the Bulgarian citizens. According to a 2005 *Civil Society Without the Citizens* report by Balkan Assist, a Bulgarian nonprofit association, this is the main reason Bulgarian NGOs have low levels of citizen involvement and are financially dependent on foreign donors. On the other hand, a positive result of the donor-driven emergence of Bulgarian NGOs is their well-developed instructional framework, human capital, and networking capacity. One of the major shortcomings of Bulgarian NGOs is their inability to involve the community in their decision making. NGOs expect resources from the central and local governments, but they are doing little to empower their own target groups within the community. Thus, citizen participation in civil society boils down mainly to the role of passive beneficiary.

All ethnic 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. There are around 150 functioning Roma NGOs throughout the country, and the number of registered Roma groups is at least three times greater. Churches engage in charitable activities by distributing aid and creating local networks that assist the elderly and children. Organizations of Muslim, Catholic, and Protestant communities are among the most dynamic in the country. Although the Orthodox Church remains the most influential in Bulgaria, only a small percentage of the population attends services regularly. Anti-liberal nonprofit institutions are constitutionally banned, and no anti-liberal NGOs are officially registered. Several informal organizations could be considered anti-liberal, but they have a weak public influence.

NGO registration is inexpensive and takes approximately one month to complete. By law, all NGOs that work for public benefit are listed in a transparent public document known as the Central Register for Nonprofit Legal Entities. Groups are allowed to engage in for-profit activities under certain conditions, and all groups are required to conduct annual audits. The law distinguishes between NGOs acting for public benefit and those that act for private benefit.

Public NGOs are not obliged to pay taxes on their funding resources, but they must be listed and report their activities annually in the Central Register. According to existing legislation, 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.

Unfortunately, even though the Corporate Taxation Law of 1997 instituted various tax incentives, these have not induced businesses to give money to NGOs. The state usually funds some specific NGOs in the area of social services, but most NGOs rely on funding from foreign sources. Regrettably, a significant number of large foreign NGOs and their donors intend to withdraw from Bulgaria in the next few years, which could cause funding problems for some organizations. According to Balkan Assist, more than 80 percent of funding for local NGOs comes from abroad.

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. This reflects 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. In spite of this positive practice, no formal mechanism exists for civil society to consult in the development of legislation. The partnership between the media and NGOs has become reliable and stable. The government also included NGOs in preparing projects and monitoring the spending of financial assistance received through EU preaccession and accession programs. 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 using 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 repeatedly urge the Parliament to legalize and regulate lobbying. As a result, the Committee on the Problems of Civil Society launched a bill in the middle of 2002 calling for the registration of lobbyists and the publicizing of lobbying activities. The bill is still under consideration.

Bulgaria has three major independent trade unions. Participation is free, and the state respects the right of workers to form their own organizations. Trade unions take part along with the government and employers in the Tripartite Commission for Negotiations on various issues. The rights of workers to engage in collective bargaining and to strike are protected by law. There is also a growing number of farmers' groups and small-business associations. Balkan Assist's *Civil Society Without the Citizens* report concluded that Bulgarian civil society has a limited impact on the behavior of large businesses. People are often afraid to hold companies responsible for violations of their rights or failures to meet obligations. 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. The most serious problems facing Bulgarian students are the continuous revisions in educational requirements imposed by the Ministry of Education, such as changes in the required number of years of schooling and mandatory comprehensive examinations. Education reform has proved to be fairly difficult and unpopular. According to data from the National Statistical Institute, there are 6,511 educational institutions in Bulgaria, including 3,301 child care centers, 3,157 primary and secondary schools, and 53 colleges and universities. Of these, 128 are privately owned, including 26 child care centers, 99 primary and secondary schools, and 16 colleges and universities.

Independent Media

1997	1998	1999	2001	2002	2003	2004	2005	2006
3.75	3.50	3.50	3.25	3.25	3.50	3.50	3.50	3.25

The Bulgarian Constitution proclaims that media are free and shall not be subject to censorship. An injunction on or confiscation of printed matter or other media formats is allowed only after a court decision. Legal provisions concerning media freedom are further developed in legislation. The right of citizens to seek, obtain, and disseminate information is also guaranteed by the Constitution and the Law on Access to Public Information.

