



Bulgaria: vital choices for the country's future

On 1 January 2018 – six months earlier than initially planned, as the role has been shifted half a year ahead due to Brexit – the Balkan Republic will assume the rotating presidency of the Council of the European Union, which it joined together with Romania in 2007. With solid backing from Germany and France, Bulgaria is looking to use this occasion to take action at both European and domestic levels. The government is undertaking a number of reforms with an eye to restoring citizens' trust in the administration and its institutions.

A decade after its accession to the EU, Bulgaria is still its poorest Member State (lowest GDP per capita¹ with wages well below the European average²). That said, it could be seen as one of the EU's "model pupils" with indicators showing a consistently expanding economy (growth rate of 3.6% in 2017 and corporate taxation that was the lowest in Europe until 1 January 2017³) and sound public finances (slight fiscal surplus and 3rd lowest sovereign debt⁴).

This paradox demonstrates the schism between politicians and the people which has accentuated over the years since the changeover to a market economy in 1990. 2013 will remain redolent of this total loss of trust. In a matter of months, the governments of the two main opposing parties were successively forced to resign. There were subsequently forty consecutive days of demonstrations in Sofia which culminated in protesters laying siege to the parliament. Then EU Justice Commissioner Viviane Reding became involved⁵ in an attempt to restore discussions which appeared to have totally broken down.

Curtailling deep-rooted practices

When Bulgaria and Romania joined the EU, they were subject to a Cooperation and Verification Mechanism (CVM), set up by the European Commission in order to "assess progress in judicial reform and the fight against corruption". The Commission's latest report⁶, dating back to January 2017, states that, in Bulgaria, "in the past 10 years, overall progress has not been as fast as hoped for, and a number of challenges remain to be addressed. The new government will need to drive reform forward to secure irreversible results".

Although the assessors did flag up some progress (ratification of the United Nations Convention against Corruption on 20 September 2006), this is still fragmented and Bulgaria has failed to introduce a comprehensive system (legislation setting up an independent authority with real powers) to effectively address this scourge. A large number of corruption scandals, that have rocked the entire political class as well as various government departments, have continually undermined civil society's confidence with the latter evoking an endemic "kleptocracy"⁷.

¹ In 2016, ranked 62nd worldwide by the IMF (\$20,327) and 58th by the World Bank (\$19,199).

² According to Eurostat's [most-recent statistics](#), 40% of Bulgarians are at-risk-of-poverty or social exclusion (down slightly from the previous figure).

³ It stands at 10%, a single rate which is the same for VAT and taxes on individuals and companies. On 1 January 2017, Hungary lowered its rate to 9%.

⁴ 25.4% of GDP, trailing Estonia (9%) and Luxembourg (20%).

⁵ <https://bg.ambafrance.org/Mercredi-24-juillet-2013>

⁶ http://europa.eu/rapid/press-release_IP-17-129_en.htm

⁷ <https://www.atlasnetwork.org/news/article/overdue-revolt-on-the-protests-in-bulgaria>

With the EU presidency on the horizon, pressure is increasing on Boyko Borisov's government. Voting on a Counter-Corruption Bill, that is "compliant with international standards", was scheduled for parliament's autumn session and the legislation was adopted by the National Assembly on 25 October⁸, and will focus on prevention. A new Commission on Counter-Corruption and Forfeiture of Unlawfully Acquired Assets is set to replace the current structures. It will verify conflict-of-interest declarations and eligibility declarations of senior public officials. It will also carry out checks following citizens' alerts for corruption and refer cases to the courts.

Undertaking wide-reaching government reform

The Governance Programme 2017-2021, that was unveiled on 14 August, contains three main pillars⁹: the economy, power generation and tourism (which accounts for around 15% of GDP). Appointed to head up the Council for Administrative Reform (which now oversees all the structures involved in government modernisation), Deputy Prime Minister Tomislav Donchev immediately announced initial measures geared towards "substantially cutting red tape and streamlining procedures for businesses".

The Bulgarian administration is still highly centralised and regularly comes under fire for the varying standard of the services it provides, or even for its lack of efficiency. Menda Stoyanova, chair of the Budgetary and Finance Committee of the National Assembly, recently stated that "30 per cent of the country's public service employees are superfluous"¹⁰. In the long run, a number of wide-reaching reforms will alter the manner in which the entire public sector operates:

- The regional administrations in the 28 *oblasti* (prefectures) will be scaled down into six administrative districts¹¹, which will be the geographical equivalent of the *rajoni za planirane* (planning regions), which were set up in 2000 for statistical purposes to enable Bulgaria to comply with the EU's NUTS classification
- By 2020, the ministries and agencies that report to them will share all their support services under a broad merger project¹² covering document and information flows, accounting and management control, and human resources. To this end, the government has signed a contract with the World Bank for analysis, advisory and assessment services
- The new State e-Government Agency (SeGA) is tasked with coordinating an IT systems interconnection plan¹³ to improve the functionalities and performance levels of the egov.bg e-Government platform. It is also responsible for helping government departments to abolish the exchange of paper documents between the administrations themselves, which should be achieved by the end of 2018¹⁴.

Bulgaria wants to have a leading role during its first presidency of the EU and the country has adopted the motto "consensus, competitiveness and cohesion" prior to presenting its detailed programme on 1 December. MEP Svetoslav Malinov has confirmed that Bulgaria will be able to provide vital mediation between Member States in a number of areas.

Achieving positive initial results

When the new government was formed last May, its approval rating was at one of its lowest levels (32%). A few days before the Programme was announced, a survey showed the first considerable growing level of approval for the work of the government (+7%)¹⁵ since that of the former king, and prime minister, Simeon Saxe-Coburg Gotha in the early 2000s. All the polling institutes seem to agree that there is a tangible long-term uptrend.

There is however another shadow on the horizon for the authorities. Years of mass emigration coupled with worrying demographics (Bulgaria has the world's lowest rate for natural population renewal¹⁶) mean that there is a rapidly ageing population. The government is looking to bolster its assisted return scheme and is already actively helping graduates wanting to leave the UK¹⁷.

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⁸ <http://www.bta.bg/en/c/DF/id/1677851>

⁹ <http://bnr.bg/en/post/100862793>

¹⁰ <http://living-europe.blogspot.fr/2010/03/bulgarian-press-review-march-16-2010.html>

¹¹ <http://www.novinite.com/articles/126309/Bulgaria+Mulls+Reducing+Districts+from+28+to+6+over+EU+Funds>

¹² <http://sofiaglobe.com/2017/09/26/bulgarian-government-plans-staff-cuts-through-merging-public-service-departments/>

¹³ <https://e-gov.bg/en/news/32>

¹⁴ <https://www.e-gov.bg/en/media/7>

¹⁵ <http://www.novinite.com/articles/182365/Public+Trust+in+Bulgarian+Government+Up+by+7+for+First+100+Days>

¹⁶ Birth rate of 9 births/1,000 population and mortality rate of 15 deaths/1,000 population.

¹⁷ <http://www.novinite.com/articles/182935/After+the+Brexit+Decision+Bulgarians+are+Looking+for+Career+Development+in+their+Homeland>