
Introduction

In 2005, Bulgaria signed its Treaty of Accession to the European Union. More than a decade of ever closer integration with the Union was finally made official. The process of accession has left its mark on a wide range of issues – from constitutional reform to agriculture. Most importantly, meeting the requirements for membership has been the key guarantee for the sustainability of reforms in Bulgaria.

Nowhere has this been more relevant than in the areas where the Center for the Study of Democracy itself has made significant contribution – judicial reform, combating organized crime and corruption. The period between the signing of the Treaty and effective membership is one of intense monitoring of the implementation of Bulgaria's commitments in these fields. CSD's work in measuring corruption as a way of informing anti-corruption policy is increasingly being referenced in this process.

The **institutional reforms**, which CSD helped usher in during 2005, included the establishment of the ombudsman institution and the National Crime Prevention Commission. A few days before the signing of the Accession Treaty, on April 13, the National Assembly elected Bulgaria's first national ombudsman. Coming as a result of more than seven years of advocacy by CSD and other civil society organizations, the ombudsman is expected to contribute to the strengthening of the rule of law and empowering of citizens. Having supported – through drafting laws, advocacy and awareness – the formal establishment of the institution, CSD is following on with assistance in building its capacity to meet the expectations of this high office.

The National Crime Prevention Commission (NCPC), a public-private consultative body, came into being in 2005 as result of CSD's long standing cooperation with the Ministry of Interior and civil society partners in this area. Law enforcement has long been the exclusive method against crime; the NCPC is now expected to facilitate the development of forward looking policies targeting the causes of crime and to provide a platform for cooperation of government ministries, local authorities, business, academics and NGOs.

Economic reforms, with still some way to go, were another focus of CSD's work in 2005. The promotion of an **innovation and knowledge economy** as a basis for enhanced competitiveness of Bulgaria was one of the Center's specific contributions. The analyses and recommendations, promoted by CSD, highlighted the need to enhance capacity of the national economy to absorb and diffuse foreign innovation and investment in new technologies. The Center has been advocating that the integration of the foreign investors in the national innovation system be encouraged. The need for routine innovation activity in the companies and for secure ownership rights and revenues for entrepreneurs were also made a priority.

Seeking to assist the development of improved **fiscal policies**, CSD launched analyses of several taxation options and their wider implications. Some of them played an important role in policymaking. The Center's analyses of the

modus operandi of various VAT frauds has been discussed in the anticorruption commission of the National Assembly and helped to spearhead policy measures to the most vulnerable parts of the regulatory framework. Weighting the costs and benefits of the VAT account had strong influence towards its exclusion from the new draft of the law which will come into effect upon accession to the European Union. Two tax policy research papers addressed some of the hottest issues in tax policy debate: the capacity of the flat rate taxes to generate positive supply response and to encourage voluntary compliance, as well as the role of presumptive taxation in fostering the competitiveness and compliance of small business.

New security risks and transformation issues increasingly dominate the security policy debates within NATO. Now that Bulgaria is a member of the Alliance, CSD has been focusing its efforts on facilitating the debate on the linkages between the two. For several years now, CSD is bringing together NATO's most senior policy makers and planners, active and retired generals, ministers and experts from NATO's member states as well as partner countries, academics and researchers in an exercise that maps the future of security. The very nature of the new risks requires improved interaction between military and "softer" assets and policies. These issues are particularly relevant to developments in the Western Balkans, the Black Sea and the Caucasus regions as the enlarged NATO and EU project their presence further East. CSD has been advocating that to make this presence an effective instrument of security these institutions should factor in the economic determinants of the new security threats, and make better use of modern analytical instruments and new social technologies, including the use of civil society expertise.

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