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The Outstanding Agenda for Political Party Reform in Bulgaria

A well controlled and transparent political parties system is crucial for the strengthening of democracy and the rule of law in any country. For Bulgaria, in particular, this is a field that has often been subject to reforms, which, however, have been inconsistent and far from effective.

The present legal framework of political parties (the *Law on Political Parties* of 2001) reveals a number of gaps.

- The **loose legal requirements for founding a political party** have led to the establishment of excessive number of parties (more than 300 at the moment). Many of them are not active at all, i.e. they do not participate in elections, their financial reports show no activities carried out and they are hardly known to the public. Another considerable part of the existing parties participate in elections but receive insignificant number of votes. Some parties receive votes only because their names resemble the names of major parties and the voters are easily misled.
- The **inadequate rules on political parties funding** (including provisions allowing for anonymous donations) have created conditions for non-transparent, sometimes illegal, financing that could not be traced and sanctioned. In addition, the lack of clear and consistent provisions on party property has allowed some political parties to turn into commercial entities, dealing primarily with property management instead of political activities.
- The **absence of effective legally grounded mechanism for civic control** over the operation of political parties is another deficiency in the existing legislation that is hardly acceptable in a democratic state. The lack of such control undermines the public confidence in political parties and severs the connection between them and the society, whose interests they are called upon to uphold.

At present, there is a new *Draft Law on Political Parties*, recently submitted to the Parliament for second reading, which offers solutions to the above as well as other shortcomings. However, the support of the civil society and the international community is needed to speed up the passing of the law and to streamline the reforms prior to the upcoming 2005 parliamentary elections.

Previous Reforms

Since the adoption of the first *Law on Political Parties* in 1990 the legal framework has been often subject to changes, including the adoption in March 2001 of a completely new *Law on Political Parties*. These reforms, however, did not follow any clear and consistent strategy and many of the most important issues were not addressed.

In May 2002 two *Coalition for Bulgaria* MPs, Mr. Boyko Radoev and Mr. Nikolay Kamov, submitted to the National Assembly a *Draft Law on Political Parties* providing for an overall reform of the party system. In April 2003, a different *Draft Law on Political Parties* was presented to the National Assembly by a group of *National Movement Simeon II* MPs, led by Mr. Emil Koshlukov. Despite some differences the second draft law followed a similar concept and envisaged similar reform measures as the first one. On February 5, 2004, both draft laws were adopted by the Parliament on first reading in plenary session and the Parliamentary Committee on Civil Society Issues was assigned with the task to develop a consolidated draft and present it for second reading.

The Parliamentary Committee on Civil Society Issues accomplished its task in June 2004 and adopted the consolidated draft with consensus. The entire work of the committee, and in particular the consensus based adoption of the draft, demonstrated that suggested reforms enjoy the support of MPs from all political parties in Parliament. This support substantially facilitated the work of the committee and contributed to the development and adoption of a modern draft law in line with the best European practices.

The draft is now expected to be voted into law and the consensus reached in the course of the committee's work creates reasonable expectations that it will receive a broad support.

The Role of *Coalition 2000* and the Center for the Study of Democracy

From the very beginning of its anti-corruption initiatives *Coalition 2000* identified the need for reforms of the political parties system. The Coalition's **basic strategic document**, *Clean Future Anti-Corruption Action Plan for Bulgaria*, clearly stated this need. The Action Plan, developed and endorsed parallel to the official launch of *Coalition 2000* in 1998, pays special attention to the political parties system. It justifies the need for reforms and it points out the main reasons for corruption in the system. It also offers a set of recommendations aimed at increasing the transparency and the accountability of political parties' activities and develops a clear set of rules on party funding.¹

Based on the conclusions and recommendations formulated in the Action Plan the development of the legal framework of political parties has been monitored on a regular basis through the *Coalition 2000 Corruption Assessment Reports*². The reports, published annually since 1999, continued to point out the deficiencies in political parties' legislation and to offer proposals for their overcoming.

In order to promote the necessity of reforming the political parties system in Bulgaria and to convince the policy makers in the urgent need of implementing such reforms *Coalition 2000*

¹ For more information see *Clean Future Anti-Corruption Action Plan for Bulgaria*, p. 22-22. The document is available online in English at <http://www.csd.bg/en/c2000/artShow.php?id=346>.

