

CENTER FOR THE STUDY OF DEMOCRACY

ANNUAL REPORT 2020



Building bridges

CENTER FOR THE STUDY OF DEMOCRACY

2020 ANNUAL REPORT

Drawing: Anri Koulev

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5 Alexander Zhendov St., 1113 Sofia, Bulgaria

Center for the Study of Democracy

Building Bridges between Scholars and Policy Makers

Founded in late 1989, the Center for the Study of Democracy (CSD) is an interdisciplinary public policy institute dedicated to the values of democracy and market economy. CSD is a non-partisan, independent organisation fostering the reform process in Europe through impact on policy and civil society.

“Building bridges” is the old-fashioned way of bringing together social actors and cementing new alliances. Born as a think-tank, the Center for the Study of Democracy has evolved into policy development through dialogue and partnership.

Bringing cutting-edge solutions to transition problems is our way of keeping the middle ground between academia and social practice.

The CSD has pioneered in several areas traditionally perceived as the inviolable public property, such as anti-corruption institutional reform, and national security.

Our belief is that bringing a new culture of cooperation and trust in a milieu of inherited fragmentation and opacity is equally rewarding as the achievement of concrete social goals.

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Introduction

2020 was a year of crisis, but a crisis granting the opportunity, particularly to organisations integrated in the knowledge economy, to transform work processes and optimise the modes of internal communication, at the same time keeping creativity intact. Throughout the year, CSD continued to build its innovative thrust in a number of key areas:

- anti-corruption and state capture, foreign economic and media influence, energy governance and transition to a low-carbon economy, hidden economy and undeclared work;
- assessment of organised crime threats, conventional crime and policing, countering radicalisation and violent extremism;
- integration of migrants, fundamental rights, equality and ethics, victims of crime, social inclusion of vulnerable groups.

In all of these critical areas CSD sought (and in most cases managed) to produce innovative approaches and instruments for policy oriented and policy impactful analysis, reaffirming its position of a think tank with teeth. Having such capacity is immensely important amid today's growing illiberal and populist trends in Europe and the world. To this end, the innovative policy instrument *State Capture Assessment Diagnostics* (SCAD) developed by CSD and already applied in several countries across Europe could play a pivotal role not only in implementing EU policies (the Rule of Law Mechanism), but also in designing capture proofing strategies for regions beyond Europe (Latin America and Africa). This is also why the Center's work to examine and provide solutions for countering malign foreign influence (in Europe and worldwide) have been central and have, in the last five years, led to cutting-edge analyses of wide international impact.

At the close of the year, CSD won the international Anti-Corruption Excellence Award 2020 established by the Rule of Law and Anti-Corruption Center (ROLACC) and the United Nations Office on Drugs and Crime (UNODC). The award acknowledges CSD's achievements in coalition building and monitoring of anti-corruption, including the establishment of the *Coalition 2000 and the Southeast European Leadership for Development and Integrity (SELDI)* anti-corruption initiatives. It notes CSD's innovative policy instruments: Corruption Assessment Reports, the *Corruption Monitoring System (CMS)*, the *Monitoring Anti-Corruption Policies Implementation (MACPI)*, and the *State Capture Assessment Diagnostics (SCAD)*.



Sofia, December 2020

Dr. Ognian Shentov
Chairman

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Part One

Program Reviews

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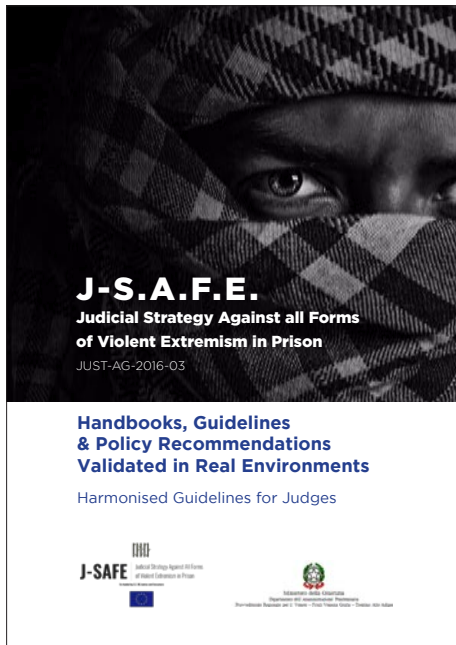
Law Program

In 2020, the Law Program worked on four main topics: crime and justice, victims of crime, migration and integration, and fundamental rights and ethics.

- **Crime and justice.** Work in this area focused on the prevention of and fight against organised crime with a special focus on terrorism and radicalisation. Additional efforts were invested in protecting the rights of suspects and accused by enhancing the presumption of innocence in criminal proceedings and improving the capacity of judicial and law enforcement authorities to address the special needs of offenders with psycho-social and intellectual disabilities, and to minimise the negative impact of media on the lives of suspects and accused.
- **Victims of crime.** CSD continued to work towards the improvement of the situation of victims of human trafficking, women, children, and migrant victims. Work in this field addressed the treatment and appropriate financial compensation to victims of crime, primarily by enhancing cooperation between stakeholders. Transposition of relevant EU legislation was assessed, while trainings and workshops explored avenues to overcome difficulties at the normative and practical level. Judicial trainings were held on protecting the rights of third-country nationals – victims of exploitation within the EU.
- **Migration and integration.** In 2020, CSD focused on eradicating discrimination and marginalisation of vulnerable groups, such as migrants and Roma. Law Program worked towards enhancing their social inclusion through modern technologies like ICT public services, improving their access to basic services and ensuring their civil and social rights such as to housing and education, and through examination on the impact of perceptions on migration flows and related border security concerns.
- **Fundamental rights, equality and ethics.** As a member of the FRANET network of the EU Fundamental Rights Agency, CSD collected data and information for the Agency's comparative studies. Research topics included, among others, discrimination on the grounds of disability and age, equal access to justice for victims of crime, fundamental rights impact of the EU Terrorism Directive, long-term residence permits, and severe labour exploitation and the Employers Sanction Directive. In light of the COVID-19 pandemic that marked 2020, CSD contributed to a new periodic reporting on the fundamental rights implications of the pandemic. In line with the long-term commitment to counter discrimination and negative stereotypes, CSD successfully launched a Bulgarian Diversity Charter in 2020.

I. Crime and justice

In 2020, CSD continued to contribute actively to several pan-European initiatives which aim at strengthening the capacity of judicial, police, and correctional services for preventing and countering terrorism, radicalisation and violent extremism. Other areas where CSD focused its efforts were the equal treatment of offenders with psycho-social and intellectual disabilities in criminal proceedings, and the implications of media coverage of criminal cases on the right to fair trial.



The initiative *J-SAFE: Judicial Strategy against All Forms of Violent Extremism in Prison* seeks to facilitate decision-making on cases of radicalisation, and to support prison and probation staff in the execution of sentences. CSD experts have contributed to the edited research volume *Harmonised Guidelines for Judges* which offers practical guidance on approaches and mechanisms available to

the judiciary for addressing radicalisation and violent extremism, including within prisons and probation services. In addition, CSD continued its work on another initiative, *FAIRNESS: Implementation of the Stockholm's Roadmap in Cases of Terrorism and Radicalisation*, which examines the harmonisation of national legal practices regarding the implementation of EU criminal procedural rights safeguards in crimes related to violent radicalisation and terrorism. CSD led the development of a research report titled *Mapping the Legal and Policy Landscape for Upholding Criminal Procedural Rights in the Context of Counter-Terrorism (FAIRNESS: Comparative Legal Research 1)*, which emphasises that observing criminal justice requirements in radicalisation and terror-related cases is a key prerequisite for developing effective and sustainable counter-terrorism and counter-radicalisation trust-based strategies and approaches that enhance civil and national security.



Taking into account that terrorism and radicalisation are transboundary issues, CSD continued to work for enhancing the cross-border cooperation between stakeholders at the EU level. In this respect, the initiative *JP COOPS: Judicial and Police Cooperation Preventing Radicalisation Towards Terrorism* aims to enhance the cross-border cooperation through the expansion of existing grassroots legal training networks and deliver up-scalable capacity-building tools adaptable to national contexts. The initiative combines a train-the-trainer methodology with a cascade training for relevant practitioners. In preparation for the training an [online inventory of tools](#) addressing radicalisation and terrorism risks was developed. Another initiative called *SAT-LAW: Strategic Assessment for Law and Police Cooperation* with the goal to increase the capacity of national judicial and law enforcement authorities, addressed issues related to judicial cooperation in criminal matters by two main activities: mapping and analysis on Special Investigation Techniques (SITs) across a sample of Member States (Bulgaria, Cyprus, the Czech Republic, France, Greece, Italy, Malta and Spain); and conducting Judicial Living Labs for implementing European Investigation Orders and drafting recommendations for policy and legislative improvements.

The **rights of persons suspected or accused of committing a crime** continued to be a main topic of the Law Program's activities in the area of crime and justice in 2020. In cooperation with partners from Italy, Spain and Greece, CSD started exploring the impact on suspects and accused of the disproportionate disclosure of information about criminal proceedings and the media coverage of criminal cases. The new initiative, launched as *ARISA 2: Assessing the Risks of Isolation of Suspects and Accused: The Role of the Media*, has produced a series

of national reports on disclosure of information and media coverage of criminal cases, which will serve as the basis for the upcoming development of guidelines and ethical standards for public authorities and media professionals on how to observe the presumption of innocence when sharing information or reporting on criminal cases.

Building upon its solid track record in prison research, CSD joined the international initiative *PRE-TRIAD: Alternative Pre-Trial Detention Measures: Judicial Awareness and Cooperation Towards the Realisation of Common Standards*, which aims to lay the groundwork for the realisation of common standards with respect to fundamental rights on the practical application of pre-trial detention and its alternative measures. In 2020, the CSD team produced a comprehensive national report on pre-trial detention, contributed to the compilation of a large-scale literature review on the legislation, practices and impact of pre-trial detention, and conducted a series of interviews with criminal judges and lawyers on the use of pre-trial detention and its alternatives.

In the framework of the international initiative *OPSIDIANET: Offenders with Psycho-Social and Intellectual Disabilities: Identification, Assessment of Needs and Equal Treatment* CSD and its international partners developed a learning portfolio to help police and judicial authorities identify and communicate more successfully during the criminal proceedings with people having intellectual and psychosocial disabilities. Within the three elaborated components, the *Methodology for Identifying Psychosocial or Intellectual Disabilities of Suspects and Accused* offers an introduction to working with such individuals and puts together the main principles of building professional skills for both observing vulnerable people's rights and making more

OPSIDIATRAIN

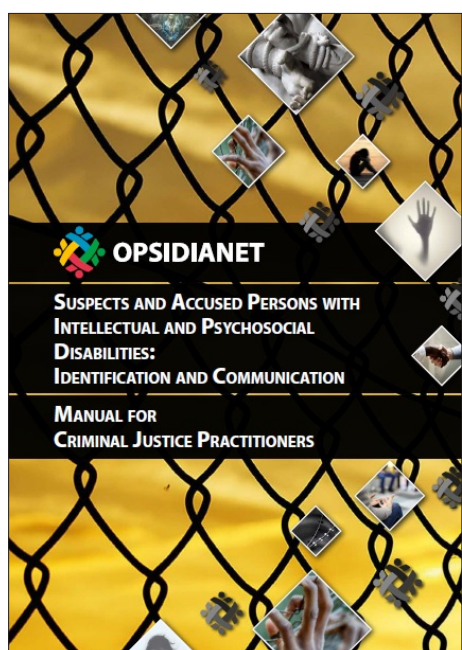
The OPSIDIATrain platform aims at raising the practical capacity of first-line practitioners in identifying, assessing, informing and communicating with suspects and accused with psychosocial or intellectual disabilities. It is a self-educational self-paced program and an interactive tool allowing you to easily obtain the necessary knowledge and skills and also test your level of achievement.

