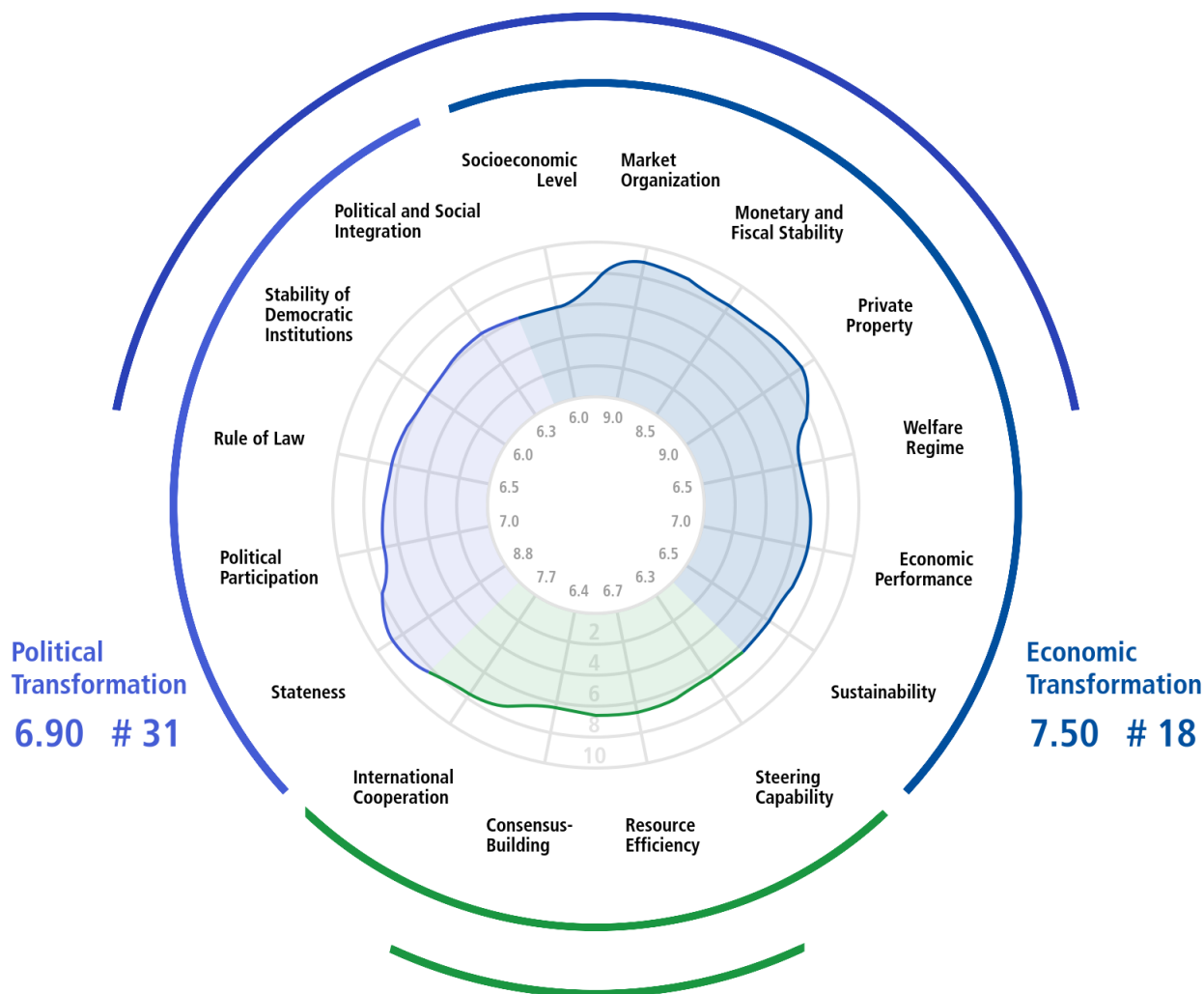


# Bulgaria

## Status Index

**7.20 # 22**

on 1-10 scale out of 137



**Political Transformation**  
**6.90 # 31**

**Economic Transformation**  
**7.50 # 18**

## Governance Index

**5.72 # 33**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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## Contact

Bertelsmann Stiftung  
Carl-Bertelsmann-Strasse 256  
33111 Gütersloh  
Germany

### Sabine Donner

Phone +49 5241 81 81501  
[sabine.donner@bertelsmann-stiftung.de](mailto:sabine.donner@bertelsmann-stiftung.de)

### Hauke Hartmann

Phone +49 5241 81 81389  
[hauke.hartmann@bertelsmann-stiftung.de](mailto:hauke.hartmann@bertelsmann-stiftung.de)

### Sebastian Plate

Phone +49 5241 81 81263  
[sebastian.plate@bertelsmann-stiftung.de](mailto:sebastian.plate@bertelsmann-stiftung.de)

### Sabine Steinkamp

Phone +49 5241 81 81507  
[sabine.steinkamp@bertelsmann-stiftung.de](mailto:sabine.steinkamp@bertelsmann-stiftung.de)

**Key Indicators**

Population	M	<b>6.4</b>	HDI	<b>0.845</b>	GDP p.c., PPP \$	<b>41086</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.0</b>	HDI rank of 193	<b>55</b>	Gini Index	<b>39.5</b>
Life expectancy	years	<b>75.7</b>	UN Education Index	<b>0.807</b>	Poverty <sup>3</sup>	% <b>2.0</b>
Urban population	%	<b>77.0</b>	Gender inequality <sup>2</sup>	<b>0.208</b>	Aid per capita	\$ -

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

## Executive Summary

During the review period, Bulgaria's political landscape was characterized by persistent instability, deepening polarization and an increasingly fragmented party system. The country has grappled with chronic difficulties in government formation and multiple snap elections, with seven parliamentary elections in less than four years, each struggling to produce a stable government. The rotational government arrangement between GERB-SDS and PP-DB, initiated in 2023, failed due to internal conflicts and ideological rifts. Early 2024 saw the resignation of Prime Minister Denkov, leading to a breakdown in coalition negotiations and the appointment of a caretaker government under Dimitar Glavchev. Low voter turnout in the 2024 elections was indicative of widespread public distrust and disillusionment with repeated governmental crises. The formation of a new coalition government in January 2025 – comprising GERB-SDS, the Bulgarian Socialist Party (BSP) and There Is Such a People (ITN) – was just the latest attempt to navigate this complex political environment. This coalition, driven by strategic necessity rather than ideological cohesion, underscores the ongoing challenges in Bulgaria's governance.

A major achievement during the review period was Bulgaria's full accession to the Schengen area on January 1, 2025. Following the lifting of air and maritime border controls in March 2024, land border restrictions were also removed, concluding a 13-year effort to join the European Union's visa-free travel zone. However, Bulgaria's accession to the eurozone remains stalled. Opposition parties accused the government of deliberately delaying the process. Although legislation was passed in August 2024 to facilitate the adoption of the euro, the government deferred a request for a convergence report, citing a narrow failure to meet the inflation criteria. Political uncertainty and public skepticism – fueled by Euroskeptic parties, particularly the far-right Revival (Vazrazhdane) party – further complicated Bulgaria's integration into the eurozone.

Bulgaria also faced controversy over civil liberties, with significant backlash against legislation restricting LGBTQ+ rights. In August 2024, the National Assembly passed an amendment banning discussions on “non-traditional sexual orientation and gender identity” in schools. This measure – spearheaded by Revival, and supported by GERB, BSP and ITN – was condemned by human rights organizations and prompted scrutiny from the European Commission. Concurrently, Revival published lists of teachers it accused of promoting LGBTQ+ ideology, leading to legal challenges and widespread criticism from civil rights groups. Efforts to diversify Bulgaria’s energy supply saw both progress and setbacks. A 13-year agreement with Türkiye’s Botas allowed Bulgaria access to Turkish liquid natural gas (LNG) terminals, bolstering energy security. The Greece-Bulgaria gas interconnector was expanded, increasing its capacity from three to five billion cubic meters per year. However, Bulgaria faced diplomatic tensions with Serbia and Hungary after imposing a transit fee on Russian gas in October 2023. Mounting pressure, particularly from Hungary, forced Bulgaria to suspend the fee in December 2023 to prevent disruptions to regional energy security.

Economic performance during the review period was mixed. Bulgaria maintained the second-lowest public debt in the European Union. However, as of January 2025, the budget deficit risked exceeding 3%, delaying adoption of the euro. The current account deficit remained minimal, but public and private investment suffered from political uncertainty. In 2024, the European Commission threatened to suspend payments under the National Recovery and Resilience Plan (NRRP) due to unfulfilled reform milestones. Political instability delayed critical reforms tied to the EU Recovery and Resilience Facility, affecting economic performance and public investment. The European Commission withheld €1.2 billion in funding due to delays in implementing key anti-corruption and judicial accountability measures.

Judicial reform efforts faced obstacles. Constitutional amendments in 2023 restructured the Supreme Judicial Council and limited the powers of the prosecutor general, but those changes were challenged in Bulgaria’s Constitutional Court. The restructuring of the anti-corruption authority into separate agencies drew criticism over its effectiveness. High-profile corruption cases remained largely unresolved.

In foreign relations, Bulgaria’s stance on North Macedonia’s accession to the European Union remained contentious. Despite lifting its veto in 2022, Bulgaria continued to insist on constitutional recognition of ethnic Bulgarians in North Macedonia, which exacerbated tensions. Meanwhile, Bulgaria strengthened trilateral cooperation with Greece and Romania, signing agreements on military mobility and regional infrastructure projects.

## History and Characteristics of Transformation

Bulgaria's democratic and market economy transformation since 1989 has been slow and often muddled. In 1989, the country's former communist political elites announced plans for gradual reforms and a smooth transition to avoid social cataclysm. However, this also enabled the elite to maintain their political leverage and remain in control during the process. The economic elite, which emerged in the early 1990s, engaged in the redistribution of and established indirect control over state property, often with dubious legality. At the same time, the intertwined political and economic elite showed no genuine interest in establishing a functioning or truly impartial judiciary. This created the basis for a stable symbiosis between the state and private economic interests. From 1996 to 1997, Bulgaria experienced its deepest crisis, as GDP fell by 10.1%, the banking system collapsed and a drop in foreign reserves destroyed confidence in the national currency.

Until 2001, Bulgarian politics was deeply polarized between the anti-communist right and post-communist left. Right-wing reformist parties missed the opportunity to offer a viable reform agenda. Instead, nationalist-populist rhetoric proved to be a more effective way of mobilizing support. In 2001, Bulgarians elected the exiled monarch, Simeon Saxe-Coburg-Gotha, as prime minister. In 2005, a tripartite coalition government was formed with Sergei Stanishev of the BSP as prime minister. The Stanishev government successfully led Bulgaria's accession to the European Union in 2007. However, the European Union's renowned transformative power had an uneven impact on promoting democracy and the rule of law. Although Bulgaria's economic performance improved, it remained the poorest country in the European Union. After advocating a law-and-order agenda, a new right-leaning party – Citizens for the European Development of Bulgaria (GERB) – won the parliamentary elections in 2009. With a few short interruptions, GERB has governed the country for the past 12 years under the leadership of three-time prime minister Boyko Borissov.

After dominating Bulgarian politics for most of the period since the country's accession to the European Union, Borissov faced a series of serious corruption allegations in 2020. Mass anti-government protests demanded his resignation, accusing the political elite of abusing the rule of law and weakening state institutions for their own benefit. The prosecutor generals' failure to investigate high-level corruption led to sanctions against Bulgaria under the U.S. Magnitsky Act.

In 2020, Bulgaria entered a near-perpetual election cycle. Following the third general election during this period, held in November 2021, a coalition government with an unusual composition was formed by Kiril Petkov, leader of We Continue the Change (PP), a newly formed liberal party that ran on an anti-corruption program. Six months later, the fragile coalition collapsed. The subsequent elections on October 2, 2022, produced yet another fragmented and polarized parliament, unable to vote in a government.

Between 2023 and 2025, Bulgaria's cycle of frequent elections highlighted the chronic inability of political forces to form stable governments. GERB, which once dominated Bulgarian politics, found it increasingly difficult to secure a governing majority, despite leading in election results. The 2023 coalition government between GERB and the PP-DB alliance – based on a rotating premiership agreement – briefly offered hope for stability. However, irreconcilable ideological differences and disputes over key policy priorities led to its collapse in early 2024. This failure underscored GERB's declining capacity to navigate the fragmented political landscape and secure durable coalitions.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

There is no challenge to the state’s monopoly on the use of force in Bulgaria.

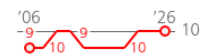
Question  
Score

Monopoly on the  
use of force  
10



According to its constitution, Bulgaria is a nation-state that respects ethnic, linguistic and religious differences. The main population groups broadly support the official concept of the nation-state, with no significant separatist movements or challenges to national unity emerging during the review period. While the constitution guarantees the right to self-determination, it does not explicitly recognize ethnic minorities.