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 as high as US\$6,400. Since the penal code was amended in 2000, a number of cases have been brought, but in most of them the courts have interpreted the law in a manner that has favored journalistic expression, with only a few convictions. However, this creates an atmosphere that might lead to self-censorship. In November 2004, the Office of the Prosecutor filed charges of illegal use of surveillance devices against a Romanian reporter investigating customs bribery on the Danube border; in 2005, the court found the Romanian reporter not guilty. Another similar case was the Sofia prosecutor's preliminary investigation of the BBC journalists who created the scandalous film *Buying the Games*. The film accused former Bulgarian International Olympic Committee member Ivan Slavkov of corruption.

In general, Bulgarian media are independent of the state, and there is free competition among different outlets and viewpoints. But it is not certain whether the media are independent of special interests, either political or economic. Print media have successfully emancipated themselves from governmental control; electronic media also manage to avoid significant state influence and interference. However, the state-owned National Radio and National Television are still heavily controlled by the state, although they are directly governed by the Council for Electronic Media (CEM). The CEM is responsible for selecting directors of the National Radio and National Television as well as overseeing their performance. The council's 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 not managed to establish a reputation of political independence.

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 2005, the nation's largest newspapers with the highest levels of circulation were *Troud*, *24 Hours*, *Standard*, *Monitor*, *Sega*, *Novinar*, *Douma*, *Dnevnik*, and *Capital* (weekly). Their circulation numbers are a trade secret. *Troud* and *24 Hours*, which enjoy the highest circulation,⁵ are owned by the German publishing group Westdeutsche Allgemeine Zeitung (WAZ). The newspaper market includes many other dailies, guaranteeing that readers have a broad selection of information sources and points of view.

The radio business as a whole has experienced radical change over the last six to seven years. In 2003, there were 89 radio stations; of these, 11 provide national coverage, and only 1 is state owned. There are also 77 local radio stations. As for television, there are 98 stations in the country; 3 reach national audiences through wireless broadcasting, only 1 is state owned, and the rest are cable networks.

The public's interest in politics has declined over the last few years, and this has resulted in a decrease in circulation of the main newspapers, especially those with ties to a party. Only the BSP-affiliated *Douma* maintains any 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, the state-owned print house. In some cases, this permits a degree of government interference. However, during the last few years this has not resulted in any direct political pressure. There are a number of private distribution networks as well.

Among Bulgaria's most important journalistic associations are the Media Coalition and the Free Speech Civil Forum Association. The Journalists Union, a holdover from the Communist period, is trying 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 problems, the most important is the Media Development Center, which provides journalists with training and legal advice.

In November 2004, journalists from 160 national and regional press and electronic/online media outlets signed the Bulgarian media code of ethics. The code includes standards regarding the use of information by unidentified sources, the preliminary nondisclosure of a source's identity, respect of personal information, and nonpublication of children's personal pictures (unless of public interest). Adopting the code of ethics demonstrated that Bulgarian media have matured enough to assume self-regulation of their activities.

The Internet in Bulgaria is free of regulation and restrictions for Web sites and private citizens, and access is easy and inexpensive. Over the last few years, the number of Bulgarian Web sites has grown significantly, with a subsequent enhancement of quality and the availability of a broader range of opinions. According to data reported by the Alpha Research polling agency in

February 2005, the percentage of adult Bulgarians who have access to the Internet has increased over the last year to 22 percent.

Local Democratic Governance

1997	1998	1999	2001	2002	2003	2004	2005	2006
n/a	3.50	3.00						

The basic framework for democratic local self-government is provided in Chapter 7 of the Bulgarian Constitution. It envisages the municipality as the basic unit of local self-government, the election of municipal councils and mayors, and the right of municipalities to own property and maintain budgets. Municipalities are defined as legal entities in which local democracy can work directly, through referendums or general assemblies of citizens. Local democratic governance in Bulgaria is elaborated in more detail in numerous normative laws, the more important being the Local Self-Government and Local Administration Law of 2002 (substituting the law of 1991), the Local Elections Law of 1995, the Local Taxes and Fees Law of 1997, and the Municipal Debt Law of 2005.

In Bulgaria, the process of decentralizing powers and responsibilities to local governments is ongoing. The above-mentioned legislation generally allows municipalities to have competences in designing, institutionalizing, and implementing solutions to problems affecting their citizens. A major new development is the April 2005 Municipal Debt Law, which regulates the opportunity of municipalities to issue debt for financing infrastructure and other capital projects. This instrument will increase the municipalities' access to resources.