GENERAL INTRODUCTION
100% COMPLETE

MODULE 1: MOST COMMON CONDITIONS
100% COMPLETE

MODULE 2: SCENARIO-BASED EXAMINATION OF KNOWLEDGE
100% COMPLETE

FEEDBACK & CERTIFICATE
100% COMPLETE



and communicate with suspects and accused persons with intellectual and psychosocial impairments in view of their vulnerable situation and with respect of their rights. The *OPSIDIATrain* self-educational online programme builds on the handbook by offering a practical approach that allows justice practitioners to gain virtual experience in meeting, identifying and communicating with people with the most common intellectual and mental health difficulties. A series of trainings of practitioners across Belgium, Bulgaria, Greece and Italy introduced the learning module to those who would most benefit from it. CSD held a *training* seminar in Bulgaria in cooperation with the Ministry of Interior Academy.

In 2020, the Law Program successfully closed its initiative on the *nexus between human trafficking and different economic sectors*, such as construction, agriculture and tourism. Particular ways to continue raising the awareness of interested actors on how to counteract that criminal phenomenon and co-operate among each other were discussed.

informed professional decisions. The *Suspects and Accused Persons with Intellectual and Psychosocial Disabilities: Identification and Communication* handbook adds practical guidelines on how to identify

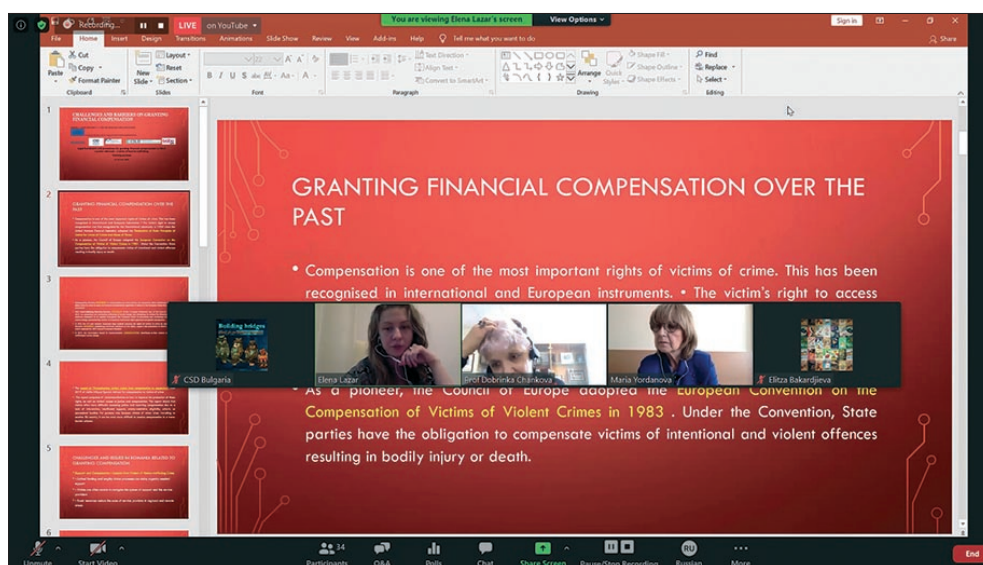


Training on Suspects and Accused Persons with Intellectual and Psychosocial Disabilities: Identification, Communication, Participation and Rights in Criminal Proceedings, Sofia, 24 November 2020

II. Victims of crime

CSD continued its efforts towards improving the situation of victims of crime through enhancing stakeholder coop-

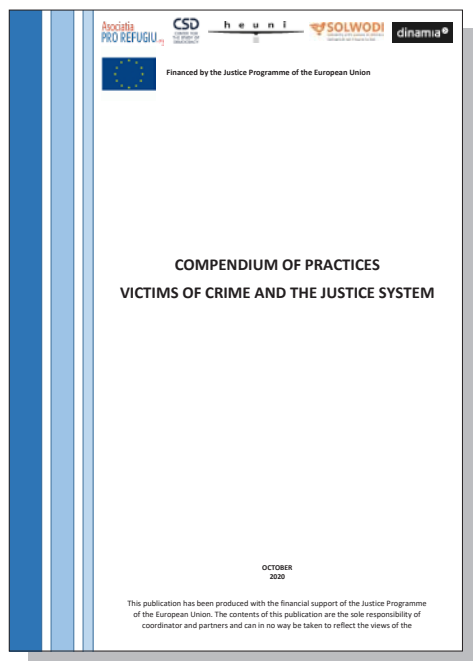
eration and streamlining multidisciplinary work in their protection, especially that of women, children and migrant victims.



Online training on financial compensation of third country nationals – victims of human trafficking, 11-12 June 2020

Activities continued on rolling out **multi-disciplinary, multinational judicial trainings** on the protection of rights of third country nationals – **victims of trafficking** exploited in EU Member States. Law Program experts organised a **major on-line event on financial compensation of third country nationals victims of human trafficking** with the participation of Bulgarian, Greek and Romanian professionals.

The Law Program's long-term engagement with women's rights continued through its involvement (and closure in 2020) in an **initiative** promoting the rights of women victims of crime and seeking ways to improve their situation. The Center hosted a case conference on the psychological aspects of working with women victims of violence. CSD experts took part in the closing international conference of the initiative in Bucharest, where the current developments on countering gender-based violence were discussed.



2020 saw the launch of **another initiative on improving the criminal justice response towards the needs of victims.**



International conference on protecting women victims of violence, Bucharest, 21 February 2020



Workshop on good practices in the treatment of victims by the criminal justice system, Sofia, 23 October 2020

The CSD team developed a [national report](#) on the treatment of victims by the Bulgarian criminal justice system and took part in preparing and disseminating a [compendium](#) of best practices from all over Europe. The compendium was also presented at a [stakeholder event](#), where the latest legislative and practical developments in protecting victims were discussed in detail.

As a member of the National Reference Group in Bulgaria, CSD contributed to the initiative *Effective Criminal Justice Strategies and Practices to Combat Gender-Based Violence in Eastern Europe*. It aimed to enhance the capacities of criminal justice practitioners in responding, investigating and prosecuting gender-based violence as well as to increase the level of reporting of GBV cases. It was implemented over the past two years in Bulgaria, Hungary and Romania by the Organisation for Security and Co-operation in Europe (OSCE) and was completed in 2020 with the issues of a [Concluding Report](#) containing a chapter with key findings,



best practices and recommendations. A CSD representative took part in the [closing conference](#) held on 5-6 March 2020 in Vienna, which debated the situational analyses conducted in the three



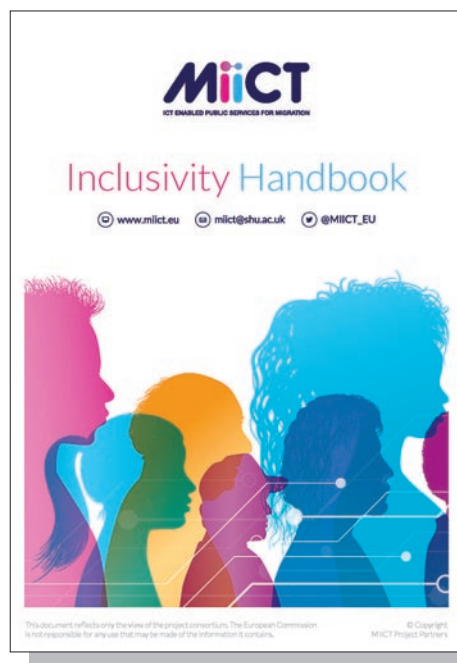
International conference on criminal justice for gender-based violence in Eastern Europe, Vienna, 5-6 March 2020

countries, the lessons learned, the dissemination and awareness raising strategies, as well as the opportunities for joint follow-up activities, including the introduction of a mechanism for regular situational analyses.

Emerging security concerns, including the spread of chemical, biological, and nuclear capabilities, cut across the areas of disarmament, crime prevention, and countering terrorism. *MASC-CBRN: Methodology for Assessing States' Capacity for Countering the Hostile Misuse of CBRN Knowledge and Materials* is a European initiative that seeks to inform the development of an integrated and comprehensive approach for strengthening the prevention of deliberate chemical, biological, radiological, and nuclear (CBRN) events. The initiative is implemented with partners from Greece, Germany, and Spain. In 2020, CSD was represented at an expert panel at the 6th World One Health Congress and the International Federation of Biosafety Associations' Equity-Focused Coordinating Committee which seeks to empower, retain, and amplify the voices of marginalised members and leaders within biosafety and biosecurity communities worldwide.

III. Migration and integration

The CSD team continued the effort to facilitate refugees' and migrants' interaction with institutions and service providers through **ICT enabled public services for migration**, together with fourteen other research institutes, gov-



ernment agencies and private companies from all over Europe. The Law Program's experts co-authored a landmark *Inclusivity Handbook*, which gathered examples and practices from the EU and beyond on including migrants in society in a number of different areas with the help of modern technologies.

Within the framework of **another major initiative** with 24 research institutes and law enforcement authorities from the EU and beyond, the Law Program continued working towards deepening the knowledge about the impact of **perceptions** on migrant flows and related border security and law enforcement threats. An EU-wide survey was disseminated among relevant professionals and interviews were held with representatives of law enforcement institutions.

In the field of integration and social inclusion, CSD took part in the initiative *Latcho Drom – Fighting Against Anti-Gypsism Through Training of Professionals And Empowerment of Roma*, launched in late 2019 and led by *Associazione Comunità Papa Giovanni XXIII* (APG23) with the active participation of the Municipality of Rimini. CSD researchers produced a report titled *A Long Journey: Roma Integration in the EU: State of the Art Report: Literature and Case Studies*.

IV. Fundamental rights

As a member of the *FRANET*, the multidisciplinary network of the **EU Agency for Fundamental Rights** (FRA), CSD continued to monitor the protection of fundamental rights in Bulgaria. In addition to its regular contribution to





Dimitar Markov, Director of CSD Law Program, addresses the participants at the Bulgarian Diversity Charter launching ceremony

FRA's annual *Fundamental Rights Report*, CSD delivered reports on discrimination on the grounds of disability and age, equal access to justice for victims of crime, the impact on fundamental rights' of the EU Terrorism Directive, long-term residence permits, severe labour exploitation and the Employers Sanction Directive. The periodic reporting on the migration situation in Bulgaria, which started back in late 2015, continued for a fifth consecutive year (the full collection of monthly reports is published on the [FRA website](#)), and a new periodic reporting, on the fundamental rights implications of the COVID-19 pandemic was launched resulting in the publication of six consecutive [bulletins](#). CSD was also involved in the fieldwork for the upcoming FRA report on the presumption of innocence, conducting in-depth interviews with judges, prosecutors, police officers and criminal lawyers.