State identity  
10



Any person born in the country is entitled to citizenship unless they acquire another citizenship at birth. The law prohibits depriving people of citizenship, thereby protecting against statelessness. However, certain groups remain vulnerable. For example, children born to same-sex parents continue to face challenges in obtaining citizenship or identity documents because of gaps in legislation.

In 2023, the parliament amended the Citizenship Law to strengthen language proficiency requirements for individuals of Bulgarian descent, specifically those who have at least one Bulgarian parent. The amendment aims to ensure these individuals not only share a genealogical connection but also have a functional understanding of the Bulgarian language, thereby fostering deeper cultural and societal integration.

In 2022, Bulgaria abolished its controversial “golden passport” program, which had granted citizenship in exchange for significant financial investments. By 2023, the government had revoked citizenships obtained under this program.

Despite legal protections against statelessness, certain groups remain vulnerable – particularly children born to same-sex parents – who face legal hurdles in obtaining citizenship or identity documents. These challenges stem from legislative gaps that fail to recognize non-traditional family structures. Additionally, other marginalized groups, such as the Roma community, often encounter bureaucratic obstacles and discrimination when applying for citizenship.

Bulgaria remains predominantly secular, with a legal framework and political institutions based on secular norms and positive law. The constitution guarantees the freedoms of religion and belief, and maintains a clear separation between church and state. However, the Bulgarian Orthodox Church (BOC) retains a privileged position in Bulgarian society – its clergy regularly perform religious rituals during public ceremonies, and engage in public debates on moral and societal issues.

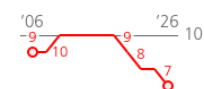
In 2024, the BOC elected a new patriarch, Daniil, who is perceived to have close ties to pro-Russian ideologies. The BOC has since become more vocal in advocating that religious education be mandatory in schools. This initiative, presented as a means of fostering moral values and cultural identity, has sparked debate in public and political circles. While these proposals have not yet translated into legislative changes, they underscore the church’s influence in shaping public opinion on education and societal values.

A controversial debate emerged in 2024 regarding the registration of a second (Old Calendar) Orthodox Church in Bulgaria, proposed by a faction within the Orthodox community seeking greater autonomy from the BOC. This move was denounced by Patriarch Daniil as a threat to national unity and religious tradition. President Rumen Radev aligned with the BOC’s concerns and cautioned that such a move could provoke societal division. The Bulgarian Academy of Sciences (BAS) also controversially backed the BOC, arguing that recognizing a second Orthodox Church could undermine religious cohesion and historical continuity. Its stance sparked criticism from proponents of religious pluralism. The debate amplified discussions about the influence of religion on the state and remains unresolved.

The BOC has periodically weighed in on policy issues, occasionally aligning with conservative and nationalist narratives. For example, it reiterated its opposition to advancing gender equality and to ratifying international agreements to combat domestic violence. While these interventions remain within the realm of public advocacy, they highlight the church’s ongoing role as a powerful interest group.

No interference of religious dogmas

7



1



In 2024/25, the BOC proposed making religious education mandatory in schools to foster moral values and cultural identity among students. This initiative sparked considerable debate about its impact on Bulgaria's secular educational system.

Bulgaria maintains all the basic structures of a state apparatus, with resources collected and distributed according to law. A three-tiered administrative system – the central government, 28 district administrations and 262 municipalities – functions effectively, despite frequent elections that have disrupted governance stability. Taxation is generally efficient, contributing to overall administrative stability and compliance with the European Union's fiscal standards.

However, service delivery and infrastructure challenges persist. The water supply crisis in 2024 exposed severe vulnerabilities, with more than 300 settlements experiencing water rationing due to aging infrastructure, prolonged droughts and mismanagement. Bulgaria continues to report the highest rate of water loss in the European Union, with more than 50% of the supply failing to reach consumers. Regulatory oversight of private water companies remains inadequate despite public demands for accountability.

Electricity reliability was strained in 2024, as several significant outages highlighted the aging and fragile state of the energy grid. While electricity coverage is near-universal, these incidents underscored the need for substantial investment in infrastructure modernization and improved regulation – to meet increasing demand and ensure grid stability.

A positive development in 2024 was the amendment to the Civil Registration Act, which simplified obtaining identity documents for individuals in informal settlements. The change particularly benefited Roma communities, improving access to public services such as health care and education. The effective implementation of these reforms will be critical to ensuring long-term improvements in social inclusion.

Judicial inefficiencies remain notable. Systemic delays, insufficient funding and corruption hinder access to justice, particularly for marginalized groups. High-profile cases often languish in court, eroding public confidence in the legal system. Efforts to improve judicial efficiency and transparency remain limited and fragmented.

As of 2023, 75.2% of the population was connected to urban wastewater collection systems and 67.4% to wastewater treatment plants. This indicates substantial coverage, but a significant portion of the population still lacks access to modern sewage facilities. Outdated pipelines and insufficient investment in water infrastructure have left entire cities dependent on decades-old systems. For example, in towns such as Pernik, residents faced severe disruptions due to inadequate water storage and distribution systems. Air pollution also remains a critical issue, as Bulgaria ranks among the worst globally for air quality-related deaths.

Basic  
administration

8



1

Despite Bulgaria's progress in expanding access to education and health care, disparities between urban and rural areas remain. Rural regions often face shortages of health care professionals, limited public transportation and underfunded schools, creating significant barriers to equal access to services.

## 2 | Political Participation

In 2023 and 2024, Bulgaria held three parliamentary elections, reflecting the ongoing political instability and the challenges in forming stable governing coalitions. Repeated elections strained public trust in democratic institutions and exposed systemic issues in electoral integrity. Voter turnout reached a historic low of 34.4% in June 2024, but improved slightly in October 2024, signaling some renewed engagement. The electoral process remained competitive, providing platforms for multiple parties to contest power. However, procedural and systemic challenges continued to undermine confidence in the democratic process.

The core issue in recent elections revolved around alleged electoral fraud and the legal and institutional responses. The controversy peaked when the Velichie Party narrowly missed the electoral threshold in October 2024. Accusations of vote mishandling at several polling stations led to significant uproar, prompting the party to call for a recount and a review by the Constitutional Court.

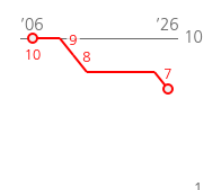
Despite low turnout, most Bulgarians continue to see elections as the primary means to hold leaders accountable. However, concerns about manipulation persist. Reports from investigative organizations such as the Anti-Corruption Fund highlighted the prevalence of controlled and purchased votes, particularly in regions economically dependent on political networks.

Furthermore, the political landscape was complicated by a significant split within the Movement for Rights and Freedoms (MRF), which resulted in two separate parties. The dominant faction, associated with Delyan Peevski, was widely criticized for embodying state capture in Bulgaria. The MRF was frequently cited in analyses for its significant gains in areas with consistent voting irregularities. These practices undermined the fairness of elections, with limited success in prosecuting offenders, despite existing legal frameworks.

Media coverage during campaigns presented a complex landscape. Although smaller parties had access to national media platforms, the quality and nature of coverage varied significantly. Some smaller parties received substantial attention, which could be beneficial or detrimental to their public image depending on the context. This dynamic influenced public perception and electoral outcomes, underscoring the media's nuanced role in shaping political narratives.

Free and fair elections

7



1

Political instability and the inability to form stable coalitions limited the ability of Bulgaria's democratically elected representatives to govern effectively. Governance was fragmented and heavily reliant on caretaker administrations.

Domestic veto powers, including entrenched business elites, continued to undermine democratic governance. Allegations of vote-buying and clientelism persisted, especially in economically vulnerable regions where political actors leveraged local dependency networks to consolidate influence. These practices distorted the electoral process and reinforced public disillusionment with democratic institutions.

Externally, Russian influence persisted through informal networks and pro-Russian political forces, despite diminished formal diplomatic ties. The far-right Revival (Vazrazhdane) party gained prominence by capitalizing on nationalist and Euroskeptic narratives, complicating Bulgaria's alignment with the European Union and NATO. This external pressure, coupled with energy dependency and economic challenges, further constrained the autonomy of Bulgaria's democratic representatives.

The influence of Delyan Peevski, a longtime controversial figure in Bulgarian politics, remained a defining feature during this period. Despite being sanctioned under the Global Magnitsky Act for alleged corruption, Peevski remained influential within the Movement for Rights and Freedoms (MRF) and Bulgarian politics more broadly. His leadership of the MRF caused internal divisions, weakening party cohesion and reducing its role as a stabilizing political force. Peevski's dual image – as both a negotiator in parliamentary processes and a symbol of entrenched oligarchic power – highlighted the complexities of Bulgaria's political culture.

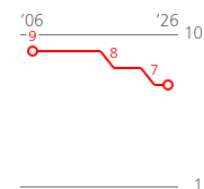
While Bulgaria's constitution guarantees the freedoms of association and assembly, their implementation faced significant challenges during the review period. Public demonstrations remained vital in addressing corruption, judicial reform and environmental issues. However, legislative and enforcement inconsistencies exposed vulnerabilities in civic space.

The reintroduction of the controversial "foreign agents" bill in 2024 by the pro-Russian Revival party raised significant concerns. The proposal sought to label individuals and organizations receiving foreign funding as foreign agents, impose onerous reporting requirements and potentially stigmatize NGOs. As of early 2025, the bill was still under parliamentary review, despite strong opposition from civil society and international bodies, and concerns about its impact on civil society's independence.

Similarly, the draft lobbying law proposed by the Justice Ministry raised alarms because of its vague definitions and extensive reporting requirements. Critics warned that the law could classify legitimate advocacy by NGOs as lobbying, impose administrative burdens and enable selective enforcement.

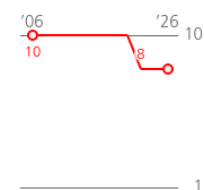
Effective power to govern

7



Association / assembly rights

8



Administrative barriers, inadequate security for marginalized groups such as LGBTQ+ activists and occasional restrictions on peaceful demonstrations were reported. Authorities' inconsistent protection of protesters highlighted systemic weaknesses in upholding assembly rights.

These issues unfolded in a polarized political environment, where rhetoric cast civil society actors as adversaries or foreign agents. Such framing emboldened extremist groups, and created additional risks for activists and journalists. Administrative obstacles and surveillance further discouraged civil society participation, especially among smaller grassroots organizations.

Freedom of expression is constitutionally guaranteed in Bulgaria; however, systemic challenges, political influence and insufficient protections have undermined its practical implementation. Harassment, legal intimidation and structural barriers continue to constrain this fundamental right.

Journalists and independent media remain vulnerable to harassment and threats. Strategic lawsuits against public participation are frequently used to silence investigative reporting, while physical threats and smear campaigns against critical journalists highlight the risks of dissent. Institutional responses to these attacks are often slow or ineffective, fostering a culture of impunity. These pressures contribute to widespread self-censorship.

The media landscape is dominated by a few powerful entities and the concentration of ownership reduces media pluralism. Public broadcasters are influenced by political appointments to regulatory bodies, skewing editorial content in favor of government-aligned narratives. Independent outlets face financial and operational challenges, further limiting the diversity of perspectives.

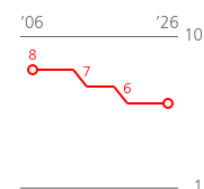
The Access to Public Information Act provides a legal basis for transparency, but its enforcement remains inconsistent. Public institutions often delay or deny requests for information, undermining journalists' ability to conduct thorough investigations and eroding public trust in government accountability. Defamation laws are selectively enforced to intimidate dissenting voices, adding to the chilling effect on free expression.

Social media has become an important platform for public discourse, providing an alternative space for marginalized voices and critical opinions. However, these platforms are plagued by disinformation, hate speech and online harassment. Regulatory gaps allow harmful content to proliferate, exacerbating polarization, and creating additional risks for activists and journalists.

While Bulgaria's constitutional framework supports freedom of expression, enforcement is uneven and systemic weaknesses persist. Strengthening protections for journalists, ensuring effective enforcement of transparency laws and promoting media pluralism through independent oversight are crucial steps to safeguarding this right.

Freedom of expression

6



1

### 3 | Rule of Law

Bulgaria's constitutional framework supports the separation of powers, but the practical implementation during the review period highlighted significant governance challenges. Despite constitutional guarantees, the application of these principles was undermined by weak legislative oversight and an ineffective reform process, contributing to systemic imbalances. Amendments in late 2023 sought to enhance accountability by allowing the parliament to operate under caretaker governments, yet the Constitutional Court's July 2024 ruling invalidated crucial judicial reforms. The ruling upheld amendments related to parliamentary continuation, but struck down reforms that would have limited the powers of the prosecutor general and restructured the Supreme Judicial Council, underscoring the need for deeper institutional change to address entrenched structural problems.

Despite constitutional safeguards, Bulgaria's judiciary continues to face significant challenges in maintaining its independence and functioning. Persistent politicization, particularly in the appointment and oversight of judicial officials, undermines public trust and the judiciary's autonomy.