Dialogue between the local and national levels of governance is well structured in the legislative branch (a specific standing parliamentary Committee on Local Governance Matters), in the executive branch (the National Association of Municipalities in the Republic of Bulgaria, NAMRB), and through numerous nonprofit organizations devoted to local government issues and advocacy. In practice, the NAMRB is consulted regularly by the central government on various issues, proposals, and policies related to local governance.

At present, almost no municipality in Bulgaria has a council with a single party majority, and in most cases even the two largest party groups cannot form a majority in the municipal councils, leading to a multiplicity of strictly locally defined and focused coalitions throughout the country. In this setting, it is difficult for any single agenda—be it that of a national party, the central authorities, or a national or local economic group—to dominate voters' choices and sentiments or the actions of the local government.

Local government bodies in Bulgaria are open to citizens regardless of their gender or ethnic (or other) status, and there are many examples of women mayors (at the 2003 local elections, 19 women were elected as municipal mayors out of 263 municipalities) and different ethnic groups

holding or being part of majorities in municipal councils. Citizens and civic society organizations are fully entitled to address the local authorities, and such practices have developed to some extent throughout the country. Also, there is a lively set of local and regional press and electronic media (mostly radio) focusing on local governance and the local public. A prime example of the accessibility of local power to civil society representatives is the newly elected mayor of Sofia, who was put on the ballot by a committee of citizens, did not represent any party, and explicitly avoided party endorsements. The new mayor campaigned against four strong party candidates and spent significantly less campaign money than any other candidate.

Municipal governments have four sources of revenue: central budget subsidies, local taxes and fees, municipal property, and issuance of debt. The Constitution requires the Parliament to approve all taxes and tax rates, including at the local level. Data from the NAMRB indicate that between 7 and 10 percent of all tax revenues are devoted strictly to local governments. Once the municipalities receive their subsidies from the central government, they have complete control over their own budgets. The only exception applies to money received for targeted national programs. Implementation of the government’s medium-term fiscal decentralization program continued in 2005, and already texts amending the Constitution regarding the ability of municipalities to define local tax rates are being discussed in a parliamentary working group. However, any actual changes are still pending. The Municipal Debt Law has increased the access of municipalities to resources, but there is still a lack of sufficient resources to address local problems and provide quality public services. This situation makes some local governments dependent on a few strategic local economic actors. Additionally, local governments feel more pressure to be on good terms with the central government rather than accountable to the local public. Even though there are mechanisms for transparency, as well as public and media control over local authorities, these measures are not particularly effective at this stage of Bulgarian local government reform.

Judicial Framework and Independence

1997	1998	1999	2001	2002	2003	2004	2005	2006
4.25	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.00

The Bulgarian Constitution has provisions for protecting political, civil, and human rights. These include explicit texts securing freedom of expression, of association, and of religious beliefs, as well as the rights to privacy, property and inheritance, and economic initiative and enterprise. The abuse of monopoly power is also banned. In practice, the protection of these rights by the state is generally effective, but there is discrimination against the Roma minority and certain religious beliefs. An example of the latter was the banning of a prominent international religious leader⁶ from entering the country under the pretext of “national security” in the fall of 2005.

The legislature adopts the country's supreme laws, but implementing them falls to the executive branch. The judiciary, whose main body of power is the Supreme Judicial Council (SJC), provides a check on both the legislature and the executive. The Bulgarian Constitution is applied

directly by the Constitutional Court, which has established itself as a legitimate, independent, and impartial body.

However, the Bulgarian public does not perceive the law as applying equally for all. Public opinion polls indicate a low level of trust in the judiciary and the belief that some groups, such as politicians and the wealthy, get better treatment and are in a position to abuse the law, which is allowed by existing imbalances in the judiciary's power structure. Adjudication in Bulgaria is slow and inconsistent.

There were no major changes in the Bulgarian penal code in 2005, with the only notable development being the introduction of more severe treatment for a long list of public officials accused of felony. Bulgarian criminal law ensures a presumption of innocence until proven guilty and provides for fair and public trials. The defense receives a full opportunity to examine evidence, develop a case, and appeal decisions. Bulgaria has sufficient guarantees against search without warrant and arbitrary arrest. However, once persons are arrested, their rights are not sufficiently secure. In late 2005, there was a controversial case involving a prominent drug dealer who died during arrest. The police officers are under investigation for the use of excessive force, and the case is still pending.

