
Overview of 1998

Bulgaria managed to maintain political and economic stability and consolidate further its reforms despite turmoil in the region in 1998. The crisis limitation measures of 1997 developed into longer term transition policies both domestically and as regards Bulgaria's international engagements. Although not always lacking controversy, key pieces of legislation were introduced by Parliament laying the foundation for sustained institution building in the country.

One of the hallmarks of democratic stability in Bulgaria has been the increased involvement of non-governmental organizations in the policy making process. Thus, for example, one of the undoubtedly high points of our work in 1998 was the formation of *Coalition 2000*. Launched at the Center's initiative, the *Coalition* process exemplifies CSD's "building bridges" policy at its best. The immediate and positive response to our proposal for anti-corruption cooperation from both public and private organizations was the reward of years of persistence in making public-private dialogue a priority of our reform efforts.

Since its establishment, the Center has constantly endeavored to preserve and strengthen its independence as facilitator of a democratic and efficient policy making process. Nearly ten years later, the successful launch of *Coalition 2000* and its international recognition as a model for finding consensus solutions to difficult policy issues in the context of transformation, is the apparent fruit of the Center's commitment to non-partisanship and wide public outreach.

European integration was another important field in which the Center has led the way for a more substantial NGO role in the Bulgarian polity. Long declared as a key foreign policy priority of the country, in 1998 EU accession preparations became a crucial component of domestic reforms. By publishing its pioneering analytical volume *Bulgaria and the European Union: Towards and Institutional Infrastructure* CSD made a contribution to policy formulation and priority setting in legislative harmonization at a time when the government administration was gathering strength, although still lacking the adequate policy analysis and formulation capacity. Through its analytical work, involving both public and private sector experts, combined with efforts to encourage and maintain dialogue CSD contributed to establishing a broad base in society with a stake in the success of the integration process.

The issues that dominated the agenda of our Economic Program in 1998 related to key areas of transition: the role of transparency and integrity of governance in economic development and the modernization of social policies. As regards the latter, the Economic Program adopted an integrated approach addressing privatization and social security reform, development of pension funds and health care reform in parallel.

Bearing in mind that corruption holds back development and discourages investment, in 1998 the Economic Program focused on enhancing the awareness, and encouraging the adoption and practical implementation of democratic values, such as transparency, trust, integrity, in the economy and the policy process. Capital markets was one of the

fields in which these objectives were pursued in particular through drafting of legislation, dissemination and advocacy.

Continuing its focus on the modernization of the legislation on non-profit organizations, the Law Reform Program broadened its efforts in this area with an educational aspect. The development of a comprehensive training course – covering nearly all key legal and managerial issues – for non-profit organizations was started in 1998. The course will become part of Master's programs at some Bulgarian universities thus further ensuring the sustainability of the non-profit sector in Bulgaria.

A new area of interest for the Program in 1998 was the institution of the ombudsman. Essentially a mediator between the administration and the citizens, the ombudsman is an important element of a stable democracy. Bulgaria has been slow in introducing it, and the Law Reform Program has focused on elaborating the legal basis for its establishment.

Vitosha Research, CSD's survey research arm, made a substantial contribution to the introduction of independent monitoring of public policy. Its *Corruption Monitoring System*, whose first results were published in 1998, is an innovative survey design measuring institutional change by way of combining quantitative and qualitative studies of the public in general and special social groups (e.g. public officials, businesspersons, etc.). The output is a set of comprehensive and uniquely analytical indexes allowing both government policy makers and independent pressure groups and NGOs to receive indispensable feedback on their anti-corruption efforts.



Dr. Ognian Shentov
President

Sofia, March 1999

CSD: A Retrospective of a think and action tank (1991-1997)

CSD's primary goal - to build bridges between the expert and policy making communities - has been a guiding principle in all the areas of interest to the organization since its creation: economic and legal reform, opinion and market surveying, European integration and development of the non-profit sector. The period during which the Center has established itself as a major public policy institute and a facilitator of private-public coalitions has also been a time of gradual consolidation of political and economic reforms in Bulgaria. Looking back on those years, CSD's achievements as a public policy institute have followed the main elements of the mission statement of our organization, which we have summarized below.

CSD has promoted *institutional reform and the practical implementation of democratic values in legal and economic practice.*

CSD has been one of the most active participants in the effort to reform the legal and regulatory environment for economic reform in all its main areas: mass and market-based privatization, municipal privatization, foreign investment, debt conversion, migration of laborers, and capital market development. The Center has made its contribution in these areas by way of a range of research and advocacy activities, practical assistance to institutional development and relevant legislative reform, dissemination and training.