The Supreme Judicial Council (SJC), responsible for judicial appointments, has continued to operate despite its mandate expiring in 2022. Constitutional amendments in late 2023 aimed to split the SJC into separate councils for judges and prosecutors, addressing long-standing criticisms. However, implementation delays and continued political influence in appointments have hindered meaningful reform.

However, in July 2024, the Constitutional Court declared most of the amendments unconstitutional, effectively canceling the judicial reforms.

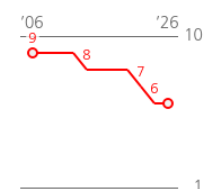
Concerns about the judiciary's vulnerability to external interference and informal power networks remain significant. The Anti-Corruption Fund's investigation into the "Seven Dwarfs" case revealed how state institutions, including the judiciary, were allegedly used to facilitate the hostile takeover of private businesses. The case involved former investigator Petar "Petyo the Euro" Petrov, who reportedly exploited judicial connections and engaged in corrupt practices to expropriate assets.

Efforts to strengthen accountability have been inconsistent. Changes to legislation in January 2025 refined the selection process for the prosecutor general, but broader reforms remain stalled by political resistance. Public trust in the judiciary is further eroded by perceptions of selective prosecution, as illustrated by legal proceedings against former Prime Minister Kiril Petkov in early 2025.

Progress in legal education demonstrates a commitment to raising professional standards, but it does not sufficiently address systemic inefficiencies. Slow judicial proceedings, limited accessibility and the SJC's reluctance to act on allegations of misconduct continue to undermine confidence in the judiciary.

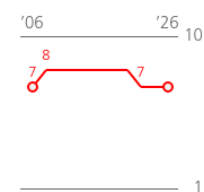
Separation of powers

6



Independent judiciary

7



Despite incremental improvements in legislative frameworks and international cooperation, Bulgaria's efforts to prosecute and penalize high-level corruption remain deeply inadequate. Persistent inefficiencies, political interference and a lack of judicial independence undermine accountability and contribute to a culture of impunity.

Progress in prosecuting high-level corruption was minimal during the review period. According to the Anti-Corruption Fund, no verdicts were issued in any of the 57 investigations into suspected corruption involving public officials during the review period. This lack of progress in high-profile corruption cases, including protracted criminal proceedings and insufficient prosecutorial rigor, illustrates profound systemic failures that contribute to widespread administrative corruption in Bulgaria. Administrative corruption remains widespread, with reports that 30% of citizens and 25% of businesses were subject to corruption-related pressure in 2023, a worrying increase from previous years.

High-profile cases continued to highlight the judiciary's entanglement with political interests. The swift legal proceedings against former Prime Minister Kiril Petkov – accused of overstepping his authority in the 2022 detention of political rival Boyko Borissov – raised concerns about selective enforcement. These cases contribute to perceptions that the prosecution service is used as a tool to settle political scores rather than impartially uphold the rule of law.

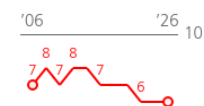
International actors have increasingly intervened to address corruption in Bulgaria, emphasizing the failures of domestic institutions. In 2023, the United States and the United Kingdom imposed Global Magnitsky Act sanctions on several Bulgarian officials involved in corruption schemes. The European Public Prosecutor's Office also continued to investigate the misuse of EU funds, filling gaps in domestic mechanisms.

Civil rights are constitutionally guaranteed in Bulgaria, and institutional mechanisms such as the Ombudsman and the Commission for Protection against Discrimination remain central to addressing violations. However, the protection of civil rights continues to face systemic challenges. Developments during the review period reveal both isolated improvements and setbacks, particularly in addressing gender-based violence, discrimination against marginalized groups and barriers to justice.

Gender-based violence remains a critical issue. The 2023 amendments to the Criminal Code introduced stricter penalties and improved state coordination, but systemic gaps persist, including inadequate enforcement and limited victim support services. Bulgaria's long-standing refusal to adopt the Istanbul Convention continues to hinder comprehensive reforms in survivor protection. Public awareness of gender-based violence has grown, driven by incidents such as an attack in Stara Zagora, which sparked nationwide protests. However, the state response remains insufficient to address the scale of the problem. The European Court of Human Rights has repeatedly condemned Bulgaria for inaction and recent measures still fall short of systemic change.

## Prosecution of office abuse

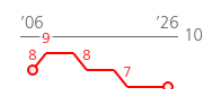
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## Civil rights

7



1

The situation for LGBTQ+ individuals deteriorated during the review period. The 2024 amendments to the Preschool and School Education Act banned discussions of “non-traditional sexual orientation and gender identity” in schools, stigmatizing LGBTQ+ individuals and undermining anti-discrimination education. Combined with the 2021 Constitutional Court ruling that denied gender self-determination, these developments reinforce discrimination against LGBTQ+ communities.

Discrimination against Roma communities and other marginalized groups, including migrants and refugees, remains deeply entrenched. Despite ongoing commitments under international human rights frameworks, little progress has been made in addressing disparities in access to education, health care, housing and justice. Segregation in schools persists, and public attitudes toward Roma and other minorities continue to hinder efforts for meaningful integration. Reports from the European Union’s Agency for Fundamental Rights underscore that systemic exclusion remains a significant barrier to achieving equality.

High legal costs, limited availability of legal aid and prolonged judicial processes continue to deter many citizens from seeking redress for rights violations. Vulnerable populations, particularly Roma and other marginalized groups, are disproportionately affected by these barriers.

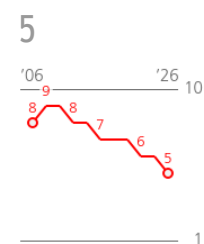
#### 4 | Stability of Democratic Institutions

Democratic institutions remain operational. However, in 2023 and 2024, their effectiveness was severely hampered by political instability, governance fragmentation and systemic inefficiencies.

Between 2021 and 2024, Bulgaria held eight parliamentary elections and experienced difficulties in forming stable governing coalitions. A rotating coalition arrangement between the PP-DB and GERB-SDS was formed in June 2023. However, it broke down in early 2024, which led to yet another caretaker government and snap elections.

A significant challenge to institutional performance has been the prevalence of expired mandates in key regulatory and oversight bodies. The continuation of the Supreme Judicial Council (SJC) – whose mandate expired in 2022 – raised questions about the legitimacy of its decisions, including judicial appointments. The inability to renew or replace institutional leadership reflects deeper governance weaknesses. Organizations such as the Bulgarian Institute for Legal Initiatives (BILI) have warned that these delays undermine institutional credibility and public trust in democratic processes.

Performance of democratic institutions





While constitutional amendments adopted in December 2023 aimed at curbing the powers of the prosecutor general and strengthening judicial independence, their implementation has been delayed by political opposition and challenges in the Constitutional Court. These setbacks underscore the difficulty of enacting structural reforms within a fragmented political landscape.

Public administration remains operationally stable, but it struggles to maintain efficiency amid frequent changes in government and disrupted interagency coordination. Key policy initiatives are often stalled and governance is reactive rather than strategic, further eroding public confidence.

The legitimacy of Bulgaria's democratic institutions has been increasingly questioned by political actors, civil society organizations and the general public. Persistent political instability, frequent elections and fragmented governance during 2023/24 have deepened doubts about the functionality and effectiveness of these institutions.

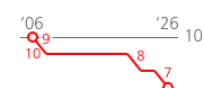
Between 2021 and 2024, Bulgaria held eight parliamentary elections. This chronic instability disrupted governance, delayed reforms and eroded public trust in institutions. Market Links surveys conducted in late 2024 revealed that only 6% of citizens trusted the national parliament, one of the lowest levels in Europe. Voter turnout also remained low, barely exceeding 40% in the October 2024 snap elections, signaling widespread political disillusionment.

Political and civil society actors continue to push for institutional reforms, particularly on judicial independence and anti-corruption measures. Newly formed parties and coalitions, such as "We Continue the Change," have initiated debates on transparency and accountability but remain hamstrung by the fragmented nature of Bulgarian politics. Civil society organizations have highlighted governance inefficiencies, particularly the failure to renew mandates for key institutions such as the Supreme Judicial Council (SJC). The prolonged operation of bodies with expired mandates has raised constitutional concerns and further eroded institutional legitimacy.

President Rumen Radev has been a prominent voice criticizing the state of Bulgaria's democratic institutions. In his 2025 New Year's address, he stressed that without citizen participation and effective institutional control, the state will weaken, becoming increasingly vulnerable to oligarchic interests. After the October 2024 elections, he questioned the integrity of the results, citing widespread tension and public dissatisfaction. His remarks reflect broader concerns about the legitimacy and functioning of the democratic framework.

Commitment to democratic institutions

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## 5 | Political and Social Integration

Bulgaria's party system has become more fragmented, with significant voter volatility and a shift away from traditional political structures. The review period also witnessed the rise of far-right and populist forces, which have deepened political polarization, while internal divisions within established parties have further reshaped the political landscape.

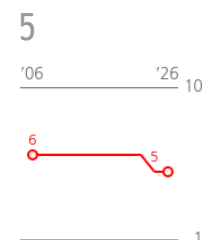
This trend reflects deep public dissatisfaction with traditional political elites and their inability to address systemic issues such as corruption, economic inequality and judicial reform. Consequently, the electorate is highly polarized, divided between pro-European reformist forces such as We Continue the Change (PP) and Democratic Bulgaria (DB), and nationalist or populist movements.

Polarization has complicated coalition building as ideological divides and mutual distrust between parties have led to repeated deadlocks. The failure of the 2023/24 rotating coalition between PP-DB and GERB-SDS exemplifies these challenges, as ideological differences and mutual suspicion undermined governance and perpetuated political instability. Clientelism remains significant, particularly at the local level. GERB remains deeply entrenched in local administrations, maintaining influence through political networks, despite being regarded as a “toxic” coalition partner at the national level.

The dominance of established parties such as the Movement for Rights and Freedoms (MRF), and the Bulgarian Socialist Party (BSP) eroded due to internal divisions and declining public support. In 2024, the MRF split into two parties: MRF–New Beginning, led by Delyan Peevski, and the Alliance for Rights and Freedoms (ARF), loyal to founder Ahmed Dogan. It was a watershed moment, weakening the party's influence and clientelistic networks. This disruption increased political fragmentation and introduced competition, potentially shifting Bulgaria's political balance. A rift in BSP led to the resignation of longtime leader Kornelia Ninova in 2024. Under her leadership, the party's vote share declined to a historic low of 7%, reducing it from a dominant opposition force to a marginal political actor. The BSP's adoption of nationalist rhetoric alienated its traditional voter base, accelerated its fragmentation and the formation of splinter groups. The erosion of traditional parties has left a vacuum increasingly filled by smaller and more polarized political forces.

The far-right Revival (Vazrazhdane) party increased its support to around 13% to 14% in the 2024 elections, capitalizing on nationalist and anti-Western rhetoric, and winning support from voters frustrated with traditional elites and Bulgaria's pro-European trajectory. Other smaller parties, such as Mech and Velichie, also exploited pro-Kremlin appeals to voters dissatisfied with mainstream politics. The growth of such parties has intensified polarization, and shifted Bulgaria's political discourse toward nationalist and anti-globalist themes.

Party system



Bulgaria's network of interest groups remains active and essential in mediating societal interests within the political system. Civil society organizations (CSOs), unions and professional associations continue to operate, but their effectiveness varies and systemic challenges persist.

Bulgaria has a wide range of interest groups, from well-established unions and professional bodies to grassroots social movements. CSOs advocating for democratic values, human rights and judicial reforms remain particularly active, despite funding challenges and political resistance. However, marginalized communities, such as Roma populations and economically disadvantaged groups, struggle with underrepresentation in political decision-making and mainstream party politics.

The influence of clientelistic networks – particularly economic and professional lobbies – remains prominent, skewing decision-making processes. These networks often overshadow the voices of smaller or less organized groups, further limiting equal representation of societal interests.

Cooperation among interest groups is evident in areas such as volunteering during crises, and collective fundraising for health and social initiatives. During the Ukrainian refugee crisis, Bulgarian CSOs and volunteers played a key role in providing support and resources, demonstrating civil society's potential to address urgent societal needs effectively. However, polarization around identity issues has intensified. Nationalist and pro-Russian political actors have actively mobilized ethnic and nationalist interests, often targeting CSOs that defend democratic principles. These confrontational dynamics have exacerbated societal divisions and undermined cooperative efforts.

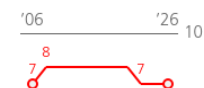
Political actors hostile to civil society, including those aligned with pro-Russian narratives, have sought to delegitimize organizations advocating for the rule of law and human rights. These attacks have created an increasingly hostile environment for CSOs, particularly those focusing on minority rights, democracy and anti-corruption measures. The rise of nationalist movements, such as the far-right Revival (Vazrazhdane) party, has added to these challenges. These movements have not only polarized public opinion but also directed significant criticism at interest groups perceived as aligned with liberal or Western values.