In partnership with the [Bulgarian Business Leaders Forum](#), CSD successfully launched the [Bulgarian Diversity Charter](#). The Charter represents the shared understanding of its signatories that diversity is a driver to creativity, innovation, growth and productivity, and an incentive for individuals to fully reveal their knowledge, competences, talents and skills. At a high-profile [launching ceremony](#) attended by senior government officials, company managers and representatives of civil society organisations, ten leading Bulgarian companies signed the document becoming the Charter's founding signatories. With its official launch, the Bulgarian Diversity Charter also joined the EU Platform of Diversity Charters adding Bulgaria to the list of 26 EU Member States with an operating national Diversity Charter.

As an additional radicalisation-related effort, CSD is contributing to the initia-

tive *PRE-RIGHTS: Assessing Impact and Performance of Preventive Measures on EU Directives and Framework Decisions* targeted at strengthening international cooperation in the area of radicalisation, but with a special focus on fundamental rights. In particular, it aims to achieve better coordination and coop-

eration between EU Member States, EU institutions and agencies, the Council of Europe and the UN for ensuring a balanced approach to the prevention of radicalisation, whereby security considerations are weighed up against fundamental rights guarantees.

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Economic Program

In 2020, the Economic Program focused its work on the following topics:

- **Energy governance, decentralisation of energy supply, and transition to a low-carbon economy.** CSD worked on defining, modelling, and impacting the factors that influence households' and businesses' choices in their transition to low- or no-carbon energy solutions. CSD helped shape the Bulgarian Energy and Climate Plan and the National Recovery and Resilience Plan, and proposed practical solutions for improving Bulgaria's green energy transition, such as the use of the EU Calculator tool, and the introduction of incentives for energy prosumers.
- **Foreign economic and media influence.** CSD continued its work on revealing and tackling the Kremlin's playbook in Europe and its links to strategic corruption and state capture, and piloted its signature economic footprint methodology to understanding Russia's inroads in Latin America. The extent, scope and reach of Russia's sharp power and media capture in South-east Europe, including the impact of the coronavirus pandemic on good governance and media freedom, were also analysed.
- **Anti-corruption, state capture and democratic transition.** The *State Capture Assessment Diagnostics (SCAD)* was piloted in the Western Balkans, producing further knowledge for aiding the region's EU accession process. It complemented the regular *Corruption and Hidden Economy Monitoring System* results for the region for 2020. SCAD was further developed into an innovative, scalable online tool at the sectoral level, which traces concentration of public procurement and bidder ownership data. In Bulgaria, popular disillusionment with the country's democratic transition to rule of law deficits and lingering authoritarian reflexes were examined. In recognition of its achievements in coalition building and monitoring of anticorruption, CSD won the International Anti-Corruption Excellence Award 2020 given by the Rule of Law and Anti-Corruption Center (ROLACC) in partnership with the United Nations Office on Drugs and Crime (UNODC).
- **Hidden economy, undeclared work and competitiveness.** The data on the hidden economy in the Western Balkans released in 2020 led to an analysis of how those relate to the new EU Economic and Investment Plan for the region. CSD continued its knowledge creation work and support for the European Platform tackling undeclared work, preparing learning papers and toolkits aimed at sharing good practices across the EU. As a contribution to the 2020 IMD Global Competitiveness Yearbook, the key factors and barriers of Bulgaria's economic performance were studied.

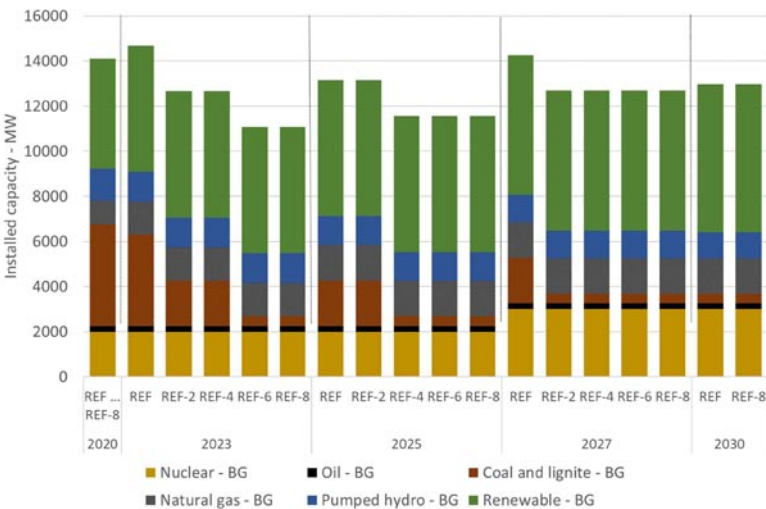
I. Transition to a low-carbon economy

In light of the ambitious targets for long-term decarbonisation set by the European Green Deal, CSD co-published a [report](#) detailing a strategic investment plan for accelerated lignite exit in Bulgaria, Romania and Greece. The report highlighted key policy recommendations to deal with potential issues related to the compensation of laid-off workers and bankrupt businesses, ensuring of the power system security and ameliorating detrimental local socio-economic impacts.

Considering the European goal of carbon neutrality by 2050, Bulgaria faces serious challenges to achieve an effective energy transition. The country should set out its plan to transform its

energy sector and put its long-term economic development on a more sustainable footing by adequately using the existing opportunities for EU financial support. This was the main focus of the [webinar “The European Green Deal in Bulgaria: Policy Options and Possible Solutions”](#) that CSD organised on 19 May 2020. During the event, CSD presented a [policy brief](#) assessing the ambition of the *Bulgarian National Energy and Climate Plan* (NECP). The Bulgarian NECP revealed moderate progress on energy efficiency, renewable energy and regional power market integration goals. Yet, it did not outline the spill-over effects from the energy sector into all aspects of the economy and society. CSD’s policy brief proposed targeted policy measures on how to better implement the NECP over the next decade in order for it to be an effective roadmap

Installed capacity by type in 2023, 2025 and 2027 in Bulgaria



Source: Accelerated lignite exit in Bulgaria, Romania and Greece, REKK, TU Wien, CSD, EPG, and FACETS. May 2020.

for achieving the EU's 2050 ambitious carbon neutrality goal.

To discuss the green transformation of the energy sector in the context of the post-COVID economic recovery and the implementation of the Green Deal, the CSD co-organised an online event entitled [“The Green Deal: The Pathway for the Republic of Korea and the Republic of Bulgaria towards a Low-Carbon and Green Economy”](#) on 6 October 2020. Korean and Bulgarian officials, NGOs and private sector representatives discussed the political, economic and social challenges of the coal phase-out in Bulgaria and the different financing schemes that could be used at the EU, international and national level to jumpstart the investment necessary to facilitate the energy transition.

CSD's ideas to contribute to the implementation of the European Green Deal objectives were further debated during the webinar [“Translating the European Green Deal into Long-Term Decarbonisation Alternatives”](#). The event took place on 6 November 2020 and was organised jointly with the Friedrich Ebert Foundation in Bulgaria. The panelists, among whom were Bulgarian government officials, discussed the need for comprehensive strategic and policy measures to translate the EU's high-level ambition for full decarbonisation by 2050 into successful domestic action plans.

This topic was also the focus of an expert-oriented strategic webinar on 30 November 2020 devoted to the innovative mechanisms and alternative models for financing green economic activities and entrepreneurship in Bulgaria. Participants noted the importance of the National Operational Programmes for the period 2021 – 2027 and the National Recovery and Resilience Plan, including the emerging green funds, which can support the implementation process. A new

tool for modeling future decarbonisation scenarios – the EU Calculator – which could help Bulgarian policy-makers develop a well-coordinated long-term strategy for 2050, was presented during the webinar.

The CSD Policy Brief *“Mapping Policy Options for Renewable Energy Communities in Europe”* highlights some of the major challenges faced by the renewable energy communities in different Member States. It provides recommendations for the development of an enabling framework for prosumership and energy communities at the EU level that takes into consideration the needs of vulnerable consumers and women. The policy brief highlights the implementation of the Consumer Stock Ownership Plan in Susa Valley (Italy), Litoměřice (Czech Republic) and Essen (Germany).

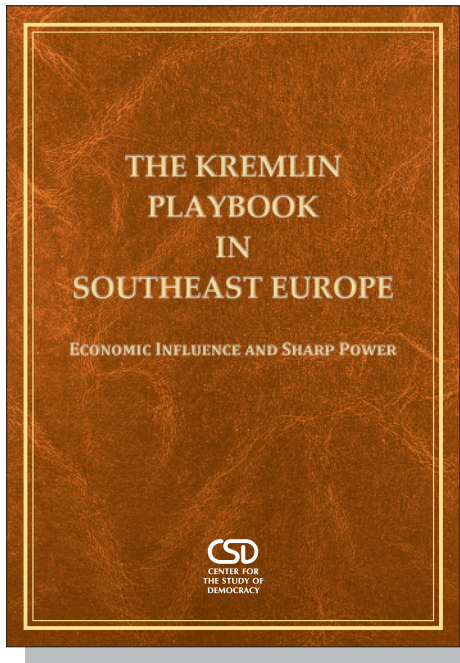
On 18 December 2020, CSD organised a training of experts and civil servants from the energy, environmental and regional development ministries on alternative tools for the elaboration of long-term decarbonisation scenarios for 2030 and 2050. A new interactive tool for modelling future decarbonisation scenarios was presented, which can be used for developing a long-term decarbonisation strategy for 2050 in different sectors – energy, industry, transport, and agriculture.

II. Assessing and tackling foreign authoritarian influence: economic footprint, state capture, media capture and disinformation

The Kremlin Playbook

In its *Kremlin Playbook* series CSD has shown that the Kremlin has developed a pattern of influence in Europe through leveraging its economic footprint to capture key independent state institu-

tions. The Kremlin strives to cultivate an opaque network of patronage across the continent, which it uses to influence and direct decision-making. In January 2020, CSD published the third installment of the series, *The Kremlin Playbook in Southeast Europe: Economic Influence and Sharp Power*. While Russian economic power in Southeast Europe has visibly declined since the imposition of EU and NATO sanctions on the Kremlin in 2014, its overall ability to influence domestic politics in the region has remained potent and has even gained effectiveness in some cases.



The weakening of the EU gravitational pull has left a power vacuum in Southeast Europe that has been readily filled in by authoritarian powers such as Russia. The Kremlin is taking advantage of the democratic backsliding and the widespread state capture practices among dysfunctional institutions to enhance its economic and political influence in the region. By exploiting governance defi-

cits, the Russian economic footprint has expanded to include some of the biggest companies in the region in the oil refining, wholesale fuel and natural gas distribution, telecommunications and retail sectors. To translate its economic presence in outsized political influence, Russia has aptly employed a range of sharp power instruments such as media propaganda, leveraging cultural and religious ties and the sponsoring of civil society activities.