Judges in Bulgaria are appointed by the SJC. Amendments in the Judicial System Law, in force since April 2004, regulate the appointment of judges. The newly created Attestations and Proposals Committees under the SJC are empowered to appoint and dismiss administrative positions within the judiciary. The amended Judicial System Law details rules for appointing administrators. However, dubious practices in appointing judges continue. A prominent example is the policy of the SJC to use a loophole in the legislation to appoint junior judges without the legally required concurrence. It is publicly known that children and relatives of prominent members of the judiciary have been appointed in this manner.

In general, Bulgarian court decisions are inconsistently fair and impartial. There are reports about attempts to influence courts, as well as actual corruption. Members of the judiciary are immune from prosecution except for serious crimes and only then with the permission of the SJC, less than half of whose members are appointed by the Parliament. The judiciary reviews laws of the executive and legislative branches on a regular basis.

The authority of the courts is recognized, and judicial decisions are enforced effectively. However, the enforcement process is slow. New legislation adopted in the spring of 2005 allows private firms, along with court clerks, to enforce court decisions, and so far there is a consensus among all parties that this will speed up the process and make it more reliable and transparent.

A notable change in 2005 is the appointment of a national ombudsman under the 2004 Ombudsman Law, which affects Bulgarian citizens' access to the justice system. With this development, citizens have one more major tool to influence public decision making, effectively report corruption, and obtain information from the government.

Corruption

1997	1998	1999	2001	2002	2003	2004	2005	2006
n/a	n/a	4.75	4.75	4.50	4.25	4.25	4.00	3.75

The regulatory and administrative framework for fighting corruption in Bulgaria has reached a point where further institutional change seems less expedient than actual implementation and enforcement. As of March 2005, the National Strategy for Combating Corruption now includes the preparation of an ethical code of conduct for ministers and political appointees at the highest level, as well as the creation of a joint council of the executive and the private business sector. The goal is to establish a public-private partnership to curb corrupt practices. As of the end of 2005, however, the actual adoption of the ethical code and establishment of the joint public-private council are still pending. Also important is the institutionalization of the national ombudsman to hear complaints and initiate investigations of corruption.

The Bulgarian economy remains generally free from excessive state involvement. Bulgaria is recognized as a functioning market economy, with the private sector producing close to 80 percent of the gross value added and providing about 75 percent of the country's employment. About 90 percent of all state assets subject to privatization have been privatized. While the state redistributes a relatively high 40 to 42 percent of national income, its budget is balanced and has actually generated surpluses in 2004 and 2005 (projected). The structure of state revenues relies mostly on nondistortionary indirect taxes, and the most distorting direct tax—social security contributions—is expected to decrease significantly in 2006. In 2005, the Bulgarian economy moved from the “Mostly Unfree” into the “Mostly Free” category in the Heritage Foundation's Index of Economic Freedom⁷, with the scores on fiscal burden and government intervention ranking better than its overall score. In the Fraser Institute's Economic Freedom in the World index⁸, Bulgaria has improved its 2005 score (based on 2003 data) to 6.3 on a scale where 10 represents maximum freedom.

The Bulgarian branch of Transparency International indicates⁹ that after a period of marked improvement between 1998 and 2002, corruption perceptions seem to have stagnated at a relatively moderate level over the last five years. Bulgaria's 2005 score on the index was 4.0, on a scale ranging between 10 (highly clean) and 0 (highly corrupt). Administrative pressure on economic activity in Bulgaria has continued to decrease slowly over 2005, owing mainly to the introduction of private entrepreneurship and the Private Judicial Enforcement Law, which came into force September 2005. The goal of the law is to speed up the enforcement of judicial decisions and limit incentives for corruption in the system. The law is expected to improve the contract enforcement environment. However, many other opportunities for corruption remain, especially in tax collection, licensing regimes, registration of firms, and safety and other regulations, as well as in public procurement tenders. Measures to introduce arbitrary checks by tax authorities and to improve the speed and transparency of business registration are coming but have yet to become law.