Surveys consistently show that, even amid political instability and governance challenges, most Bulgarians endorse democracy as the best form of government. In 2023, an OSIS survey found that 54% of respondents said democracy was the preferred political system, similar to levels in 2021 and 2022.

Despite strong support for democracy as a concept, dissatisfaction with democratic performance remains high. According to Eurobarometer 99.1 (2023), 68% of Bulgarians are dissatisfied with how democracy functions in Bulgaria, a marginal improvement compared to previous years. The primary sources of dissatisfaction include persistent corruption, ineffective governance and frequent political deadlock, as Bulgaria held eight parliamentary elections between 2021 and 2024.

#### Interest groups

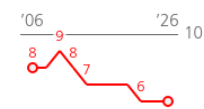
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#### Approval of democracy

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The 2023 Eurobarometer survey found that 80% of respondents distrusted the national parliament and 78% distrusted political parties. Trust in the judiciary also remains weak.

In contrast, trust in the European Union is relatively stronger. According to Alpha Research, support for the European Union grew from 57% to 61% between September 2024 and February 2025. Meanwhile, support for NATO is about 39% to 40%. An OSIS survey from mid-2023 reported that 45% of respondents favored alignment with Western alliances in the event of geopolitical divisions, marking a six percentage point increase from 2022. This reflects a broader commitment to democratic values and Bulgaria's place within the Euro-Atlantic framework.

During the review period, Bulgaria saw notable developments in social self-organization and the building of social capital. However, challenges remain in fostering interpersonal trust and civil society engagement.

Interpersonal trust remains relatively low. According to the European Quality of Life Survey, levels of social trust in Bulgaria are among the lowest in the European Union. Civil society engagement, however, has increased significantly. A 2023 report by the Open Society Institute – Sofia indicated that approximately 1.2 million Bulgarians, nearly one in five, were members of an NGO.

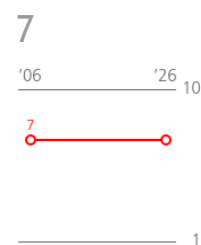
Volunteerism has also increased. The same report noted that a similar proportion of citizens participated in volunteer activities in the past year, reflecting a rise in community involvement. This trend was particularly evident during the humanitarian response to the Ukrainian refugee crisis, when volunteers and civil society organizations played a crucial role in providing assistance.

Philanthropic activity has shown positive trends. Data from the Bulgarian Donors Forum revealed that in 2023, 52% of Bulgarians made at least one donation, with 66% directly assisting individuals in need, 39% participating in corporate-organized campaigns, 19% supporting civil society organizations and 12% contributing to municipalities or institutions.

Youth engagement in volunteer activities has increased. Data from the European Commission's Youth Wiki show that 38% of young people in Bulgaria volunteered in the past three years, focusing on social initiatives, environmental protection and disaster response.

Despite these positive developments, challenges remain. Low levels of interpersonal trust may hinder further development of social capital. Additionally, while organizational membership has increased, the depth of engagement and the capacity of these organizations to affect change require strengthening.

Social capital



## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Bulgaria has seen some improvements in poverty and social exclusion indicators compared with previous years. In 2023, 30.0% of the population was at risk of poverty or social exclusion – a decrease of 2.2 percentage points from 2022 (National Statistical Institute).

The severe material and social deprivation rate – which measures the percentage of people unable to afford at least seven out of 13 essential items – stood at 18.0% in 2023, a slight decrease of 0.7 percentage points from the previous year.

Income inequality remains a significant issue. The income quintile share ratio (S80/S20) was 6.61 in 2023 and 6.96 in 2024 – meaning the richest 20% earned about seven times more than the poorest 20%. Despite a decrease from 7.30 in 2022, Bulgaria remains the most unequal society in the European Union on this indicator. The Gini coefficient was 37.2 in 2023 and 38.4 in 2024, indicating significant income disparity. These are the highest Gini coefficients measured in the European Union for both years.

Bulgaria's poverty indicators for 2023, based on 2022 income data, highlighted significant economic vulnerability. The official poverty line was €3,900 per person per year and 20.6% of the population were below this threshold. Furthermore, 30% were at risk of poverty or social exclusion, with poverty affecting the population unevenly. Single parents with dependent children had a high poverty rate of 42.8%, while the rate rose to 55.2% for families with three or more children, among whom Roma families are overrepresented. Among single-person households aged 65 and older, 36.4% fell below the poverty line. For children, the poverty rate was 26.9% and for elderly people it was 22.2%, compared with 18% for the working-age population. Overall, 19.8% of men and 21.3% of women lived below the poverty line, but the gap widened significantly among elderly people – 17.7% of men compared with 25.2% of women aged 65 and older.

Unemployed people were at the greatest risk of poverty, with a poverty rate of 56.8%. However, employment did not guarantee financial security, as 11.4% of employed people remained below the poverty line. Part-time workers were particularly vulnerable, with a poverty rate of 30.1%.

In 2022, Bulgaria's Human Development Index (HDI) stood at 0.799, ranking the country 70th out of 193 countries. However, Bulgaria's trajectory over recent years reveals a concerning trend. In 2019, Bulgaria held a relatively strong position at 60th

Question  
Score

Socioeconomic  
barriers

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with an HDI of 0.813. The following year, its ranking declined to 65th (0.802). In 2021, Bulgaria had fallen further to 70th (0.796) – a position it retained in 2022, despite a minor increase in its score. Although Bulgaria has made incremental improvements, its slipping global ranking signals structural issues that require sustained policy efforts.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	84414.1	90509.2	102396.8	<b>112212.0</b>
GDP growth	%	7.8	4.0	1.9	<b>2.8</b>
Inflation (CPI)	%	3.3	15.3	9.4	<b>2.4</b>
Unemployment	%	5.3	4.3	4.3	<b>4.1</b>
Foreign direct investment	% of GDP	2.8	5.6	5.4	<b>3.1</b>
Export growth	%	11.6	12.1	0.0	<b>-0.8</b>
Import growth	%	10.7	15.3	-5.5	<b>1.3</b>
Current account balance	\$ M	-872.5	-2429.5	-894.9	<b>-2014.0</b>
Public debt	% of GDP	23.8	22.5	22.9	<b>24.1</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-4.0	-3.1	-1.9	-
Tax revenue	% of GDP	20.6	21.7	20.5	-
Government consumption	% of GDP	18.9	18.3	18.4	<b>19.7</b>
Public education spending	% of GDP	4.7	4.5	-	-
Public health spending	% of GDP	5.5	4.8	-	-
R&D expenditure	% of GDP	0.8	0.8	-	-
Military expenditure	% of GDP	1.5	1.6	1.8	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

Bulgaria has a robust institutional framework that provides uniform rules for market participants. Most prices are market-determined, except in regulated sectors such as energy, water and pharmaceuticals. Regulation of electricity and heating costs, which significantly affect household spending, remains politically sensitive.

Licensing procedures cover regulated professions such as law and medicine, the trade of sensitive goods like pharmaceuticals and equipment with potential risks, including military and IT products. These licensing standards align with EU regulations.

Tax evasion, VAT fraud and hidden employment are the most common manifestations of the informal economy in Bulgaria. An October 2023 report by the Center for the Study of Democracy revealed that 11.8% of employed individuals lack a written contract with their primary employer, 20% admitted their actual salary exceeded their contractual salary and 10.5% paid social security contributions based only on the minimum threshold despite earning more. The informal economy represents 15.9% of total employment, a relatively favorable outcome compared to other Balkan and Southern European countries. The ILO, based on data from EU-SILC, provides extremely low estimates of informal employment throughout Europe, including in Bulgaria (1.2% in 2023). This is likely because the data does not fully capture the practice of paying partial social security contributions when official contracts report only a portion of actual wages. Other surveys capture a much broader range of informal practices and situations.

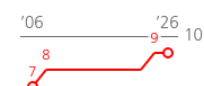
According to an analysis by the Center for the Study of Democracy, the unregulated sector is one reason Bulgaria remains on the Financial Action Task Force (FATF) “gray list” for money-laundering as of 2023. It limits Bulgarian businesses’ ability to operate abroad and exposes them to foreign scrutiny.

The Commission for Protection of Competition (CPC) is an independent, specialized state body responsible for maintaining fair competition and market practices in Bulgaria. It has broad authority to investigate violations of free competition, conduct sector analyses and collaborate with the competition authorities of the European Union and EU member states.

In 2023, the CPC investigated prohibited agreements and market dominance abuses in key sectors – pharmaceuticals, energy, fuels and grocery retail. It reviewed and cleared 40 merger cases, emphasizing market analysis and assessment of competitive impact. The CPC handled 1,344 public procurement complaints (a 40% increase from 2022) and imposed fines totaling more than €136 million for competition law violations. Priorities for 2024 include pharmaceuticals, the digital economy, energy, sustainability and market manipulation.

Market organization

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Competition policy

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The Energy and Water Regulatory Commission (EWRC) implemented initiatives to enhance natural gas regulation, energy market analysis and international cooperation. Efforts were made to regulate water supply systems, manage strategic infrastructure, and ensure compliance with EU sanitation and clean water directives. Oversight activities increased, focusing on consumer complaint resolution in the energy and water sectors with an emphasis on transparency and consumer protection. Since October 2020, non-household consumers have been able to purchase electricity on the free market, but full liberalization for household consumers was not completed by 2024 as originally planned. Security concerns related to oil and natural gas supplies due to the war in Ukraine, and the failure to address energy poverty may have contributed to this postponement. The EWRC's chair confirmed that Bulgaria's regulated electricity market is expected to continue beyond 2025.

As an EU member state, Bulgaria participates in the WTO but adheres to the EU Common Commercial Policy.

Bulgaria's foreign trade-to-GDP ratio has grown significantly since 2000. Major EU trading partners include Germany, Italy and Romania, while Türkiye remains the primary non-EU partner. Trade with Russia sharply declined after gas supply disruptions in 2022, leading to reduced energy dependence on Russia.

The European Union prohibits export subsidies, but allows sectoral support under specific conditions, and imposes countervailing duties against harmful non-EU subsidies. In October 2024, the European Commission applied such duties to Chinese battery-electric vehicles. The European Union introduced the Carbon Border Adjustment Mechanism in 2023, requiring carbon levies on certain imports, and employs various non-tariff measures, including quotas, restrictions, technical regulations and trade defense instruments. These measures have restricted trade flows for Bulgarian exporters.

The Bulgarian National Bank (BNB) supervises credit institutions to ensure financial stability and protect depositors. Since 2020, it has operated under the European Union's Single Supervisory Mechanism in close cooperation with the European Central Bank. The BNB enforces EU and national banking regulations, focusing on capital adequacy, liquidity and risk management through monitoring and inspections. It also oversees licensing and ensures compliance with international banking standards.

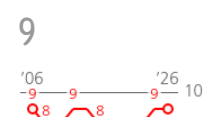
During the review period, there were no structural changes in Bulgaria's banking system. As of June 2024, the banking sector comprised 22 banks, including seven branches of foreign banks. Five banks – United Bulgarian Bank, DSK Bank, UniCredit Bulbank, Eurobank Bulgaria and First Investment Bank – are classified as significant institutions and are supervised by the European Central Bank as part of the Single Supervisory Mechanism.

Liberalization of foreign trade



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Banking system



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Total deposits in the banking system stood at BGN 152.3 billion as of June 2024, while total loans and advances amounted to BGN 110.9 billion. That produced a conservative loan-to-deposit ratio of 73.7%. The system maintained a capital adequacy ratio of 20.47% and a non-performing loan ratio of 4.95%, indicating strong asset quality.

The BNB reported that, in 2024, Bulgaria's banking system maintained significantly higher capital ratios than the required regulatory minimums. All banks met capital buffer requirements. The total capital adequacy ratio stood at 22.50%, providing a strong buffer against potential risks. Additionally, the banking system demonstrated high liquidity, with a liquidity coverage ratio of 246.7% – well above the 100% requirement.

## 8 | Monetary and fiscal stability

Since July 2020, Bulgaria has participated in the Exchange Rate Mechanism II under its currency board arrangement, showing no deviations from the central rate. The country has been working to meet eurozone convergence. However, it did not meet the most recent provisional target (2025) for joining the eurozone.

The 2024 European Central Bank Convergence Report found that as of May 2024, Bulgaria's Harmonized Index of Consumer Prices inflation rate was 5.1%, significantly above the 3.3% reference value. While inflation was expected to decline gradually, concerns about its long-term sustainability persisted. Bulgaria's entry into the eurozone in 2026 appeared unlikely. The government postponed its request for a convergence report, citing the failure to meet the price stability criterion. Early in 2025, the likelihood of Bulgaria joining the eurozone increased due to optimistic estimates issued by the newly elected government regarding relevant indicators, including inflation. However, uncertainty remains as to whether price stability can be sustained beyond 2025.

While Bulgaria has kept its budget deficit near the 3% threshold, rising expenditures – particularly on pensions and energy subsidies – pose challenges.