The report was launched at a [round table](#) at the Center for European Policy Analysis (CEPA) in Washington D.C. on 22 January 2020. The analysis recommended a set of measures to address the Russian malign influence in Southeast Europe, e.g.: design and enforce strategies to counter state capture at the national level; diversify foreign capital inflows away from overreliance on capital from authoritarian countries targeting structurally important sectors through non-competitive means; improve the countries' energy security through full market liberalisation, regional market integration and the construction of key projects ensuring alternative gas supply to the region. The EU should enhance its efforts to enforce anti-money laundering legislation and close loopholes in the corporate ownership and foreign direct investment regulatory frameworks, while the United States should use the *Foreign Corrupt Practices Act* as well as expand the scope of the *Global Magnitsky Act* to investigate high-level corruption in Europe and in SEE, in particular such that furthers Russian strategic interests.

In October 2020, CSD published *The Kremlin Playbook in Europe* bringing together CSD's accumulated knowledge on the tools and methods used by Russia to expand its influence on the continent. In particular, it shows how the Kremlin enjoys considerable surrogate power in



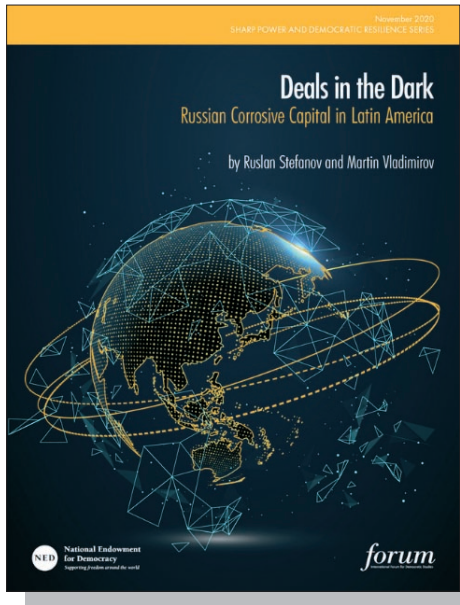
State Capture through Economic Dependence: The Kremlin's Balkan Strategy, Washington D.C., 22 January 2020



national policies which grant Russian capital preferential access to European financial hubs. The report argues for a common transatlantic approach in the face of these threats. The map of Russia's economic footprint drawn out by previous Kremlin Playbooks is expanded to include Greece and Cyprus. Their strategic geographic location in Southeast Europe and the Eastern Mediterranean, the common religious and historic ties with Russia, and the growing Russian interest in their most important economic sectors have turned them into a target of influence operations by the Kremlin.

Experts from the Economic Program also prepared a report, which analyses the Russian strategic corruption efforts relevant to Argentina and Bolivia, which experience recurring governance challenges common to other states in the region. The publication *Deals in the Dark: Russian Corrosive Capital in Latin America* concludes that civil society groups in the two countries require more advanced

some countries due to the oligarchisation of their governance systems. It also highlights the effect of blinkered



means to conduct investigations into corporate ownership, foreign investments, and intergovernmental agreements, in order to flag high-risk deals. Governments in the region should also consider strengthening their anti-money laundering legislation and working on the creation of independent institutions for financial intelligence and tax collection.

Foreign influence in the energy sector

The online round table “[TurkStream: Energy Security and Corruption Risks](#)” held on 16 December 2020 provided a forum to discuss how Russia has leveraged the construction of the Nord Stream II and TurkStream pipelines to increase its economic and political influence in Europe by reinforcing local state capture networks. The [key findings](#) from an upcoming report by CSD focusing on the energy security and corruption risks related to the implementation of the TurkStream project in Southeast Europe were also

presented. The analysis reveals how Russia has been using Saudi, Belarusian and European companies to evade US sanctions against its TurkStream project. Thus, in effect Russia ships the gas, builds the pipeline and finances it through proxy entities.



Foreign authoritarian media influence in Europe

Authoritarian state interference in the media systems of European countries continues to be one of the major challenges faced by democracies. Russia and China disseminate disinformation messages that aim to instill doubt in democracy and the West's resilience, while extolling the ostensible superiority of authoritarian regimes. The preliminary results from the analysis of the vulnerabilities of Bulgaria, Poland, the Czech Republic, Germany and France to Russian disinformation have been featured as a [success story](#) by the Civitates initiative for democracy and solidarity in Europe.

The impact of the coronavirus pandemic on good governance and media freedom in SEE

The coronavirus pandemic has fundamentally defined 2020 on a global scale. In Southeast Europe, COVID-19 has spurred another socio-economic crisis in addition to the long-standing governance problems that have plagued the region, particularly in the media sphere. To examine these trends, CSD partnered with Konrad Adenauer Foundation's Media Programme South East Europe, launching a pioneering investigation into the impact of the pandemic on good governance and democratic development. On 8 May 2020, CSD held an online debate that gathered leading media experts from Bulgaria, Romania, Serbia and Albania to discuss the topic.



The conclusions emerging from the online debate resulted in the report *The Shrinking Space for Media Freedom in Southeast Europe*. It assesses three main

dimensions contributing to the worsening of media freedom amid the COVID-19 pandemic and the related state of emergency: domestic politics and societal developments; foreign authoritarian media interference, technology and social media. A key finding is that the coronavirus crisis has reinforced the pre-existing internal and external factors underwriting the deteriorating conditions of press independence across the region. At the same time, the pandemic has re-awakened democratic instincts, providing opportunities for the reinvigoration of freedom of expression. The findings of the report have been disseminated through the creation of a series of videos.

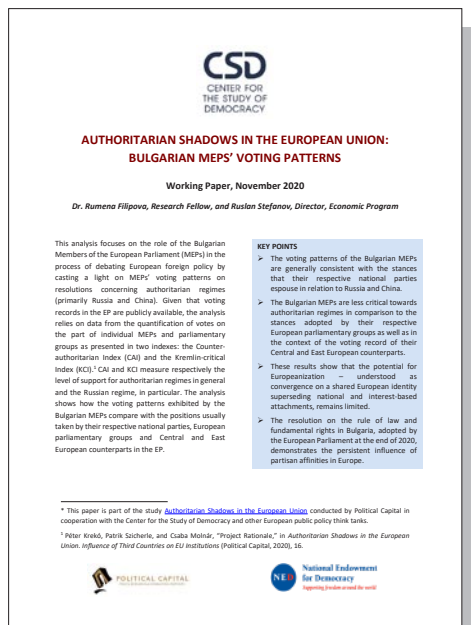
Attitudes to democracy and authoritarianism in Bulgaria

Three decades after the start of the transition to democracy and market economy, Bulgarian people's support for the democratisation process, trust in the



media, and overall assessment of socio-economic developments in the country still remain the thrust of public discussions.

In 2020, CSD and its partner Globsec Slovakia conducted a comparison of CEE populations' dispositions towards democracy and the media. CSD focused on polling data for Bulgaria, singling out a number of key patterns, including the preference for a "strong" leader and the lingering feeling of injustice (as a significant majority of the Bulgarian population thinks that people with political connections and financial means are favored in society). In addition, the media are widely distrusted, with the majority of Bulgarians considering that the media agenda is set as a result of political and oligarchic influences.



In a separate effort, CSD analysed the foreign policy expression of attitudes to democracy and authoritarianism by investigating the voting patterns of the

Members of the European Parliament (MEPs) in relation to authoritarian regimes (particularly Russia and China). The study revealed that Bulgarian MEPs are on average less critical towards authoritarian regimes than their respective European parliamentary groups as well as their counterparts from CEE countries.

III. Regional and European cooperation in countering corruption and state capture

CSD wins the international Anti-Corruption Excellence Award 2020

The Center for the Study of Democracy was given the Sheikh Tamim Bin Hamad Al Thani [International Anti-Corruption Excellence Award 2020](#) in the Youth Creativity and Engagement category. The virtual ceremony held on 9 December 2020 was organised by the Rule of Law and Anti-Corruption Center (ROLACC) in partnership with the United Nations Office on Drugs and Crime (UNODC). The award acknowledges CSD's achievements in coalition building and monitoring of anticorruption, including the establishment of the *Coalition 2000* and the *Southeast European Leadership for Development and Integrity (SELDI)* anti-corruption initiatives. It notes innovative policy instruments such as CSD's regular corruption assessment reports, and tools such as the *Corruption Monitoring System (CMS)*, the *Monitoring Anti-Corruption Policies Implementation (MACPI)*, and the *State Capture Assessment Diagnostics (SCAD)*.

The International Anti-Corruption Excellence Award was established in 2015 to advocate the importance of tackling corruption and encourage the implementation of the crucial measures set forth by the United Nations Convention



Sheikh Tamim Bin Hamad Al Thani

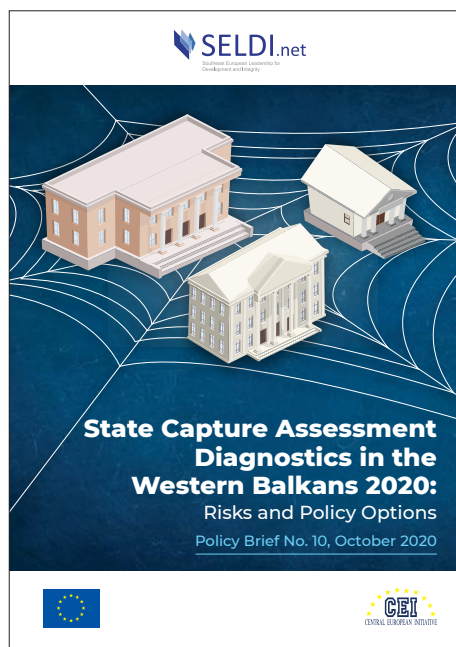
INTERNATIONAL ANTI-CORRUPTION EXCELLENCE AWARD

Against Corruption. By highlighting exemplary models and promoting excellence and creativity in anti-corruption, the award strives to inspire others to replicate similar efforts.