In terms of the process of policy development, CSD has brought together policy makers, government officials and analysts to reach consensus and draft the necessary amendments in the regulatory framework of the economy. A policy recommendation

document *Strategy for Accelerating the Privatization Process 1997-1998* was submitted to the Council of Ministers and adopted in the fall of 1997. CSD provided a consensus Policy Document including the legislative agenda for the institutional development of capital markets in Bulgaria. In 1997, the policy recommendation paper *Institutional and Policy Framework for the Development of Capital Markets in Bulgaria* presented a comprehensive overview of the status of the legal and institutional framework of capital markets. It serves as an effective management and outreach tool that sets policy priorities and enables the effective tracking of the process.

In addition to the development of policy recommendations on the regulatory reform of privatization and foreign investment, the Center has sought to assist reform through the:

- organization of policy-oriented seminars and workshops on municipal privatization, investment funds, mass privatization, foreign investment, debt management and the efficiency of consulting firms;
- preparation of Reform Round Table papers exploring some of the most pressing issues of economic reform in Bulgaria: tax reform, inflation and pricing policy, agrarian reform, social security and the labor market.

Some pertinent examples of the practical assistance provided include the implementation of the program for Regional Development and Municipal Privatization in the region of Bansko in Southwestern Bulgaria, the National Mutual Fund, adopted by the Council of Ministers, and the regulations of an Agriculture Development and Assistance Fund,

adopted by the Ministry of Agriculture. In pursuit of both its role as public policy institute and facilitator, the Center developed *Recommendations to Facilitate Expanded Economic Relations Between Bulgaria and the United States*, presented at the US-Bulgaria summit in Washington, D.C. in February 1995. In 1994-1995 the Program developed a fully-fledged *Debt Conversion Program* to assist Bulgarian authorities in drafting the arrangements for Debt - Equity Swaps by combining the existing legal framework for privatization with the new regulatory framework, institutional setup and swap mechanisms.

Having implemented training projects for business associations in the past, in 1997 CSD started developing a long-term information and training program on corporate governance targeted at the general public and selected professional groups, aimed at introducing the corporate governance concept and best practices to Bulgarian experts.

Throughout the years the *Privatization and Foreign Investment Monitor* published by the Economic Program of CSD has been a digest of publications about privatization and economic reforms in Bulgarian mass media.

CSD's legal reform efforts started in 1991 primarily with the objective of establishing and supporting the contacts between the Bulgarian legal community and government agencies with foreign assistance groups, such as the American Bar Association Central and East European Law Initiative, the International Development Law Institute in Rome, the Institutional Reform and the Informal Sector (IRIS) Project and others. The initial focus was constitutional law reform. With the enactment of the new Constitution in the spring of 1991, the emphasis in the activities shifted towards commercial law reform. During the past six years, the CSD Law Reform Program gradually developed into a legal reform agent with a considerable law drafting record.

Among the major achievements of the Program were the continuing work on developing and implementing the pioneering concept for a centralized, high technological, nation-wide Secured Transactions Registry and on the creation of its computerized system, and the permanent methodological assistance to the daily Central Register practice, to the training of Registry-users and to the developing and improving of the secondary legislation on the Registered Pledges by the experts of the Program. The Registered Pledges Act was passed by the National Assembly in November 1996.

For six years now, CSD's Law Reform Program has been at the forefront of the development and promotion of a reformed, modern and comprehensive legal framework for Non-Profit Organizations including proposed reforms of the Tax Law regarding NGOs. The main ideas of the reform project have been disseminated among the expert teams, politicians and the public at large through four concept papers and a Commentary on the Draft Law on Non-Profit Organizations prepared by the CSD legal experts, through discussions, seminars and other training activities.

CSD has provided the policy makers and legislators with expert comments on more than thirty draft laws and with a series of concept papers introducing leading international concepts on the legal framework for investment funds, foreign trade regulation, government procurement, securities regulation and fighting money laundering. Aiming to facilitate the transfer of advanced legal expertise, CSD has also organized educational seminars for the Bulgarian legal community.

CSD has contributed to *strengthening the institutional and management capacity of NGOs in Bulgaria, and to reforming the legal framework for their operation.*

Encouraging the development of a viable and sustainable non-governmental sector that would guarantee the success of democratic reforms in Bulgaria has been an important priority in the activities of the Center for the Study of Democracy since its establishment. Pursuing this objective, CSD's initial efforts were directed at facilitating the enactment of new legislation, in the belief that the reform of the legal framework for the operation of non-profit organizations is the major prerequisite for building a viable civil society in Bulgaria. A six-year-long project was completed for the design and promotion of a reformed, modern and comprehensive legal framework for non-profit organizations including proposed reforms of the tax law regarding NGOs. The main ideas of the reform project have been disseminated among the expert teams, politicians and the public at large through four concept papers and a Commentary on the Draft Law on Non-Profit Organizations prepared by the CSD legal experts.