In 2023, Bulgaria recorded a budget deficit of 1.9% of GDP and a debt-to-GDP ratio of 23.1%, both well within the Maastricht criteria. No immediate fiscal threats to monetary stability were identified by the European Central Bank in 2024. Preliminary estimates of the budget deficit for 2024 put it at 3% of GDP. However, early in 2025, the newly elected government withdrew the budget proposal submitted by its predecessor, citing a large budget shortfall that could put pressure on fiscal policy and require substantial cuts to meet the 3% deficit rule.

### Monetary stability

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### Fiscal stability

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The IMF has recommended a tighter fiscal stance to preserve buffers and create fiscal space for necessary investments and social spending. Pension system sustainability remains a key concern, as COVID-19-era pension increases have become permanent, improving pension adequacy but widening the system's deficit. Reforms to increase contributions are necessary to enhance long-term financial sustainability and mitigate fiscal risks.

Bulgaria's current account balance was -0.3% of GDP in 2023, following trends from previous years (-1.4% in 2022 and -1.7% in 2021). Despite this, Bulgaria has maintained relatively low public debt compared with other EU member states – 23.1% of GDP in 2023, well below the Maastricht criteria's 60% reference value. Projections indicate that public debt will reach approximately 30% of GDP by 2029.

Bulgaria's gross national debt is projected to remain stable at 24.6% of GDP in 2024. Total debt service payments including both principal and interest amounted to approximately \$1.3 billion, with a manageable debt service ratio.

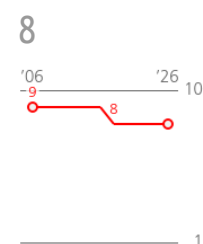
## 9 | Private Property

Property rights are governed by law and there are no legal barriers to majority foreign-owned companies purchasing real estate, provided these companies are registered locally. However, contract enforcement in the courts is often slow and corruption continues to be a significant problem. In 2024, the Commission for Illegal Assets Forfeiture reported managing seized properties with a total assessed value of more than BGN 21 million – including vehicles, cash and securities – and issued 58 new decisions to commence confiscatory procedures involving property valued at approximately BGN 20.6 million. Confiscated assets per year were valued at BGN 5 million, in line with reported outcomes in previous years.

In 2024, Bulgaria ranked 56th globally and 12th in the Central and Eastern Europe, and Central Asia region in the International Property Rights Index. The country's score rose from 4.972 in 2022 to 5.132 in 2024, indicating progress. However, it still faces challenges in fully aligning with the property rights protection standards of leading economies.

Bulgaria's legal framework generally supports property rights and allows foreign ownership. However, enforcement remains inconsistent because of judicial inefficiencies and concerns about corruption. Continued reforms are necessary to strengthen the rule of law and improve the protection of intellectual property rights.

Property rights



The Registry Agency of Bulgaria manages six national registries, including the Property Registry and the Trade Registry, which contain public information on private enterprises. About 400,000 enterprises are registered, of which fewer than 1,000 are classified as large enterprises.

Bulgaria's privatization agency, established in the early 1990s, has undergone multiple restructurings. In 2019, it was transformed into the Agency for Public Enterprises and Control, expanding its mandate to coordinate state policy on public enterprises.

Bulgaria's public enterprises remain largely state owned, especially in critical infrastructure and service sectors. However, certain areas, such as the water sector, feature mixed ownership, with the state retaining a significant stake. State involvement remains substantial in the energy sector, including generation, transmission and distribution companies. The government also controls major infrastructure assets such as ports, railway infrastructure, air traffic control and airports.

## 10 | Welfare Regime

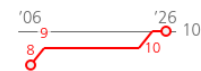
Since 2000, Bulgaria has maintained a three-pillar pension system consisting of a pay-as-you-go state pension fund, and mandatory and voluntary supplementary private pillars. Additionally, Bulgaria provides noncontributory social and disability pensions granted based on age, disability and income criteria. The social pension for old age, granted to individuals aged 70 or older with low incomes, serves as an indicator of the overall level of social support.

The guaranteed minimum income was restructured to be tied to the official poverty line in July 2023, following parliamentary amendments in December 2022. In 2023, the official poverty line was set at approximately €259 per month. The minimum contributory pension – for length of service and age – increased to approximately €296 per month as of July 2024, while the social pension for old age rose to €156 per month.

The health care system is highly centralized, based on a compulsory social health insurance scheme. The National Health Insurance Fund is the sole purchaser of health care services. According to the Health System Summary 2024 by the European Observatory on Health Systems and Policies, health care spending reached 8.6% of GDP in 2021, matching the WHO European regional average (8.7%) for the first time. Per capita spending was the second-lowest among EU member states at \$2,391 (PPP, 2021). Out-of-pocket payments account for 34% of total health care expenditure. Despite compulsory insurance for citizens and residents, 11% to 12% of the population remains uninsured.

### Private enterprise

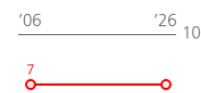
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### Social safety nets

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In 2023, Bulgaria's social benefit system provided financial support through various programs administered by the Agency for Social Assistance. Monthly, one-time and targeted social assistance supported 31,518 individuals and families, with expenditures totaling €30 million, up from €22.5 million in 2022. The largest component was monthly assistance to 20,554 cases. The system provided substantial support for persons with disabilities, with monthly financial assistance reaching 665,742 individuals and totaling €316 million.

Gender equality in Bulgaria did not change significantly during the review period. The country performs well globally and ranks just below the EU median on related indicators. However, on indicators measuring poverty and social inclusion, it ranks at the bottom of the European Union.

In 2024, Bulgaria ranked 17th in the European Union on the European Institute for Gender Equality Index, scoring 64.5 out of 100 points – down slightly from 65.1 in 2021 and 6.5 points below the EU average. The country performed best in the power domain, ranking 14th with a score of 58.8 (compared with 62.7 in 2021), and particularly well in the social subdomain, ranking 11th with a score of 69.4. Since 2017, Bulgaria has ranked last in the European Union in the money domain, with a score of 66.6.

Employment disparities persist, with 49% of women in full-time employment compared to 61% of men. This gap has widened since 2010. Additionally, Bulgaria has the third-highest poverty rate among women in the European Union (25%) with a concerning six percentage point gender gap.

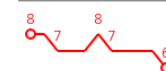
Bulgaria's Gender Equality Index score in the power domain reflects the percentage of women in high-ranking positions in the public sector, the media, research institutes and key decision-making bodies – such as the government, parliament and local assemblies – as well as on the boards of companies. In 2022, women comprised between 24% and 33% of members in the country's main political bodies. Meanwhile, Bulgaria's score in the knowledge domain – which measures participation in tertiary education, and other forms of formal and informal education, as well as gender segregation by disciplines – remained unchanged at 57.8.

The central office of the Commission for Protection against Discrimination (CPD) is supported by regional representatives in major cities. Mobile reception facilities extend services to smaller municipalities, ensuring accessibility. Bulgaria's anti-discrimination legislation defines protected characteristics, including gender, ethnicity, sexual orientation and social status. In 2022, the CPD issued decisions on 278 cases and initiated 497 new cases, in addition to handling 450 cases from previous years; 49% of the 193 decisions issued by CPD panels established discrimination violations, with disability-related discrimination being particularly prevalent. Discrimination based on personal status, property status, education, political affiliation, ethnicity and beliefs was documented in various contexts,

Equal opportunity

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including workplace harassment, unequal access to services and educational settings. In particular, the CPD highlighted increased complaints regarding workplace harassment and noted discrimination against ethnic minorities in educational institutions.

In August 2024, Bulgaria banned discussions of LGBTQ+ topics in schools. The change, backed by pro-Russian political forces and most parliamentary parties, marked a departure from EU values and constitutional principles.

## 11 | Economic Performance

Before the COVID-19 pandemic, Bulgaria experienced five years of stable growth and low unemployment. The economy steadily recovered from the crisis, with GDP at market prices reaching €84.6 billion in 2022, up from €71.1 billion in 2021 and €60.3 billion in 2020. Preliminary data for 2023 indicate that nominal GDP rose to €93.8 billion, with projections for 2024 suggesting an increase to €101 billion. Real GDP per capita also grew consistently, reaching €7,250 in 2022 (up from €6,950 in 2021) and is expected to rise further in 2023 and 2024.

Bulgaria has maintained fiscal discipline, keeping its budget deficit below 3% of GDP. The deficit was 2.9% in 2023 and is projected to remain at that level in 2024. Public debt remained low at 23.1% of GDP in 2023 and is forecast to increase slightly to 24.8% in 2024.

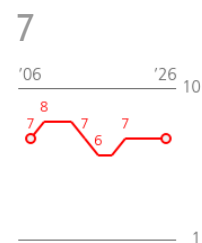
Foreign direct investment (FDI) remains critical to Bulgaria's economy. By the end of 2022, the FDI stock stood at €53.8 billion, with net inflows of €2.4 billion – a 49% increase from 2021. However, the World Bank estimated a drop in FDI inflows to 3.96% of GDP in 2023. Projections for 2024 suggest stability at 3.8% to 3.9% of GDP.

Bulgaria's labor market remains stable. Employment growth has been driven by the services sector and productivity gains, which rose 3% in 2022 and continued to improve in 2023. Labor productivity is projected to grow 2.8% to 3.0% in 2024, supported by public investments in infrastructure, innovation and energy efficiency. According to World Bank data, unemployment was 4.3% in 2023, indicating a strong economic recovery from the COVID-19 pandemic.

Inflationary pressures persisted into early 2023 because of energy price volatility and supply chain disruptions from the war in Ukraine, but had moderated by the end of 2023. Average annual inflation declined to 2.6% in 2024.

Despite positive trends, Bulgaria faces structural challenges. Addressing energy efficiency, workforce skill development and governance reforms remains critical. Delays in absorbing EU funds because of political instability have hampered investments. Policymakers emphasize that external risks – such as global economic slowdowns – could pose challenges, but EU-supported public investments are expected to sustain stable growth.

Output strength



## 12 | Sustainability

One driver of Bulgaria's environmental policy is pressure stemming from common EU policies – conditionalities and commitments tied to EU funding. In 2023 and 2024, these commitments faced significant public backlash, while external pressure eased because of a rebalancing of policy priorities within the European Union. In 2023, Bulgaria still had the most carbon-intensive economy in the European Union, one that depended heavily on coal and had high energy intensity.

According to a report on illegal logging published by the Center for the Study of Democracy (CSD), approximately 27–28% of Bulgarian households used firewood for heating in 2023, down from more than 50% in the early 2000s. Illegal logging accounted for approximately 15% of total wood extraction in 2023, a reduction from 25% a decade ago because of improved oversight measures. Poor forest management continues to pose a significant risk to climate change mitigation. The report emphasized that transitioning away from biomass heating – through increased electrification and energy efficiency measures and stricter forestry management – is critical to achieving climate neutrality by 2050.

Bulgaria lags significantly behind EU standards in urban wastewater treatment. According to the Freshwater Information System for Europe (FISE, 2024), only 30% of urban wastewater in Bulgaria meets EU treatment requirements, compared to an EU average of 76%. Despite the presence of 112 treatment plants, including 75 biological treatment plants with nitrogen and phosphorus removal capabilities, Bulgaria needs to achieve substantial improvements in wastewater collection and biological treatment to align with EU standards. Bulgaria invests only €3 per citizen in wastewater infrastructure annually compared to the EU average of €49.

Air pollution remains an urgent challenge. According to the 2024 Air Quality Factsheet, Bulgaria has one of the highest levels of air pollution in the European Union, with significant impacts on both the environment and public health. In 2022, 69% of the urban population was exposed to PM10 concentrations exceeding EU limits. Air pollution resulted in an estimated 9,000 premature deaths due to fine particulate matter (PM2.5), 1,480 deaths due to nitrogen dioxide (NO2) exposure and 930 deaths linked to ozone pollution. Despite Bulgaria's commitments to reduce emissions of key pollutants, progress has been uneven.

The Environment Program (2021–27) supports investments in circular economy initiatives, including recycling facilities and sustainable technologies. A section within the National Recovery and Resilience Plan focuses on providing grants (€92 million) to support companies transitioning to low-carbon and resource-efficient practices. Incentives are available primarily in the capital and in some of the largest urban municipalities to help households upgrade to energy-efficient appliances and systems that reduce their ecological footprint. Despite this, a significant portion of the population in peri-urban areas and smaller settlements continues to rely on burning solid fuel for heating.

Environmental  
policy

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Bulgaria's education system faces significant challenges, despite some improvements in key areas. While early school-leaving rates have decreased and early childhood education has been expanded, the country continues to struggle with weak student performance, poor PISA results and below-average tertiary education attainment. Education equity remains a major issue, with students from disadvantaged backgrounds – particularly Roma children – facing significant barriers. Although EU-funded initiatives and policy reforms are underway, implementation remains slow due to political instability.