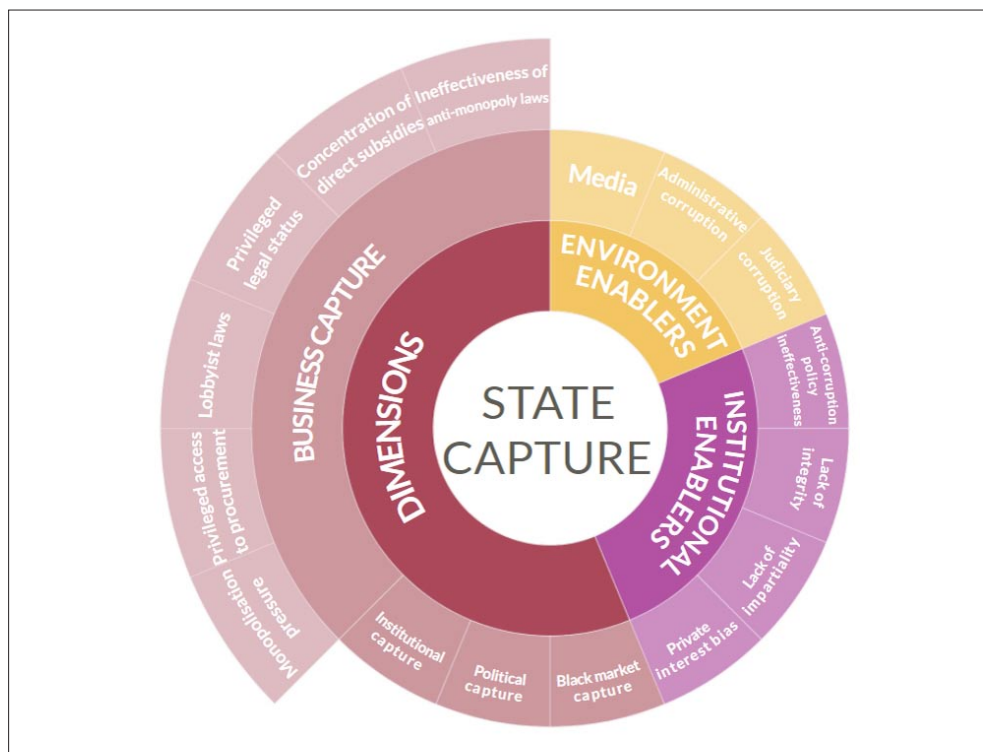
Countering corruption and state capture

In 2020, the CSD-led regional civil society anticorruption initiative [SELDI.net](#) piloted in the Western Balkans CSD's comprehensive methodology for monitoring and exposing state capture vulnerabilities – the *State Capture Assessment Diagnostics (SCAD)* tool.

The pilot SCAD data on the Western Balkans, which were presented at a [SELDI webinar](#) on 30 October 2020, suggest that the main challenges for the countries in the region remain state capture enablers such as media control, corruption in the judiciary, lack of integrity of public organisations, lack of impartiality, and inadequate anti-corruption procedures.



Across the Western Balkans, the [score for state capture enablers](#) spans from 39 to 45 out of 100 (full state capture), as



noted in a policy brief prepared by CSD. The data further reveals that although none of the countries is close to full state capture, i.e. authoritarian rule, they exhibit critical impairments in democratic and economic checks and balances. Key economic sectors such as energy, pharmaceuticals, telecommunications and construction show signs of monopolisation pressure potentially associated with state capture. The business state capture pressure indicator is at non-negligible levels in Montenegro, North Macedonia, Serbia, and Bosnia and Herzegovina, close to medium levels in Kosovo, and alarmingly high in Albania. The methodology also identifies significant problems with media freedom in the Western Balkans that have contributed to the region's decline in democratic standards

CSD continued its efforts to further enhance its SCAD methodology for state

capture assessment and monitoring as a policy tool which allows for comparison across countries and economic sectors. As a result, through the European [SceMaps initiative](#), CSD developed an innovative three-dimensional tool for red-flagging state capture vulnerabilities, which it piloted in three high-risk sectors in four different countries. The tool is based on extensive R&D work, including a demonstration [online discussion](#) in March 2020. At the event, experts from Bulgaria, Romania, Italy and Spain shared their experience on the use of new approaches, based on big-data analytics, media monitoring, and expert-opinion.

The SceMaps initiative used the tool's findings to assess the policy implications of the Rule of Law reports on Bulgaria, Italy, Romania, and Spain. In December 2020, CSD discussed the

reports with Members of the European Parliament at an online round table. The European Commissioner for Justice Didier Reynders opened the event in a video-message outlining the EU's determination to safeguard the rule of law within all its Member States. The participants at the webinar outlined the major challenges faced by the four countries, as well as the instruments and measures that could facilitate their reforms against state capture and corruption.

IV. Tackling the hidden economy and undeclared work in Europe

The hidden economy is a widespread phenomenon throughout the Western Balkans, which manifests itself in various sectors such as agriculture, services and construction. Moreover, it breeds unfair competition and corruption, and threatens the fulfilment of the EU accession criteria. The negative effects of the hidden economy are numerous – low funding and quality of public services, no healthcare and pension coverage, maternity or annual leave. In order to diagnose and address these challenges, CSD, as SELDI's knowledge and outreach coordinator, elaborated and published *SELDI Policy Brief 11: Hidden Economy in the Western Balkans 2020: Trends and Policy Options*.

The COVID-19 crisis has shed a new light on the problem of informality. Lockdowns imposed by governments in the region during the pandemic created a spike in unemployment, thus increasing the risk of people seeking undeclared work. However, the crisis could also be used as an opportunity, as some of the fiscal packages that WB6 countries have developed include positive signs of formalisation of the workers' labor contracts and social security payments. These conclusions were noted



by the participants at a [SELDI webinar](#), held on 20 November 2020.

Between 2016 and 2019, hidden employment has increased in five of the six Western Balkans countries, according to SELDI's *Hidden Employment Index*. Serbia is the only country which shows a decline since 2016, while Kosovo remains the country with the highest hidden employment share. A total of 60% of the employed in Kosovo also claim to have no health insurance, and every tenth employed in the region has no social security coverage.

CSD continued its knowledge contribution and support to the work of the [European Platform tackling undeclared work](#) with a series of papers, analyses and toolkits aimed at sharing good practices and experiences among EU Member States. In 2020, CSD authored a learning resource paper on [cross-border sanctions in the area of undeclared work](#) and a practitioners' toolkit on



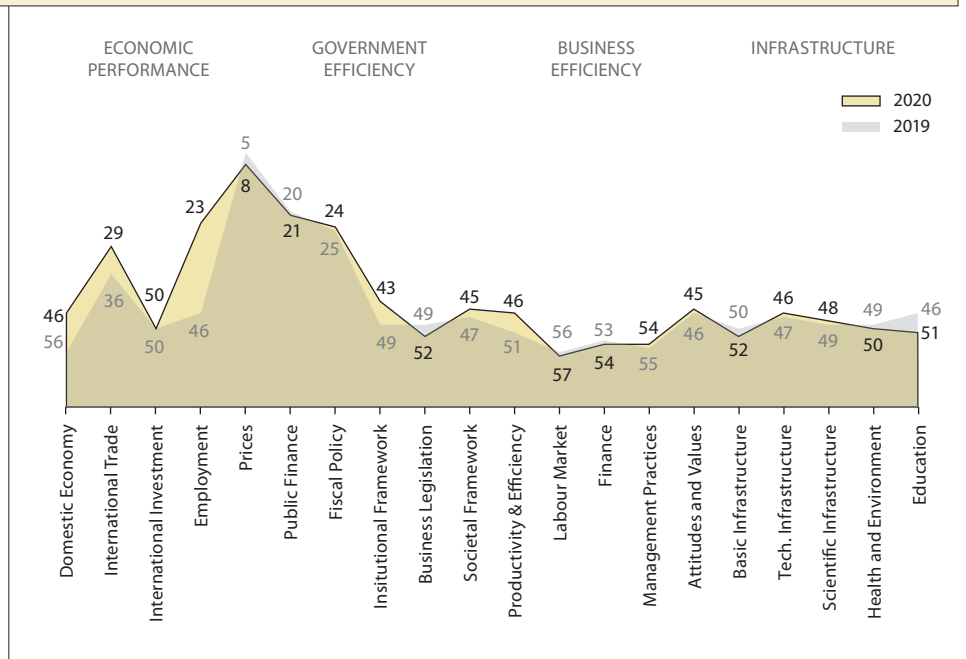
cross-border concerted and joint inspections.

Since 2016, the European Platform has become an EU-level forum that allows different actors, including social partners and enforcement authorities, such as labor inspectorates, tax and social security authorities, to engage in closer cross-border cooperation and joint activities. In October 2019, the Platform became part of the working groups of the newly created [European Labour Authority](#).

V. Global competitiveness of the Bulgarian economy

CSD is dedicated to analysing the barriers to the improvement of Bulgarian business competitiveness. Being the of-

Changes in the competitiveness landscape of Bulgaria in 2019 – 2020 according to IMD WCY 2019



ficial partner for Bulgaria of the IMD World Competitiveness Center, CSD contributed to the *Global Competitiveness Yearbook 2020*. At the beginning of 2020, the Bulgarian economy was slowly recovering, yet it was by no means at its full potential. **Bulgaria ranked 48th out of 63 countries**, as it had in 2019. This is an improvement of seven positions compared to 2015, but a deterioration compared to 2009 (38th place). The Bulgarian economy remains among the most uncompetitive ones in Europe, as the long-term factors of competitiveness are stagnant. Without substantial correction in the policies of the Bulgarian government and business leaders, the probability of dramatic improvement in the coming years remains low.

Zooming in on the results for Bulgaria in the 2020 Yearbook reveals the following major challenges and opportunities for improving Bulgaria's competitiveness:

- The Covid-19 crisis has underscored digitalisation and public governance issues.
- The lack of progress of the judicial reform and the control of corruption curtail the country's economic potential.
- Structural reforms to join the ERMII euro foreign exchange mechanism and the Banking Union are slow.
- Insufficient efforts have been made to curb the informal economy.
- Continued energy dependence on Russia, sluggish energy sector reforms and the rising costs of producing coal-fired electricity undermine the competitiveness of the Bulgarian industry.

The experts from the Economic Program also contributed to the development of the annual *Innovation.bg* report. The focus of *Innovation.bg 2020* was the



strategic framework of the European Commission for the programming period 2021 – 2027 with its priorities and measures for a more innovative and greener European economy. The report reviewed the policy of the Bulgarian government for supporting competitive businesses in the context of the rising challenges on the global stage.

The *Innovation.bg* report, which has become the main policy document for regular monitoring of innovation performance in the country, was presented at the 16th National Innovation Forum, held under the auspices of the President of Bulgaria. The Forum gathered more than 180 representatives of the policy, research and business communities to share their views on Bulgaria's capacity for resilience through innovation during the past challenging year. The event was held in an innovative 3D virtual setting, which was custom-designed and animated by MP Studio, the award winner for Innovation in the Creative Industries category for 2017.