² All *Coalition 2000* Corruption Assessment Reports are available online in English at <http://www.csd.bg/artShow.php?id=1339>.

and the Center for the Study of Democracy held a series of **public discussions** with the participation of MPs, representatives of the government and the judiciary, Bulgarian and foreign experts, and civil society organizations. The efforts focused primarily on the legal regulation of political parties funding that is considered as the main problematic area and is most often associated with corruption practices. The discussions aimed at identifying existing problems, formulating reform recommendations, and presenting best practices implemented by other countries such as the United States, Canada, the European Union Member States, etc..³

Coalition 2000 and the Center for the Study of Democracy contributed to the reforms by **providing expert help** as well. Experts of the Coalition and the Center actively participated in the work of the Parliamentary Committee on Civil Society Issues and provided comments and recommendations on the developed draft, especially with regards to the rules on funding of political parties.

Advantages of the Proposed Legal Framework

The Draft Law on Political Parties, expected to be voted by Parliament, provides for an overall reform of the system of political parties in line with the best practices implemented in other European countries. It incorporates a number of important legislative solutions aimed to overcome the existing deficient situation and to set the grounds for the development of a modern and efficient system of political parties.

- The draft introduces **stricter legal requirements for founding a political party**. The founding procedure should be initiated by at least 50 individuals, and the founding assembly should be attended by at least 500 participants. In order to be registered by the court the party should prove that at least 5000 members have already signed up. In addition, the draft requires all members of the party, including the initiators and the founders, to be Bulgarian citizens who are not members of any other political party.
- A set of important rules are envisaged regarding **the funding and the property of political parties**.
 - The sources of funding of political parties are clearly enumerated.
 - Anonymous donations and donations by certain groups of entities (e.g. enterprises with state or municipal participation, foreign governments, companies and organizations, etc.) are explicitly prohibited.
 - Other donations are allowed but are subject to certain restrictions (e.g. in terms of maximum annual amount by a single person or entity).
 - Political parties are not allowed to perform any commercial activities.
 - The amount of the state subsidy granted to political parties is bound to the number of votes received at the last parliamentary election.
 - Political parties are not allowed to sublet the premises they had been provided by the state or the municipalities.
- There are **effective mechanisms envisaged for control** over the funding of political parties.
 - Political parties are obliged to submit annual financial reports to the National Audit Office (NAO).

³ More information on the public policy events is available online in English at <http://www.csd.bg/artShow.php?id=12647> and <http://www.csd.bg/artShow.php?id=1688>.

- The NAO examines the reports and the results of these examinations are public (they are published in the bulletin and the website of NAO).
 - The failure to submit a financial report leads to deprivation of the party's right to receive state subsidy until the next parliamentary elections.
 - The failure of a political party to submit a financial report for three consecutive years empowers the court to revoke its registration and order the party's disbanding.
 - In order to participate in any election political parties should present to the Central Election Commission a certificate issued by NAO that they have properly submitted their financial reports for the past three years.
- The draft introduces a **dynamic system of political parties** binding the existence of each party to its regular participation in elections. This is achieved by empowering the court - upon proposal by the prosecution - to order the disbanding of each political party that has not participated in any election for more than 5 years since its last court registration.

In order to set the grounds for an overall reform of the system of political parties the draft envisages **re-registration of all existing parties according to the new legislation** within 6 months following the entry into force of the law. Any party that fails to apply for re-registration within the six-month term or is denied re-registration by the court will be ordered to disband and will be deleted from the court registry.

Final Stage of the Reform

The mandatory re-registration of all existing political parties in accordance with the requirements in the *Draft Law on Political Parties* would only make sense if it is applied before the next parliamentary elections, to be held in the summer or fall of 2005.

The civil society and the international community should back the last stage of the reform process by supporting the final necessary steps:

- The Draft Law on Political Parties should be adopted and become effective **in the fall of 2004 at the latest**.
- The **six-month period envisaged for re-registration** should expire before the upcoming parliamentary elections.
- **The 2005 parliamentary elections should be held according to the new law** and only parties registered in compliance with the new requirements should be allowed to participate.

It is of crucial importance for the current National Assembly to keep the momentum and successfully complete the reform before the expiration of its mandate. Otherwise, if the Parliament fails to adopt the new law in time, the elections would be held according to the existing legislation. Thus the reforms would be considerably postponed or even blocked if the next parliament does not show the necessary political will to develop them further.