The early school-leaving rate declined to 9.3% in 2023, below the EU average of 9.5%. However, dropout rates remain disproportionately high in rural areas and Roma communities, raising ongoing concerns about educational equity.

Student performance remains a concern. Over half of Bulgarian 15-year-olds (53.6%) do not reach basic proficiency in mathematics, according to the latest PISA results, with similarly weak outcomes in reading and science.

Early childhood education enrollment has improved to 80.4% for children aged three and older, but this is still below the EU average of 93.1%. Further efforts are needed to ensure universal preschool access, especially in disadvantaged communities. Bulgaria faces a crisis in its aging teacher workforce – nearly half of teachers are aged 50 or over. This poses a risk of future teacher shortages and a decline in the quality of education.

Higher education also faces challenges. Only 35.8% of Bulgarians aged 25 to 34 hold a university degree, compared with the EU average of 43.1%. Adult learning remains critically low at 9.5% – far below the EU average of 39.5% – reflecting a weak commitment to lifelong learning and workforce development in a rapidly evolving economy.

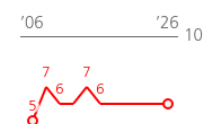
Despite these challenges, modernization efforts are underway. EU funds are being used to equip schools with STEM laboratories, while vocational education programs are being updated to better align with labor market needs. However, political instability has slowed the pace of reforms, making long-term improvements difficult to achieve.

According to the OECD report *Education at a Glance 2024*, Bulgaria spends 3.5% of GDP on educational institutions from primary to tertiary levels – significantly lower than the OECD average of 4.9%. However, data from the World Bank – citing the UNESCO Institute of Statistics – indicate a positive trend, with education spending increasing from a two-decade low of 3.4% of GDP in 2016 to 4.7% of GDP in 2021. The latest available Eurostat data estimate expenditure at 4.1% of GDP for 2023.

Eurostat data show that, in 2023, Bulgaria recorded the fourth-lowest R&D expenditure in the European Union at 0.79% of GDP – a modest increase from 0.63% of GDP over the previous decade.

Education policy /  
R&D

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## Governance

### I. Level of Difficulty

Despite a recent rebound in public investment in grid modernization, Bulgaria's energy infrastructure remains vulnerable to extreme weather events, causing protracted power outages, particularly during the winter of 2023/24. These outages sparked public protests and increased pressure on the government to improve infrastructure resilience.

The OECD's Education at a Glance 2024 report highlights significant challenges in Bulgaria's education system, particularly regarding equity and attainment. Only 5% of individuals whose parents lack upper secondary education achieve tertiary qualifications, compared with 80% of those whose parents attained a tertiary education. Despite progress in compulsory education duration and public funding, Bulgaria continues to lag behind OECD averages in key metrics such as per student expenditure and teacher salaries.

Bulgaria has a long-standing tradition of civil society engagement, demonstrated by a high number of registered NGOs and the increasing influence of informal civil society movements. Despite this, challenges – such as funding shortages, low social trust and political pressure – continue to constrain the full potential of civil society.

According to an OSIS report, nearly one-in-five adults engaged in civil society activities in some capacity in 2023. NGOs play a critical role in advocating for human rights, environmental protection and anti-corruption initiatives. However, the sustainability of this engagement is often threatened by financial insecurity and limited human resources.

Grassroots movements and informal networks have played an increasing role in mobilizing public action. Protests against corruption and judicial inefficiencies have demonstrated the public's willingness to organize and demand accountability. While these movements have occasionally evolved into formal organizations or political initiatives, their ad hoc nature can limit long-term impact.

Bulgaria hosts more than 15,000 registered NGOs, concentrated in urban centers such as Sofia. However, not all registered organizations remain active. Funding shortages are a major barrier to NGO activity, with 59% of organizations citing financial constraints as a top challenge in 2023. Additionally, a growing shortage of human resources has further limited the sector's operational capacity.

Structural constraints

4

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Civil society traditions

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Low social trust remains a persistent problem in Bulgaria. According to the European Quality of Life Survey, Bulgaria ranks among the lowest in the European Union for social trust, with an average score of three on a 10-point scale. A lack of social trust weakens collective action, and limits civil society’s ability to unify public discourse and push for systemic reforms.

Bulgaria’s political landscape remains deeply divided along multiple axes. Two blocs dominate: a pro-European coalition, centered on GERB-SDS and PP-DB; and a fragmented pro-Russian bloc, centered on the Bulgarian Socialist Party and Revival (Vazrazhdane). The fragmentation of the political system has made coalition building difficult, governance less stable and contributed to heightened political polarization.

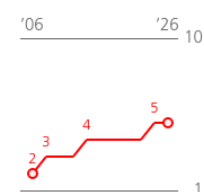
Pro-European parties struggle to articulate a cohesive policy narrative as they compete with populist and ultraconservative factions that use anti-system rhetoric. This undermines their ability to form stable coalitions and govern effectively.

Bulgaria has had eight caretaker governments in recent years, ranking third in Europe for temporary leadership arrangements, according to a 2023 Pew Research Center (PRC) review. The PRC analysis suggests Bulgaria tends to resolve political crises through snap elections rather than coalition building, leading to prolonged political instability and governance continuity issues.

In 2024, Bulgaria passed a controversial amendment to the Preschool and School Education Act, effectively banning discussions on LGBTQ+ issues in schools. This law, supported by right-wing and populist parties, triggered protests and backlash from civil society organizations, and prompted concern from the European Commission. Between 2022 and 2024, following the enactment of new anti-LGBTQ+ legislation, teachers faced harassment from Revival (Vazrazhdane) party members, including unauthorized school “inspections” for LGBTQ+ content and accusations of spreading LGBTQ+ propaganda. A teacher in Sofia was targeted after a lesson on acceptance, facing protests and threats. Protests also disrupted film screenings. In November 2024, violent protests occurred during the opening night of John Malkovich’s production of Shaw’s “Arms and the Man” in Sofia, with nationalists, political parties and pro-Russian elements exploiting the situation. Protesters – including members of the writers’ union and right-wing groups such as VMRO-Bulgarian National Movement and Revival – claimed the play insulted Bulgarians and some attendees were violently attacked.

Conflict intensity

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## II. Governance Performance

### 14 | Steering Capability

Between 2023 and 2025, Bulgaria continued to be characterized by an increasingly fragmented political landscape with frequent changes in government – including multiple elections and the appointment of caretaker governments – which have invariably affected the country’s ability to set and maintain long-term strategic priorities.

Political instability has weakened commitment to long-term priorities. In many instances, the frequent rotation of leadership led to inconsistencies in policy learning, leaving vital strategic documents either incomplete or subject to renegotiation with the European Union. Moreover, political cleavages – exacerbated by diverging stances on critical issues such as accession to the eurozone and judicial reforms – further undermine the capacity for effective prioritization. The lack of a stable political majority has often relegated strategic initiatives to ad hoc measures that fail to secure the sustained support required for meaningful change.

A critical aspect of the Bulgarian government’s ability to set strategic priorities is its commitment to evidence-based policymaking. In recent years, there has been a significant effort to incorporate reliable data and research into policy processes. Despite an overall commitment to evidence-based policies, the interaction between researchers and policymakers in Bulgaria remains inconsistent and noninstitutionalized. The credibility of reputable institutions, such as the BNB and the National Statistical Institute, has come under attack on populist grounds – with claims that they produce fake data that underestimate inflation and the budgetary deficit.

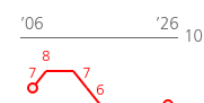
Bulgaria’s approach to regulatory impact assessments underscores both progress and limitations. Although the process is required by state law and intended to be a core component of the legislative process, its practical implementation has been criticized as superficial. Large portions of legislative drafts are devoted to justifications and arguments without reaching a decisive evaluation of long-term impacts. This tendency reduces the quality of policymaking and directly affects the prioritization of strategic initiatives by failing to provide robust evidence to back pre-implementation decisions.

A cornerstone of Bulgaria’s strategic priorities is managing fiscal stability and pursuing further integration with the European Union, notably through accession to the eurozone. The Bulgarian government has positioned membership of the eurozone

Question  
Score

Prioritization

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as a key component of its long-term strategy, but political instability has led to several postponements. Early in 2025, a newly elected government stepped up efforts to join the eurozone from January 2026, but the outcome remains unclear. Other key strategic priorities include addressing energy diversification and sustainability challenges, supporting a green transition through public investments under the National Recovery and Resilience Plan, and continuing support for Ukraine.

In 2023 and 2024, political consensus and public approval for adopting the euro weakened as Euroskeptic parties campaigned against the single currency. A similar decline in trust and commitment occurred regarding the European Green Deal agenda. External actors – such as powerful economic interests, lobbies, foreign governments and donors – also constrain the government’s ability to set and maintain strategic priorities.

Bulgaria’s successful accession to the Schengen area demonstrates its ability to achieve strategic goals despite political instability. The accession process combined partial integration, diplomatic negotiations and reforms to meet Schengen standards. On March 31, 2024, Bulgaria and Romania achieved partial integration into the Schengen area by lifting air and maritime border controls. A key factor in Bulgaria’s full accession was Austria’s decision to lift its veto in December 2024 – after earlier concerns over controlling migration and border security.

During the review period, Bulgaria faced significant challenges in implementing its National Recovery and Resilience Plan (NRRP), leading to delays in receiving crucial EU funds. By late 2024, Bulgaria had received only one payment of €1.7 billion out of the €5.7 billion allocated under the NRRP. Eight milestones and one target remained unfulfilled, prompting the European Commission to consider suspending further disbursements.

Despite political instability, Bulgaria continued its efforts to diversify gas supplies. In January 2023, Bulgargaz, Bulgaria’s state-owned gas company, signed a 13-year agreement with Türkiye’s Botas, granting access to Turkish LNG terminals and gas transmission network to enhance supply flexibility. In August 2024, the operator of the Greece-Bulgaria gas interconnector announced plans to expand its capacity to facilitate increased imports of gas from Azerbaijan and of LNG.

Several Bulgarian governments have pursued an ambitious agenda to meet the convergence criteria for adopting the euro. As of early 2025, it remains unclear whether Bulgaria will succeed in joining the eurozone in 2026 after repeatedly missing the target. The newly elected coalition government, despite its heterogeneity, launched rapid entry initiatives and enacted legislative measures early in 2025, aiming to overcome chronic political instability, and reposition the country economically and politically within the European Union.

#### Implementation

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A key element of Bulgaria's foreign policy in 2023/24 was its targeted support for Ukraine – both militarily and humanitarian. Implementation of this priority often required careful balancing within complex coalitions.

Bulgaria has produced notable examples of evidence-based policymaking. Randomized controlled trials have been applied in sectors such as education and nursing to evaluate policy impacts.

The Bulgarian university ranking system and mapping tools for higher education have informed education policy across multiple governments. Increased use of international surveys, including PISA and TIMSS, has contributed to discussions of education reform.

EU enlargement has been a powerful driver of policy learning in Bulgaria. Programs such as Erasmus+ and EU research support initiatives have facilitated knowledge exchanges across a range of fields. Policy learning in areas such as climate change impacts, emergency care, innovation and SME support has been promoted by a diverse array of EU-funded projects. The transnational networks established through these cooperative initiatives are expected to endure, regardless of temporary fluctuations in funding availability or changes in the political climate.

However, policy learning through government continuity has been more problematic. Frequent changes in government have led to significant leadership turnover in central and regional administrations. In many cases, this has resulted in criticisms of previous governments' strategies in key policy areas such as energy, public finance and the green transition.

## 15 | Resource Efficiency

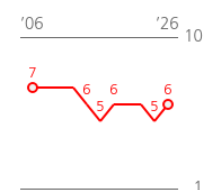
According to Bulgaria's National Statistical Institute (NSI/Eurostat), the general government institutional sector reported a deficit of 2.9% of GDP in 2022 (3.3% in the European Union) and 1.9% of GDP in 2023. In 2024, the budgetary deficit was preliminarily assessed at 3% of GDP. Government debt in the last quarter of 2024 was 24.6% of GDP, compared with the EU average of 81.6%. These comparisons to the EU average reflect Bulgaria's strong fiscal discipline.

According to a 2024 OECD report on Bulgaria's public sector innovation capacity, the public sector's innovation efforts are primarily driven by individual motivation – rather than systemic approaches – and lack connection to government priorities and strategic frameworks.

A survey of more than 3,700 public servants cited in the OECD report found that more than 50% reported involvement in innovation; participation was concentrated among executive and middle managers, creating a top-down approach that limits effectiveness. Key challenges include resource constraints, limited digital expertise, data access issues and insufficient collaboration mechanisms.