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Security program

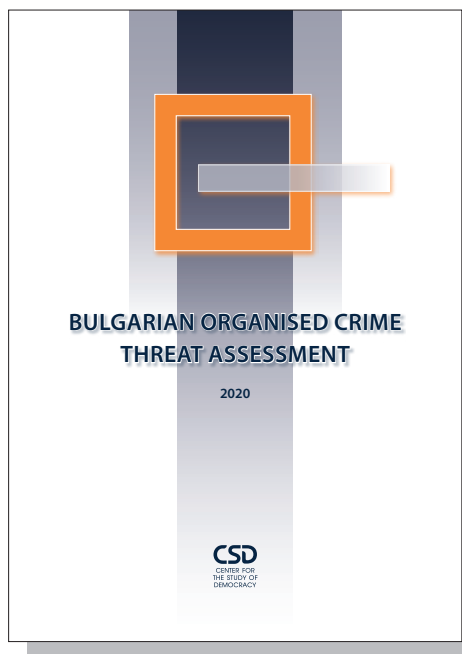
In 2020, the Security Program's efforts were focused on the following areas:

- **Assessment of organised crime threats.** CSD completed its three-year-long assessment of organised crime threats in Bulgaria, mapping developments in fourteen criminal markets, including under-researched ones like illegal logging, EU funds fraud and illegal trade in pharmaceuticals. The study also reflected the impact of COVID-19 on organised crime, pointing out both the markets where the pandemic restricted criminal activities (e.g. trafficking in human beings and human smuggling), and the markets where it created new risks (e.g. cybercrime and loansharking). An EU-wide study on the risk of serious and organised crime infiltration in legitimate businesses was completed.
- **Conventional crime and policing.** CSD continued to analyse trends in conventional crime in Bulgaria based on the National Crime Survey methodology it pioneered in 2002. The report *Crime Trends in Bulgaria: 2010 – 2020*, also analysed data from the National Emergency Call System 112, highlighting bottlenecks in the reporting practices and laying the ground for the elaboration of measures for improving the operation of local police departments and the emergency service.
- **Countering radicalisation and violent extremism.** CSD continued to explore key aspects of radicalisation phenomena to support evidence-based policy solutions. The Center assessed radicalisation dynamics in prison and probation settings and contributed to an integrated report concerning the multi-agency cooperation in terms of deradicalisation, rehabilitation and reintegration of radicalised offenders in four EU Member States. Based on its study of youth vulnerabilities towards far-right narratives, CSD organised the first tailored strategic communication campaign in Bulgaria aimed at building resilience through alternative narratives among youths subject to extremist influences. Governance indicators for monitoring and assessing trends in radicalisation and violent extremism and efforts to counter it were developed and piloted in 23 countries across the world.
- **Evaluation of EU home affairs policies and programs.** CSD teams contributed to an evaluation of the *EU Drugs Strategy 2013 – 2020*, commissioned by DG HOME, and a study of trafficking in human beings in the light of migration and gender issues for the European Parliament.

I. Assessing organised crime trends and threats

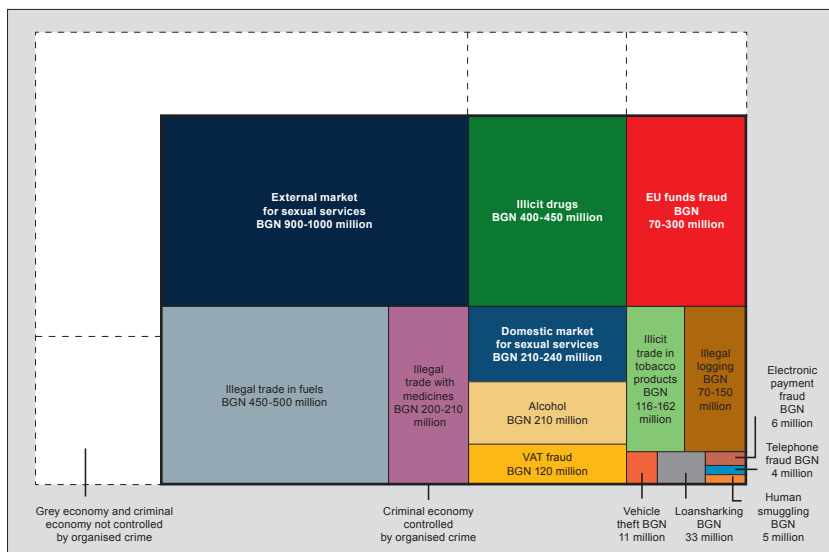
CSD presented its annual *Bulgarian Organised Crime Threat Assessment (BOCTA)*

on 27 October 2020, outlining the trends, the size of the major organised crime markets and the estimated damages to victims, the economy and society at large. *BOCTA 2020* covered fourteen



criminal markets under three headings: 1) **traditional organised criminal markets** – human trafficking and the market for sexual services, human smuggling, automobile theft, extortion racketeering and loansharking; 2) **excise duty and VAT crimes** – illegal trade in tobacco products and in fuels, as well as VAT fraud; and 3) **emerging criminal markets** – EU funds fraud, illegal trade in pharmaceuticals, cybercrime, electronic payment systems fraud, telephone fraud and illegal logging. In the last few years, organised crime in Bulgaria has shifted its focus away from the classic models of action, as more of the financial damage has come as a result of white-collar crime activities and the increasingly widespread use of innovative technologies. Despite the general decrease of overall criminal proceeds, organised crime continues to pose a significant threat to the

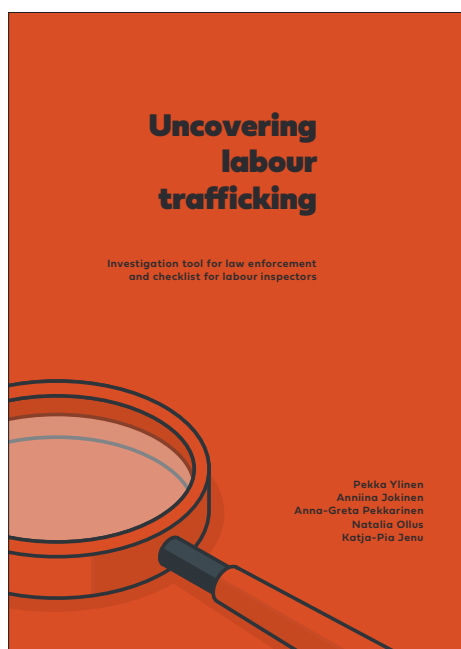
Estimated size of major criminal markets in Bulgaria in 2019



Source: Bulgarian Organised Crime Threat Assessment, Center for the Study of Democracy, 2020.

economy. In addition, a large part of the criminal networks in Bulgaria control legal businesses, which has facilitated the laundering of criminal activity and has posed new challenges to combating organised crime.

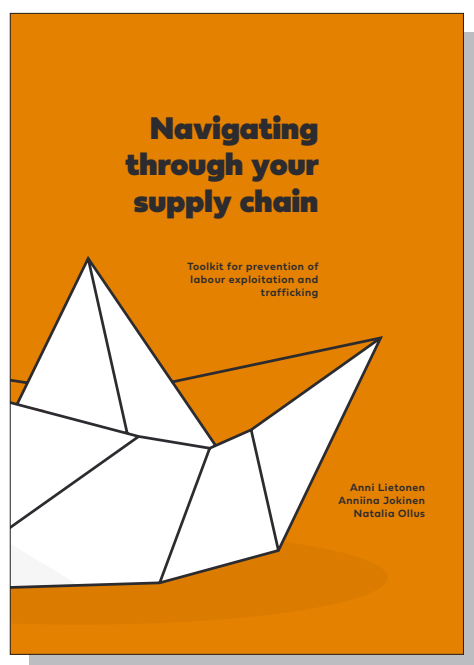
On 20 October 2020, the Center for the Study of Democracy, in cooperation with the Ministry of Interior Academy, held a [one-day seminar](#) on organised crime threat assessment targeted at law enforcement officers from various Directorates of the Ministry of Interior.



In 2020, CSD also worked on enhancing the effectiveness of investigations into labour exploitation and trafficking. CSD experts contributed to the development of an investigation tool [Uncovering labour trafficking](#) for criminal investigation bodies and labour inspection authorities in Finland, Bulgaria, Latvia and Estonia. Its purpose is to increase awareness of labour exploitation and trafficking and to offer concrete steps

in identifying and investigating these phenomena.

The risk management toolkit [Navigating through your supply chain](#) provides companies with a brief overview of what labour exploitation and trafficking are, and demonstrates the risks for businesses and the ways to effectively avoid involvement in such scenarios.



The instruments were presented to enforcement agencies and businesses during the online public discussion ["Human Trafficking for Labour Exploitation: Tools for Successful Investigation and Prevention in Supply Chains"](#) held on 18 November 2020 by CSD in partnership with the National Commission for Combating Trafficking in Human Beings and the British Embassy in Bulgaria.

The working paper [Trafficking for Labour Exploitation in Bulgaria: Business Models and Financial Aspects](#) explores the modus operandi of traffickers, the



business model and the financial flows associated with trafficking for labour exploitation. It finds that the predominant part of labour trafficking follows simple business models whereby victims are recruited and exploited without any formal contracts in economic sectors such as agriculture, construction, cleaning and senior care. However, there is a growing new trend of employing legitimate business structures in order to conceal trafficking activities, which is often intertwined with various forms of tax and social contributions evasion or fraud and schemes for bogus self-employment or posting of workers abroad.

In 2020, CSD completed work on a *Study Mapping the Risk of Serious and Organised Crime Infiltration in Legitimate Businesses* commissioned by DG HOME and implemented in partnership with RAND Europe and Ernst & Young. It assesses the dynamics of the serious and organised crime economy in the EU and provides an in-depth analysis of the risk

factors that facilitate the generation and management of criminal finances by organised crime groups.

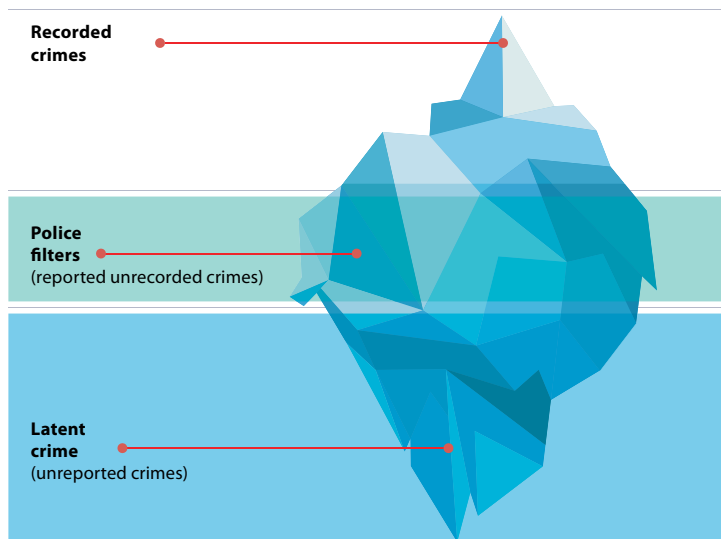
II. Conventional crime and policing

The study *Countering Conventional Crime Through Monitoring and Raising Civil Awareness* is tackling the issues of conventional crime in small towns and villages in Bulgaria. It aims at identifying bottlenecks in the reporting and registration of conventional crime through a review of data from the emergency line 112 and police statistics, as well as developing a tool that effectively enables civil society to monitor the results of police interventions and to exert direct pressure at local and regional level, ultimately resulting in building trust and thus increasing the rate of reporting and improving the overall process of registration of offences.