Some clouding remains. The NMSS carried a negative legacy from its coalition governance with the MRF. The Turkish party has often used political blackmail over the last four years, most recently in the previous government's last attempt to privatize the state-owned tobacco monopoly Bulgartabac Holding. Most producers of raw tobacco are ethnic Turks and political supporters of the MRF. Therefore, the movement has direct political interest in Bulgartabac to remain state owned in order to retain political control over its voters. As a partner in the ruling coalition over the last four years, the MRF has been able to exercise control over Bulgarian ethnic Turks mainly through guaranteeing higher minimum raw tobacco prices, which are set by the government. In January 2005, Deputy Prime Minister and Minister of the Economy Lidia Shuleva announced a deal to sell Bulgartabac to British American Tobacco (BAT). The MRF withdrew its support, claiming that the deal harmed national interests, and threatened to support a no-confidence vote in the Parliament if the deal was completed. BAT promptly withdrew from the negotiations, and days later Shuleva lost her government post.

The Civil Service Law of 2000 limits the ability of civil servants to engage in private economic activities. At higher levels of government, there is no such legal requirement, but limitations are imposed by the public solely through elections and the media and are also expected to be a part of the forthcoming ethical code for high-level government figures. The actual involvement of government officials in private economic activities is difficult to assess. There have been no major public or media exposures of illicit activities, suggesting these are limited.

All state bodies are obliged under the Administration Law, the Public Servants Law, and the Public Procurement Law to publicize job openings and procurement contracts and to use concourses for selection. Despite relatively adequate regulatory texts, the public seems convinced that selections are based on personal connections and clientele/business relations rather than merit.

Financial disclosure by state officials in Bulgaria is conducted via the Public Register within the National Audit Office under the Publicity of Personal Property of High Government Officials in the Republic of Bulgaria Law. The Public Register is accessible to the public through guaranteed media access. In most cases, public officials submit the required declarations on time, but the practice of nonsubmission by some MPs, who cannot be prosecuted, continues.

The Bulgarian state still has a limited capacity to effectively prevent, investigate, and prosecute corruption. Deficiencies in the legal system, rather than a lack of political will, are largely to blame. However, in the course of 2005 the judicial system has acted to prosecute corruption and check the executive branch for nontransparent actions. A prime example is the prosecution of the acting mayor of Sofia—who was later elected to the Parliament—for several deals involving municipal property. Another example is the Supreme Administrative Court's intervention into the concession for the construction and exploitation of the Trakia motorway.

Bulgarian media feel free to report corruption, and hundreds of stories alleging corruption appear every month. The media's heavy spin and lack of consistent investigation casts doubts on the seriousness of most of these allegations. As a result, while media are indeed instrumental in exposing cases of corruption, they may also be nurturing public perception of the widespread

nature of the problem. In general, the Bulgarian public is highly sensitive to the issue of corruption, and there's a significant level of intolerance for it. Corruption is regularly among the top concerns in national polls and was an important aspect of the campaigns for both the Parliament and several mayorships in 2005. A prime example of civil society activism against corruption was the reaction to the previously mentioned Trakia concession deal. Civil society groups did cost-benefit analyses and undertook legal actions that ultimately put the deal under the supervision of the Supreme Administrative Court, where a decision is still pending.

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NOTES

¹ Under the 1991 Constitution in Bulgaria there are 2 types of National Assemblies: Ordinary and Grand. A Grand National Assembly is elected in separate elections, has more deputies than an Ordinary one, and is entitled to change the constitution, where the texts concerning the form of government can be changed only by a Grand Assembly and not by an Ordinary one.

² Average data from the regular surveys of Alpha Research agency during 2005. Source: <http://www.aresearch.org/>

³ Source: <http://www.gallup-bbss.com>

⁴ Independent Inquiry Committee into the United Nations Oil-for-Food Programme, *Report on the Manipulation of the Oil-for-Food Programme* (27 October 2005), Committee Tables, Table III, p. 16-17. Available at <http://www.iic-offp.org/story27oct05.htm>

⁵ According to private communication between authors and headquarters of the major newspapers.

⁶ The Reverend Sun Myung Moon of the Unification Church.

⁷ Marc Miles, Kim Holmes, and Mary Anastasia O'Grady, *2006 Index of Economic Freedom* (The Heritage Foundation and The Wall Street Journal, 2006), 121.

⁸ James Gwartney, and Robert Lawson, *Economic Freedom of the World 2005 Annual Report* (The Fraser Institute, 2005), 61.

⁹ Data can be found at <http://www.transparency-bg.org>.