CSD has acquired considerable experience in being among the first Bulgarian non-governmental, non-profit organizations to be audited by international auditing companies (Coopers & Lybrand in 1992 and 1993; Price Waterhouse in 1994-1997; KPMG in 1998) which has provided it with unique expertise among Bulgarian non-profit organizations. This has also encouraged CSD to put a particular effort into streamlining its management process.

In order to put this to the benefit of the whole non-profit community, the Center has supplemented its legal environment reform efforts with activities at the micro-level, in particular training. Subject areas have included general and financial management, auditing, and taxation issues of the NGO draft law, as well as training of trainers. In order to summarize its experience and make it available to a wider audience, as well as to contribute to the institutionalization of training for the non-profit sector, CSD started a project in 1998

to design and test a pilot study course program in the field of non-profit organizations for Bulgarian universities.

The Center has provided regular monitoring of public attitudes and has served as a watchdog of the institutional reform process in the country.

The CSD Sociological Program has been at the forefront of survey research in Bulgaria since its inception as a research unit in 1990 when it conducted the first independent pre- and post-election surveys in the country. At the end of 1994, the Program was transformed into *Vitosha Research*, the survey research unit of CSD, to give new direction to its work and to deepen its concentration in the field of market research. *Vitosha Research* now specializes in ad-hoc social and marketing research and consultancy services covering a broad range of activities: monitoring privatization and economic behavior, gauging political attitudes, determining value orientations, conducting media and audience research, advertising studies and others. It is among the founding members of the Bulgarian Association of Market Researchers.

Since 1990 a national interviewer net of about 400 professional interviewers has been established. It is regionally based and consists of 28 regional teams and has been conducting about 30 research projects per year - including quantitative and qualitative surveys. The basic survey methods employed include face-to-face interviews, telephone interviews, focus-group discussions, omnibus surveys, observations and implementation of a computer-based perception analyzer system (quick-tally) for assessment of radio and TV programming, and advertising research.

Vitosha Research has established working relations and research cooperation with institutions including the BBC World Ser-

vice, USIA Office of Research, InterMedia Survey (USA), the World Bank, United Nations Development Program (UNDP), United States Agency for International Development (USAID) and Democracy Network Program, to name but a few.

During the last few years, CSD has aimed to provide an enhanced institutional and policy capacity for a successful European integration process.

Bulgaria's integration into European institutions has accompanied the overall process of reform since 1989. With Bulgaria's EU association status in effect since early 1995, the need emerged for expertise and policy analysis facilities to support the inauguration of a longterm accession strategy.

CSD's efforts in the field of European integration began with the launch of its project *Europe 2000: Bulgaria and the European Union* in late 1994. This project started as a pioneer analysis of issues related to the implementation of Bulgaria's EU Association Agreement under a Service Contract with the Ministry of Foreign Affairs and later evolved into a comprehensive longterm effort aimed at facilitating Bulgaria's accession to the EU. At the time, CSD produced public policy analysis and recommendations in over 20 sectors of integration based on the EU White Paper on the integration of Central and East European countries. The White Paper, a key approximation of law document for accession preparation, was itself translated by the Center shortly after its publication by the European Commission in 1995.

Following a succession of policy and outreach projects, CSD developed its European Program between 1996 and 1997. By that time, CSD had already established itself as a platform for dialogue between the policy makers and the expert community. This quality turned out par-

ticularly useful for the purposes of EU integration as the latter requires the mobilization of expert resources in a wide variety of sectors for the purposes of policy and legislative harmonization.

CSD's expert contribution to integration has taken the form of policy analysis reports, impact studies and approximation of law studies, translations. These have been produced mainly by outside specialists coming from government agencies, the business sectors and trade unions. Initial drafts of policy papers are circulated to concerned government agencies and NGOs with a request for feedback and comments. Thus, CSD not only ensures the quality of the research and recommendations, but also fosters a community of experts from both the public and private experts professionally involved in the integration process.

{CSD} has played and continues to play an important role as a think tank in the process of Bulgaria's accession to the European Union. The studies and analyses CSD is publishing have always proved to be useful and are appreciated by civil servants, policy makers and the public opinion inside and outside Bulgaria.

François Lamoureux
Deputy Director General of DGIA
of the European Commission

Since 1993, CSD has also hosted the Information Centre on the Council of Europe in Sofia. Following a proposal by the Bulgarian Ministry of Foreign Affairs for the establishment of such a Centre in Bulgaria, the Secretariat General of the Council of Europe held a competition for a host institution. The Center for the Study of Democracy was selected and the Information Centre was inaugurated at CSD on December 13, 1993. It is part of a network of information centers in the countries of Central and Eastern Europe providing assistance to the Council of Europe's activities in these countries.

Part One Program Reviews