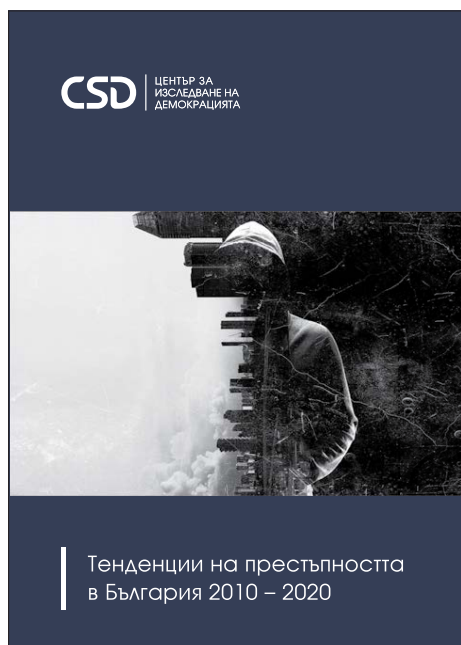
The results of a national victimisation survey, along with focus groups with victims of crime in several Bulgarian small towns were published in the report *Crime Trends in Bulgaria: 2010 – 2020*. The report is based on the National Crime Survey methodology, which is the first alternative crime assessment tool in Bulgaria pioneered by CSD in 2002. The analysis assesses data on reported crimes from the National Emergency Call System 112 and provides recommendations for enhancing civic monitoring and engagement in crime reporting. These included measures such as improving communication between regional police departments and local communities and organisation of regular information campaigns among citizens to promote the use the 112 emergency number to report crimes.

The findings of the 2020 National Crime Survey, as well as recommendations for improving the performance of police

Police recorded crime data and unrecorded crime



Source: Crime Trends in Bulgaria 2010 – 2020, Center for the Study of Democracy, 2020.



and other institutions in registering crimes reported by crime victims were presented to civil society, media and independent experts at a [webinar](#) on 24 November 2020.

III. Countering radicalisation and terrorism

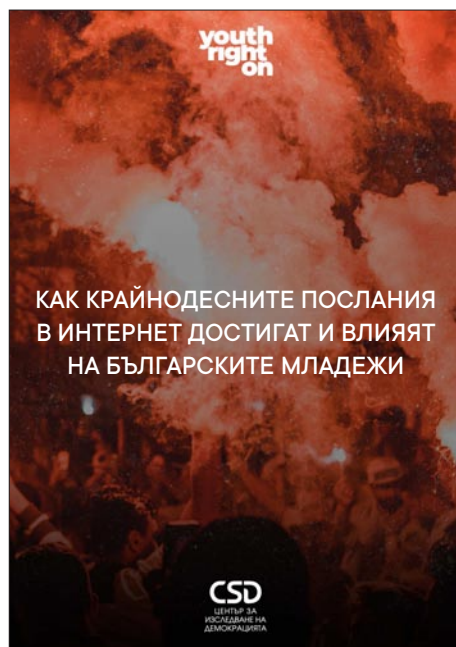
In 2020, CSD continued to address the risks of radicalisation and violent extremism, including through [strategic communication tools](#) as a means of prevention. The [YouthRightOn](#) initiative addresses the problem of far-right influence over youth in Bulgaria by developing alternative narratives to confront extremist messages and ideas propagated online. Through the online communication campaign [Find Another Way](#), it aims to enhance resilience, inspire critical



thinking and increase civic engagement among youth in Bulgaria susceptible to extremist content online.

The campaign is based on an in-depth study of far-right narratives and their impact on youth, delineation of at-risk audiences, and push and pull factors. In July 2020, a team of CSD experts presented the results of the diagnostic study *How Far-Right Narratives Reach and Influence Young People Online*, based on a national representative survey among youth aged 14-19, which informed the objectives, messages, target groups and mediums of the strategic communication approach of the alternative-narrative campaign via social media. The [webinar](#) was attended by 30 institutional and CSO representatives and demonstrated CSD's leading role in developing state-of-the-art approaches to countering radicalisation and violent extremism within the national context.

Building on its previous work on developing instruments to monitor and measure factors and drivers associated with radicalisation and violent extremism, the Security Program developed [governance composite indicators](#) for monitoring and assessing trends in radicalisation and violent extremisms and efforts to counter it, which were piloted in 23 countries in Europe, South & Southeast Asia, Asia Pacific and the MENA region. The indicators are part of the [GREASE toolkit](#), and look at three core dimensions and factors of



violent radicalisation: 1) structural factors such as civil liberties, state legitimacy and uneven economic development that may give rise to group grievances and discontent, 2) social drivers such as individual and group experience of discrimination and alienation, and 3) the incidence and magnitude of religious extremist violence, including terrorism.

CSD presented the indicators to over 250 policy-makers, practitioners and academics from across the world during [two webinars](#) held in September 2020, including representatives of the EC, the Radicalisation Awareness Network, and the Canada Excellence Research Chair (CERC) in Migration and Integration, among others.

CSD continued to analyse radicalisation drivers among youth at micro, meso and macro levels by drafting a *Country Report on National Approaches to Violent Extremism*.

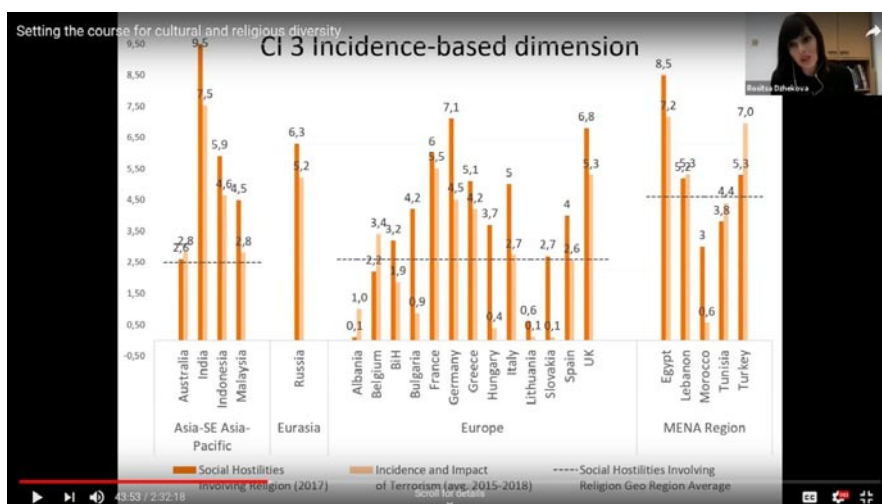
Overview of GREASE Indicator 3: Violent radicalisation

Structural factors/ environment	Perception-based indicators (social experience)	Incidence-based indicators (violence and conflict)
<ul style="list-style-type: none"> • Level of freedom • Level of protection of human rights • Level of adherence to rule of law • Government restrictions on religion • State legitimacy • Group grievances • Wealth disparity • Uneven economic development 	<ul style="list-style-type: none"> • Political distrust • Political discontent • Economic discontent • Perceived discrimination and polarisation • Views on violent extremism 	<ul style="list-style-type: none"> • State-based armed conflict • Hostilities involving religion (inter-group conflict) • Incidence and impact of terrorism • Violent extremist incidents • Significant violent extremist actors/networks

Radicalisation in prison and probation environments is another paramount point of societal concern and thus a topic of focus for CSD. The Security Program continued providing support to professionals from the penitentiary system by means of capacity building, trainings and facilitation of multi-agency cooperation. The report

Addressing Radicalisation in Prison and Probation: Needs and Risk Assessment contributed to a better understanding of the contextual radicalisation dynamics, institutional environments and the challenges faced by front-line practitioners when dealing with radicalisation risks in the prison and probation settings in five EU Member

Violent Radicalisation Composite Indicator – Incidence-based scores in 23 countries



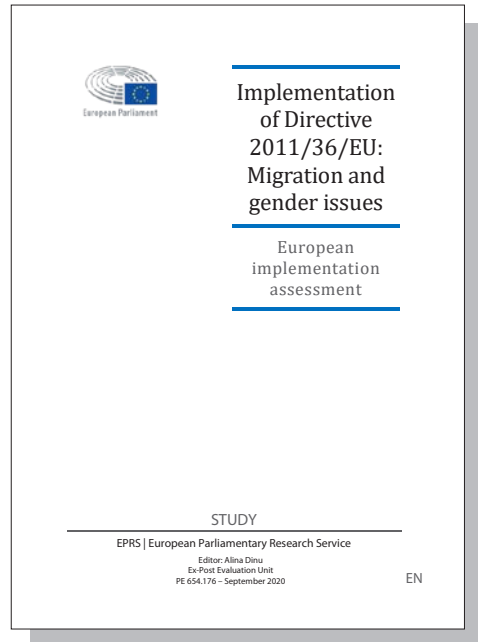
States: Bulgaria, France, Greece, Italy and Portugal.

IV. Monitoring and evaluation policies in the field of security and home affairs

Experts from CSD contributed to studies and evaluations of EU policies in the areas of border and customs security, drugs demand and supply reduction and trafficking in human beings.

The assessment of the *EU Drugs Strategy 2013 – 2020* was completed in partnership with the consulting company ICF. CSD contributed to evaluating the efficiency, EU added value and the sustainability of the EU policy towards drugs, and developed recommendations to the European Commission for the elaboration of the next EU Drugs Strategy for the period 2021 – 2018.

CSD experts also authored a chapter in a study on trafficking in human beings with a focus on migration and gender



issues commissioned by the European Parliament (*Implementation of Directive 2011/36/EU: Migration and gender issues*). The study was published by the EP Research Service.

Sociological program

In 2020, the Sociological Program focused its work on the following areas:

- **Integration of migrants.** To address the challenges of managing migration flows in the European Union, the Sociological Program has been engaged in efforts to provide policy solutions for forecasting migration and integrating refugees and asylum-seekers to minimise social tension and conflict. Alongside this, CSD has also been contributing to the creation and implementation of a novel ICT tool designed to facilitate the reception, relocation, settlement and integration of migrants.
- **Social inclusion of vulnerable groups.** Acknowledging the importance of the full public inclusion of vulnerable and systemically marginalised groups, the Sociological Program conducted a study to assess the disinformation campaigns and fake news concerning the Roma ethnic community in Bulgaria. Additionally, in contribution to efforts for the full and unqualified enjoyment of women's rights in 2020, a cutting-edge monitoring tool for critical assessment of Bulgarian efforts to prevent and counteract domestic and gender-based violence was conceptualised.
- **Radicalisation leading to terrorism and group-focused enmity.** CSD's ongoing collaboration with a global network of partners on the issues of governing religious diversity and building resilience to violent religious radicalisation has resulted in the development of a comprehensive indicators toolkit applied in 23 countries, a comparative analysis uncovering major structural factors and divergences between policy and practice, as well as a collection of best practices on building resilience. Group-focused enmity, engaging stakeholders in constructive dialogue and identifying promising practices to combat intolerance, hatred and discrimination in Central and Eastern Europe continued being key research areas in 2020.

I. Integration of migrants

In September 2020, as part of the [ITFLOWS](#) initiative CSD joined a large multidisciplinary international team of academic institutions, non-profit organisations and companies tasked with developing and testing an ICT-enabled tool to map models of migration. This will not only enhance understanding about the motivations and reasons behind global migration, but also will help reduce possible tensions and con-

flicts between the migrants and the citizens of the destination countries. The ICT-tool is expected to also facilitate the reception, relocation, settlement and integration of migrants by coordinating the activities of a small group of policy experts and relying on the findings and results of the tool's testing. CSD has been working towards the formulation of recommendations and good practices for policy-makers, national governments and EU institutions.