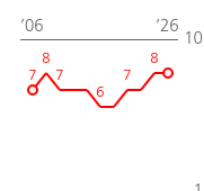
### Policy learning

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### Efficient use of assets

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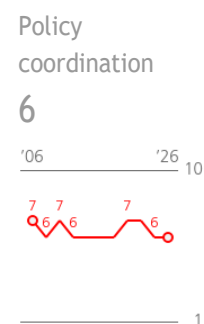
The National Audit Office (NAO) is responsible for overseeing public budgets and expenditures. It is independent of the executive and reports directly to the parliament. It is regarded as a reliable institution with a strong track record. Between April 2024 and January 2025, NAO Chairman Dimitar Glavchev was appointed by President Rumen Radev to lead two successive caretaker governments before resuming his duties at the NAO. Another key audit report found that the National Health Insurance Fund successfully executed its 2023 budget in compliance with legal requirements. The financial management and control systems in the audited areas were assessed as “good.”

In 2023 and 2024, the NAO produced key audits and policy reviews, including the State Budget Implementation Report – an annual assessment of whether revenue and expenditure align with economic goals. The 2023 NAO audit of the Bulgarian National Bank’s budget expenditures and their management found full compliance in all significant aspects across two main areas of investigation.

During 2023/24, Bulgaria navigated a mix of notable successes and complex challenges in coordinating policy across sectors, which was significantly impacted by frequent governmental changes that disrupted continuity and long-term planning. The series of interim governments and short-lived cabinets led to shifting policy priorities, loss of institutional knowledge and difficulties in enforcing previously agreed responsibilities.

To address these challenges, the Bulgarian government adopted multifaceted approaches to reconcile EU initiatives with domestic needs amid political instability. Hierarchical coordination mechanisms, prominent in the Recovery and Resilience Plan (RRP) and efforts to join the Schengen area, provided a necessary framework for aligning multiple policy sectors with EU requirements. While centrally driven, the RRP also had to consider regional disparities in infrastructure and administrative capacity. Informal networks became indispensable in mitigating disruptions caused by political instability, filling gaps left by unstable formal structures.

Bulgaria relies on both formal hierarchical committees and informal networks to coordinate various sectors, including defense, foreign affairs and economic planning. Interministerial committees, task forces and crisis response units have been essential for ensuring policy coherence. EU-driven initiatives, such as the RRP, have promoted cross-sectoral cooperation, emphasizing the green transition, digital transformation and anti-corruption reforms. Balancing EU integration requirements, such as accession to the Schengen area, with domestic policy needs has required difficult tradeoffs. Hierarchical mechanisms enhanced role clarity but sometimes proved too rigid, while informal networks offered flexibility but risked opacity.



In 2023, Bulgaria amended its constitution to reform the Supreme Judicial Council and the Office of the Chief Prosecutor to enhance judicial independence and accountability, and strengthen the anti-corruption framework. The existing anti-corruption authority was divided into the Commission for Anti-Corruption, responsible for tackling high-level corruption, and the Commission for Confiscation of Illegally Acquired Assets (CCIAA), focused on identifying and seizing assets obtained through corrupt practices. These reforms were designed to clarify mandates and improve institutional effectiveness.

A 2025 OECD report on reforming Bulgaria's anti-corruption institutions provided recommendations to address persistent weaknesses. These included enhancing coordination between the CCIAA and the Prosecutor's Office, improving procedures for identifying and tracing illicit assets – particularly those held abroad – and strengthening oversight related to digital assets such as cryptocurrencies.

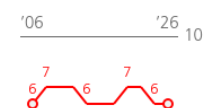
The National Audit Office plays a pivotal role in ensuring that both public spending and procurement processes are rigorously examined through independent audits, conforming with the Accountancy Act and international best practices. Audit reports and findings are routinely published in official bulletins and on dedicated government websites, allowing citizens and stakeholders to monitor public fund management and verify the integrity of competitive bidding procedures.

Bulgaria has developed a comprehensive regulatory framework to ensure transparency in political party financing. Rooted in international guidelines and OECD recommendations, the framework includes specific provisions designed to prevent anonymous contributions and enforce public disclosure. The Election Code stipulates that political campaign spending is subject to oversight by the National Audit Office and is regulated by defined financial rules. Despite a robust framework, electoral processes in Bulgaria have not been immune to challenges. Reports from Transparency International have highlighted issues such as vote-buying and voter intimidation that undermine electoral integrity.

A nationwide survey from early 2024 revealed that many Bulgarians perceive corruption as both prevalent and detrimental, particularly in the realm of public procurement. Respondents expressed concerns over opaque decision-making and the undue influence of political connections on contract awards. Direct negotiations and closed procedures, which tend to favor connected suppliers, are often used. Investigative findings have highlighted that 2% of companies secure 98% of public procurement deals, underscoring deep-rooted issues with corruption and state capture.

Anti-corruption  
policy

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## 16 | Consensus-Building

During the review period, Bulgaria's political landscape was marked by ongoing debates over the adoption of the euro, geopolitical orientation and the role of the state in economic affairs. Political instability, instances of violence and intimidation directed at political and ideological opponents, and the adoption of laws that limit human rights and civic space pose significant challenges to Bulgarian democracy. While Bulgaria's NATO membership remains a cornerstone of its foreign policy, geopolitical debates about the benefits of the military alliance have intensified. The inclusion of the pro-Russian Bulgarian Socialist Party (BSP) in the coalition government formed in January 2025 raised concerns about a potential shift in Bulgaria's foreign policy stance, even though Prime Minister Rosen Zhelyazkov has pledged to maintain a pro-Western orientation. In the early weeks of the new government, there was no evidence BSP had challenged Zhelyazkov on foreign policy.

Despite political divisions, the main political actors retain a broad consensus on a market-based economy. However, perspectives differ on the state's role in economic affairs. Bulgaria's EU membership and participation in the common market continue to garner widespread support, reflecting a shared commitment to economic integration. Bulgaria's ambition to join the eurozone has faced political and economic challenges. Bulgaria initially aimed to adopt the euro in January 2025 but failed to meet the price stability criterion, prompting a postponement. In July 2024, the National Assembly mandated that the government apply to adopt the euro no later than two weeks after meeting the price stability criterion, setting a potential entry date of July 1, 2025. However, political instability has delayed the key reforms necessary for adopting the euro. The pro-Russian Revival (Vazrazhdane) party has been a vocal opponent of adopting the euro, advocating for a referendum to retain the Bulgarian lev. However, the Bulgarian parliament has twice overwhelmingly rejected proposals for such a referendum.

Political polarization increased and instability continued as Bulgaria held three parliamentary elections in two years (following four in 2021/22). These frequent elections have led to a fragmented parliament and complicated coalition building. The coalition formed in January 2025 consisted of GERB-SDS, ITN and BSP, reflecting the complex and often contradictory alliances in Bulgarian politics.

While formally the balance of power based on available votes in the parliament is in favor of pro-European and pro-democracy actors, nationalist and populist parties have significant representation – including the populist ITN, which is part of the governing coalition and actively promotes anti-LGBTQ+ legislation and takes an ambiguous position on proposals for a Russian-style foreign agents act. Anti-democratic tendencies are evident not only along partisan party lines but also within segments of the mainstream parties.

### Consensus on goals

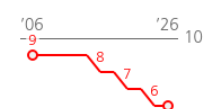
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### Anti-democratic actors

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The review period witnessed a rise in Euroskeptic and nationalist parties. The Revival (Vazrazhdane) party strengthened its position as the leading anti-EU and nationalist force, securing 12.9% of the vote and 36 seats in the 240-member National Assembly in the October 2024 elections. Revival promotes pro-Russian narratives, opposes NATO and military support for Ukraine, and resists Bulgaria’s adoption of the euro. It has also aggressively opposed LGBTQ+ rights, and sought to restrict the expression of liberal values in arts and culture. A new far-right populist and pro-Russian party, Velichie, entered the parliament in early 2024 and narrowly missed the threshold in the second election of the year. While Velichie shares Revival’s pro-Russian sentiment, it presents its stance in a more restrained manner.

In August 2024, the Bulgarian National Assembly enacted legislation banning “propaganda, promotion or incitement” of discussions related to “non-traditional sexual orientation and/or gender identity” in schools. This amendment, introduced by Revival, received substantial support from GERB-SDS, BSP and There Is Such a People (ITN), leading to its passage with a significant majority.

In January 2025, the Movement for Rights and Freedoms (MRF), led by Delyan Peevski, proposed creating a parliamentary commission to investigate the influence of George Soros and his associated foundations in Bulgaria. This initiative suggests that foreign-funded NGOs exert undue influence over Bulgarian politics and governance. Concurrently, Revival reintroduced its “foreign agents” bill – closely mirroring Russia’s 2012 legislation, which has been widely criticized for suppressing civil society.

Bulgaria’s political environment has been marked by heightened polarization, unstable governance, and difficulty achieving consensus on national and international issues.

The risk of verbal and physical clashes that transcend normal political disagreements has increased. Intimidation campaigns targeting civil society activists and NGOs supporting human rights have intensified. NGOs working in Bulgarian education face growing resistance from school directors who fear accusations of promoting “gender ideology” or “Euro-Atlantic values.”

In August 2024, the nationalist Revival (Vazrazhdane) party took controversial steps after the passage of an amendment to the Preschool and School Education Act, which banned LGBTQ+ “propaganda” in schools. The party publicly circulated a list of teachers from Varna who had signed a petition opposing the legislative change. Revival’s leader, Kostadin Kostadinov, announced plans to report the educators to the Prosecutor’s Office, accusing them of promoting “homosexual propaganda.” The Bulgarian Helsinki Committee condemned the actions as violations of fundamental human rights and offered free legal assistance to affected educators.

Cleavage /  
conflict  
management

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'06 '26 10



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The rise of legislative measures and direct actions by anti-LGBTQ+ groups has contributed to a climate of increased scrutiny and potential censorship of cultural and artistic works featuring LGBTQ+ themes. In the summer of 2023, far-right extremists disrupted the Sofia Pride Film Fest screening of “Close,” labeling attendees as “pedophiles” and chanting anti-LGBTQ+ slogans, leading to the event’s cancellation.

In November 2024, Sofia’s Ivan Vazov National Theatre became a focal point of controversy following the premiere of George Bernard Shaw’s “Arms and the Man,” directed by John Malkovich. The play, set during the Serbo-Bulgarian War of 1885, was perceived by some as portraying Bulgarians in a negative light, leading to protests primarily organized by far-right nationalist groups. Demonstrators gathered outside the theater with banners reading “No anti-Bulgarian plays at the National Theatre,” escalating to physical confrontations as protesters attempted to block attendees from entering.

The analysis of Bulgaria’s political leadership in moderating cleavage-based conflicts reveals a landscape marked by paradox and fragmentation. On the one hand, instances of measured state intervention – such as the managed approach to extremist commemorations – demonstrate an awareness of the need to avoid violent escalations. On the other hand, the pervasive presence of radical nationalist parties, coupled with a fragmented and unstable political system, underscores the persistent challenge of bridging ideological divides.

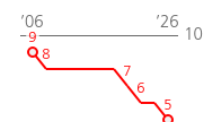
To meet European Commission recommendations and OECD membership requirements, the Bulgarian Ministry of Justice is developing a concept for a lobbying law. However, this initiative has raised serious concerns among CSOs. The initial draft, published in November 2023, clearly distinguished lobbying from advocacy and provided protections for EU-funded organizations. Following a government change, a revised version appeared in March 2024, removing these distinctions and introducing concerning requirements for CSOs.

Experts have drawn parallels between the revised concept and the repeatedly rejected Foreign Agents Act. Rather than regulating corporate lobbying, the new draft risks classifying CSOs that advocate for social causes as lobbyists. For example, organizations working to combat domestic violence could be labeled “lobbyists against domestic violence” simply for proposing legislative changes.

The Council for the Development of Civil Society and leading human rights organizations have warned that the concept violates constitutional rights and could limit citizen participation in decision-making. They recommend incremental changes to existing legislation instead of introducing a comprehensive new law.

Public  
consultation

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Bulgaria continues to struggle with the legacies of authoritarian rule, political repression and persistent ideological divides. The most sensitive issues remain attitudes toward Russia and the communist past, while relations with Türkiye and the Turkish minority represent a latent but unresolved societal conflict. The lack of a comprehensive reckoning with the communist era has left room for competing historical narratives. Monuments and public symbols often become flashpoints in debates over historical memory and Bulgaria's geopolitical orientation. Political leaders have shown limited capacity or willingness to foster genuine reconciliation – as societal divisions hinder broader dialogue and reflection. Each group tends to commemorate its own victims separately, with little shared recognition. While such commemorations rarely provoke conflict, they also fail to inspire broader empathy or solidarity across society.

Debates over Soviet-era monuments in Bulgaria continue to reflect deeper societal divisions over historical narratives and their place in public spaces. A focal point has been the Monument to the Soviet Army in Sofia, erected in 1954 and long a source of contention. In December 2023, after years of deliberation, authorities began dismantling the 37-meter-high structure amid mixed reactions. Some saw its removal as a necessary re-evaluation of history, while others viewed it as erasing Bulgaria's past. Following the monument's removal, attention shifted to the Alyosha Monument in Plovdiv, another prominent Soviet-era structure, and to proposals to relocate it. In response, the Russian parliament issued a statement urging Bulgarian authorities to preserve it. Public opinion remains divided, with some supporting relocation and others arguing for its historical preservation.

## 17 | International Cooperation

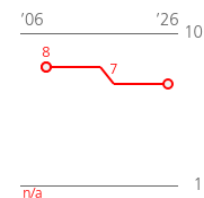
EU funds continued to play a pivotal role in Bulgaria's economic development, particularly in the post-COVID-19 pandemic period. These funds have significantly impacted various sectors, including public investment, transparency and accountability in public finance management.

In 2024, the European Investment Bank (EIB) extended a €250 million loan to Bulgaria to cofinance EU-backed projects, aiming to accelerate development in energy efficiency, water management, transport and research. EIB Group support for Bulgaria more than doubled in 2023 – reaching 1.17% of the country's gross domestic product (GDP) – making Bulgaria one of the top three EU member states for EIB support relative to GDP.

Bulgaria's National Recovery and Resilience Plan (NRRP) outlines the strategy for using Recovery and Resilience Facility (RRF) funds, including reforms and investments to bolster economic resilience and foster sustainable growth. However, disbursement of those funds depends on meeting specific targets, including institutional and rule of law reforms.

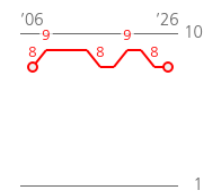
### Reconciliation

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### Effective use of support

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The use of EU funds has been closely linked to rigorous audit and control mechanisms to ensure transparency and accountability. In 2023, the European Anti-Fraud Office (OLAF) concluded 14 investigations into the use of EU funds in Bulgaria, resulting in five recommendations for national authorities to pursue follow-up actions. Additionally, the OLAF identified over €1 billion in EU funds subject to recovery due to misuse, highlighting persistent challenges in ensuring proper fund use and underscoring the importance of strong oversight mechanisms.

Despite these contributions, Bulgaria has faced challenges in fully accessing and effectively using EU resources. In 2024, the European Commission warned Bulgaria that it could face a suspension of payments because of delays in key reforms outlined in the NRRP. This highlights the urgent need for Bulgaria to implement its agreed-upon reforms to maintain access to EU funding.

The European Court of Auditors' Special Report 13/2024 highlighted delays in the absorption of funds from the RRF, jeopardizing the completion of planned measures. Economic analyses have pointed to the adverse effects of political uncertainty on investment, which depend on government credibility and stability. The European Bank for Reconstruction and Development's Transition Report (2024 – 2025) forecasts 2.9% growth for Bulgaria in 2025 but notes downside risks related to political instability and slow EU fund absorption. The OECD's Economic Outlook for Bulgaria (December 2024) highlights weak public and private investment due to political uncertainty and delays in EU fund absorption.

Other international partners, such as the World Bank, have scaled back their activities in Bulgaria in recent years. Previously, the World Bank played a significant role in policy reviews and technical assistance, including Roma inclusion initiatives. Beginning in the last quarter of 2024, the World Bank will resume consultations with the Bulgarian government on key areas, including infrastructure development and climate change response.

Bulgaria is actively pursuing membership in the Organization for Economic Cooperation and Development (OECD) – a top foreign policy priority. In January 2022, the OECD Council opened accession discussions with six candidate countries, including Bulgaria. As of May 2024, Bulgaria was on track to join the OECD by the end of 2025, underscoring the country's commitment to implementing the necessary reforms and aligning policies with OECD standards.

Bulgaria's ability to sustain commitments made as an EU member state directly affects its credibility among international partners.

Initially, Bulgaria aimed to adopt the euro by January 2024. However, difficulties in meeting the necessary criteria, particularly regarding inflation rates, led to a postponement. In February 2023, the government deferred adopting the euro to January 2025. Continued political fragmentation and economic hurdles have resulted in further delays, with projections suggesting euro adoption may be postponed beyond 2025. In August 2024, the Bulgarian National Assembly passed legislation facilitating euro adoption, signaling a commitment to alignment with eurozone requirements.

Euroskeptic and pro-Russian factions, including the Bulgarian Socialist Party (BSP) and the Revival (Vazrazhdane) party, have intensified their opposition to the euro – citing economic concerns such as inflation risks and loss of monetary sovereignty. Analysts suggest these positions are also influenced by broader geopolitical considerations aimed at limiting Bulgaria's integration into European structures.

In January 2025, opposition parties accused the government of deliberately delaying accession to the eurozone, arguing the hesitation undermines Bulgaria's long-term European integration goals. Critics contend the delay hampers economic progress and diminishes public confidence in the government's commitment to EU integration. Government officials have maintained that strict adherence to convergence criteria is necessary for a stable transition to the euro.

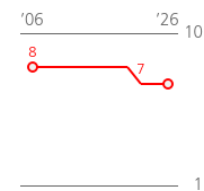
Bulgaria's commitment to modernization is evident in its efforts to meet international standards in trade, climate and defense. However, infrastructural limitations, corruption and political issues create obstacles. Bulgaria's trade policies, supported by its WTO and EU membership, are weakened by complex procurement and selective enforcement. Political dynamics hinder defense modernization – with opposition from Russophile groups affecting procurement that favors EU and NATO suppliers. Regarding the climate, outdated infrastructure obstructs environmental goals tied to international commitments. Public procurement and enforcement of environmental standards remain problematic due to regulatory opacity, corruption and political influence, potentially compromising Bulgaria's trade commitments.

During the review period, Bulgaria strengthened regional cooperation, particularly with Romania and Greece, focusing on energy and transportation infrastructure projects.

In August 2024, the operator of the Greece-Bulgaria gas interconnector announced plans to increase capacity from three to five billion cubic meters per year. This expansion aims to improve energy security and diversify gas supplies in the region. In October 2024, a new floating LNG storage and regasification unit off the northeastern coast of Greece became operational. The facility supplies gas to Bulgaria, Romania, Serbia, Hungary and Ukraine, enhancing regional energy diversification.

### Credibility

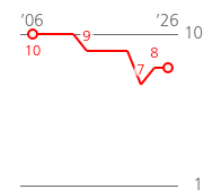
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### Regional cooperation

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The Gas Interconnection Bulgaria–Serbia (IBS) project, launched in February 2023, is co-funded by the European Union’s Connecting Europe Facility Energy program. The 62-kilometer pipeline in Bulgaria is expected to improve regional energy connectivity and reduce dependence on single-source gas supplies.

In October 2023, the prime ministers of all three countries convened a summit and agreed to host the next Euxinograd-3 meeting in 2024 to strengthen transportation and defense collaboration. In early 2024, the defense ministers of Bulgaria, Romania and Greece signed a letter of intent to establish a military mobility corridor to facilitate the movement of defense equipment.

Bulgaria’s role as a transit country for Russian natural gas became a focal point of regional tensions, particularly with Serbia and Hungary. In October 2023, Bulgaria implemented a transit fee of €10.22 per megawatt-hour on Russian gas passing through its territory to Serbia, Hungary, and Bosnia and Herzegovina. The measure aligned with the European Union’s efforts to reduce dependence on Russian energy and limit Russia’s revenue from gas exports. Serbia and Hungary, both heavily reliant on Russian gas via the TurkStream pipeline, strongly objected to the fee. In particular, Hungary criticized the levy as a “clear breach” of EU regulations and threatened legal action. Facing mounting pressure from its neighbors and concerns over its pending accession to the Schengen area, Bulgaria suspended the transit fee in December 2023.

Generally, Bulgaria’s role in regional cooperation has been ambivalent. Bulgaria is positioned at a critical juncture where domestic reform, political instability, fragile leadership, historical sensitivities regarding neighbors and regional ambitions all intersect. Strengthening governance, stabilizing the political environment and leveraging strategic partnerships will be key to realizing Bulgaria’s potential as not only a beneficiary of EU policies but also a proactive contributor to regional cohesion.

Bulgaria’s 2020 veto on North Macedonia’s EU accession negotiations, citing historical and linguistic disputes, continues to strain bilateral relations. Despite lifting the veto in June 2022, under specific conditions, tensions persist. In 2024, relations further deteriorated following provocative statements by North Macedonia’s leadership and disagreements over the inclusion of Bulgarians in North Macedonia’s constitution. The European Commission has urged both countries to resolve their disputes to avoid further delays in the enlargement process.

## Strategic Outlook

Overall, Bulgaria's path forward is marked by significant uncertainty. Despite progress in Schengen integration and energy diversification, persistent political instability complicates judicial reforms, slows the absorption of EU funds and hinders accession to the eurozone. Frequent changes in government, including caretaker administrations, have highlighted the struggles of parties such as GERB to maintain leadership and govern effectively, often forcing parties into unconventional coalition partnerships. Declining public trust in institutions and the rise of nationalist parties such as Revival (Vazrazhdane), which complicate efforts to form stable coalitions and govern effectively, are significant. Growing polarization over cultural and social issues, notably concerning LGBTQ+ rights and freedom of expression, further exacerbates governance challenges. Bulgaria's economic resilience and future EU integration efforts hinge on stabilizing the political landscape and ensuring effective implementation of key reforms. The recurring difficulties in forming stable governments and the resultant policy gridlock are central challenges that threaten to undermine Bulgaria's potential for progress. Beyond 2025, Bulgaria's political future remains uncertain. Scenarios range from the continued relative stability of the current coalition – at least until it becomes clear whether Bulgaria will join the eurozone in 2026 – to the formation of a new coalition or a return to interim governance. Each scenario will have significant implications for domestic policies and Bulgaria's international role.

Over the coming years, Bulgaria will need to address several key strategic priorities, including:

### 1. Enhancing political stability

Bulgaria has experienced persistent political instability, with multiple snap elections producing a fragmented party system and rising polarization. While a coalition government was formed in January 2025, ideological divisions continue to challenge governance. Political stability is essential for effective governance. However, it should not be pursued at the expense of civic space or democratic checks and balances. Reducing reliance on snap elections and strengthening coalition governance mechanisms will enable Bulgaria to make progress on its long-term priorities.

### 2. Accession to the eurozone

Adoption of the euro represents a strategic instrument to reorient Bulgaria's economic and political standing within the European Union. Despite legislative measures and efforts to meet convergence criteria, Bulgaria has struggled to meet inflation and budget deficit requirements. Political consensus for adopting the euro has weakened because of targeted campaigns by Euroskeptic parties. Successfully addressing these economic benchmarks while building public support will enhance Bulgaria's integration into European financial structures and provide greater economic stability.

### 3. Judicial and anti-corruption reforms

Bulgaria continues to struggle to implement effective judicial reforms. Despite constitutional amendments to restructure the Supreme Judicial Council and limit the prosecutor general's powers, these changes have been contested before the Constitutional Court. The reorganization of anti-corruption authorities has shown little impact and high-profile corruption cases remain largely unresolved. Implementing effective accountability measures will be crucial to restoring public trust in the judiciary and strengthening the rule of law.

### 4. Civil liberties and social cohesion

Growing societal divides have been highlighted by controversial legislation, such as the ban on discussions of “non-traditional sexual orientation and gender identity” in schools. These measures have drawn criticism from human rights organizations and scrutiny from the European Union. Addressing these divisions – while aligning policies with EU human rights standards – will be essential for maintaining social cohesion and upholding European values, particularly as Bulgaria becomes more integrated into EU institutions.

### 5. Economic growth and absorption of EU funds

Bulgaria has maintained relatively low public debt but faces challenges in effectively using EU funds, including the Recovery and Resilience Facility. The European Court of Auditors has highlighted delays in absorbing funds, jeopardizing the implementation of planned measures. The European Bank for Reconstruction and Development (EBRD) forecasts moderate economic growth but notes downside risks related to political instability and the slow absorption of EU funds. Ensuring effective use of these funds will be critical for driving sustainable development, and supporting key initiatives such as infrastructure modernization and a green transition.

### 6. Regional cooperation and continued support for Ukraine

Bulgaria's position at a crossroads of domestic reform, political instability and complex historical legacies affects its regional role. While the country has strengthened trilateral cooperation with Greece and Romania, tensions persist with North Macedonia over constitutional recognition of ethnic Bulgarians. Bulgaria's full accession to the Schengen area in 2025 marked a significant achievement in European integration. Maintaining alignment with the European Union while balancing complex geopolitical relationships will be crucial for Bulgaria to become a proactive contributor to regional cohesion rather than merely a beneficiary of EU policies.

As an EU member state and member of NATO, Bulgaria's position on supporting Ukraine has implications for regional security and European solidarity. While facing internal divisions over geopolitical orientation – with some politically influential groups having Russophile inclinations – Bulgaria's strategic alignment with EU and NATO objectives requires maintaining support for Ukraine. This includes participating in collective security measures, humanitarian assistance, and adhering to EU policies on sanctions and diplomatic positions, despite potential domestic political costs.

Developments between 2023 and 2025 demonstrate that formal institutional changes and EU membership alone are insufficient to achieve the country's desired outcomes without addressing deeper structural and cultural challenges in Bulgarian society and governance.