Predicting and managing migration flows

PREDICTING AND MANAGING MIGRATION FLOWS

In five steps:

- Making accurate models and predictions on migration in the European Union
- Creating an ICT-based tool for municipalities and civil society organisations
- Providing policy solutions for the management of irregular arrivals and asylum systems in the EU
- Minimizing potential risks of tension and conflict between migrants and EU citizens
- Providing policy solutions for optimizing integration of refugees in the European Union

*<https://www.elfinonline.it>

II. Social inclusion of vulnerable groups

In order to contribute to the efforts for public inclusion of vulnerable and systematically misrepresented groups, CSD worked on assessing and analysing the disinformation campaigns and fake

news concerning the Roma community in Bulgaria. The [study](#) reveals that the social and economic crisis which stemmed from the COVID-19 pandemic has further exacerbated the underlying mechanisms for media hostility against

Popularising Fake News among the Roma

FAKE NEWS
TOOLS AND NARRATIVES

- CREATED SENSE OF AN IMMINENT THREAT**
 "COVID-19 is made up as a fake excuse to limit people's freedoms and liberties!"
- ESTABLISHED IMAGE OF A FAR-AWAY AND UNFAMILIAR ENEMY**
 "Bill Gates is a powerful billionaire, who wants to control the world's population by implanting microchips."
- COMPREHENSIVE STORY-TELLING MATCHING PEOPLE'S LIVED REALITY**
 "Mandatory vaccinations will be forced upon the population by the corrupt government to tamper with people's liberty!"
- A SURGE OF GRADUALLY DISSEMINATED STORIES**
 "Vaccinations will be executed forcefully - just like children are taken away from their parents by the Social Services."

"MOST OF THE INFORMATION IN SOME RANDOM SITES IS JUST A LIE THAT AIMS TO INTIMIDATE PEOPLE AND MAKE THEM EVEN MORE AFRAID"
HEALTH MEDIATOR, LOM

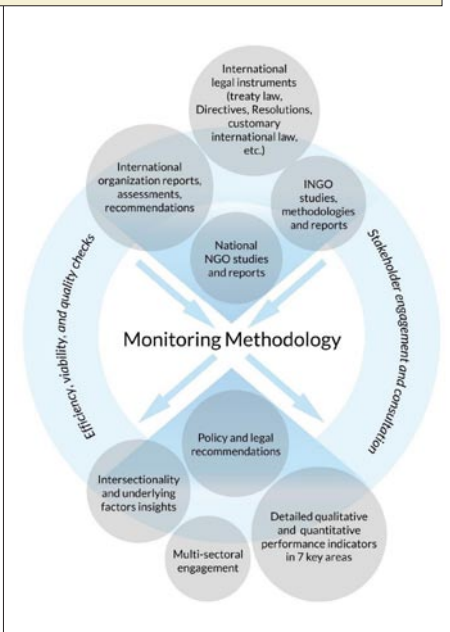
the Roma community. The health crisis has provided the tools for reassertion of already existent stereotypes into media storytelling approaches, which disproportionately blame the Roma communities for the negative economic and public health consequences of the pandemic. The ambiguous handling of the public emergency situation led to the dissemination of fake news, disinformation and conspiracy theories, which gained popularity among members of the Roma communities.

CSD's study concludes that the main effort to challenge disinformation and media hostility in the Roma community rests on the shoulders of Roma activists and health mediators, who have been a reconciling force and channel for institutional relations. The findings of this study are intended to guide future efforts in building Roma people's media and online literacy. Fostering critical thinking and empowering the members of ethnic minorities to be self-sufficient in navigating pools of conflicting information is considered a foundational step in challenging fake news and Roma people's exclusion from public media spaces.

In 2020, violence against women (VAW) continued to be a headline topic for many an international and national organisations working with women or on issues related to the full and unqualified enjoyment of women's rights. Acknowledging the worrying tendencies in this area, namely the lack of sufficient progress in safeguarding women and girls from violence globally, regionally, and locally, alongside the 2019 decision of the Bulgarian Constitutional Court to declare the Council of Europe *Convention on preventing and combating violence against women and domestic violence* (the Istanbul Convention) unconstitutional, and the persisting inability of the criminal justice sys-

tem to effectively address the severity of violence against women nationally, CSD has aimed to contribute to efforts for effectively preventing violence and guaranteeing victims' rights. Upon the backdrop of the Bulgarian and Norwegian legal and policy framework, governing the prevention of domestic violence and the protection of women – victims of violence, the CSD team, together with practitioner organisations from Bulgaria and Norway, laid the foundations of a novel, comprehensive, and deep-reaching methodological tool for assessing the effectiveness, appropriateness, scope and reach of the Bulgarian legal framework, strategic documents and institutional practices in dealing with domestic and gender-based violence.

Monitoring Methodology Inputs and Outputs



The Methodology has its roots in a considerable number of international legal instruments, international organisa-

tions' recommendations, progress reports and assessments of Bulgaria, relevant NGO studies, research initiatives, and human rights monitoring methodologies, as well as independently developed indicators on the effectiveness of the police and the judiciary in addressing cases of domestic and gender-based violence. It provides guidance on assessing the compliance of legal instruments, policies and institutional practices with applicable international obligations and standards, particularly regarding the extent to which they meet the needs of the victims. Thus, the overall objective of this endeavor is to create a robust tool fit for recurring critical assessment of the improvements and challenges within the Bulgarian legal/policy framework and institutional practice in addressing domestic and gender-based violence, and for yielding key recommendations for policy-makers and legislators in line with both legal and political international obligations. A resume of the tool was

published in *Methodology for Monitoring Policy and Institutional Practice in Relation to Domestic and Gender-Based Violence in Bulgaria*.

III. Radicalisation leading to terrorism and group-focused enmity

Over the course of 2020, CSD continued its collaboration with a network of partners from across the world (Europe, North Africa, the Middle East, South and Southeast Asia, and Asia-Pacific) in developing analyses and policy-relevant instruments concerning the management of religion and religious diversity, and building resilience against violent religious radicalisation. CSD designed and developed a *State-Religion Governance Indicators Toolkit* to measure four sets of variables which can be applied to any country: (1) level of autonomy and freedom of

Comparative analysis insights

1. In the majority of the country cases, legislative frameworks may encourage independence and freedom of religious institutions/groups from the state. However, such expectations are not always met in practical reality. Similar is the situation when it comes to the level of rights of religious minority groups in the country cases – legislation across most of the assessed states argues for more rights than religious minorities enjoy in practice. Out of all countries in the study, Italy, Spain, Morocco, Russia and Malaysia are reportedly characterised by the lowest levels of actual rights of religious minority groups.
2. In terms of existing structural drivers shaping radicalisation in the country cases (such as state of civil liberties, human rights protection, level of adherence to the rule of law, level of state illegitimacy, government restrictions on religion, wealth disparity, uneven economic growth), Turkey and Russia score the highest levels of government restrictions on religion, level of restrictions on civil liberties and human rights, as well as high levels of group grievances. Following Russia and Turkey are countries from the MENA region (Egypt, Morocco, Lebanon) and countries from South and Southeast Asia (Indonesia, Malaysia, India).

Comparative analysis insights (continued)

3. In terms of perception-based factors contextualising radicalisation (i.e., the social experience and interpretation of structural and material conditions), the data indicate that:
 - a. Political and economic grievances are the highest in Lebanon and Tunisia, and Greece in Europe, followed by Western Balkan countries. Such grievances are generally lower in the Asia and Asia-Pacific region.
 - b. Perception of threat of violent extremism is high across all regions in the sample. For Lebanon, Indonesia, France and Belgium, over 80% of the population perceive ISIS as a major threat or think that terrorism/violent extremism is a big concern.
4. In terms of the incidence and impact of terrorism over the past 5 years, the highest ranking country cases are Egypt, India, Turkey, Lebanon, France, the UK and Russia.
5. Results on the comprehensiveness of preventing and countering violent extremism frameworks show that out of the country sample the most consistent strategic policy and legal framework approach is present in Belgium, France, Germany, the UK and Australia, whereas Lithuania, Slovakia and Hungary completely lack a dedicated strategy to prevent and counter violent radicalisation and extremism.

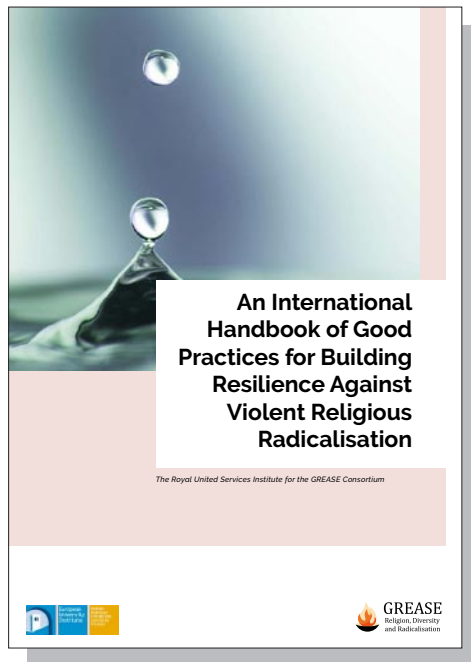
religious institutions/groups from the state, (2) status/rights of religious minority groups in the state, (3) factors contextualising violent (religious) radicalisation, and (4) level of radicalisation prevention measures. CSD piloted the Toolkit and based on it, together with its network of partners, developed [country assessments](#) for 23 country cases from around the world (Albania, Australia, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Egypt, France, Germany, Greece, Hungary, India, Indonesia, Italy, Lebanon, Lithuania, Malaysia, Morocco, Russia, Slovakia, Spain, Tunisia, Turkey, the United Kingdom). CSD produced comparative analyses on the four sets of variables.

On 23 and 29 September 2020, the CSD team presented the Toolkit and the results from its application at two interna-

tional events which engaged a variety of stakeholders including members of the European Commission, the Radicalisation Awareness Network (RAN), the Migration Policy Group in Brussels, the Immigration, Refugees and Citizenship Department of the Government of Canada, as well as members of the academic and practitioner community from around the world.

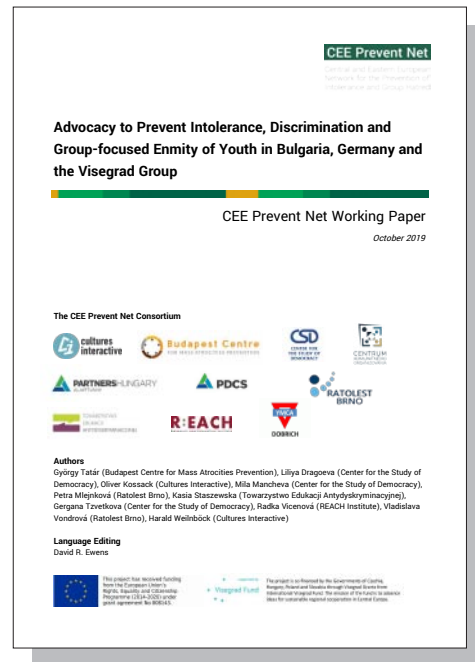
CSD was also instrumental in the development of *An International Handbook of Good Practices for Building Resilience Against Violent Religious Radicalisation*.

The Handbook was developed by the Royal United Services Institute within the framework of the [GREASE](#) initiative and features findings from case studies on resilience building against violent (religious) radicalisation from around



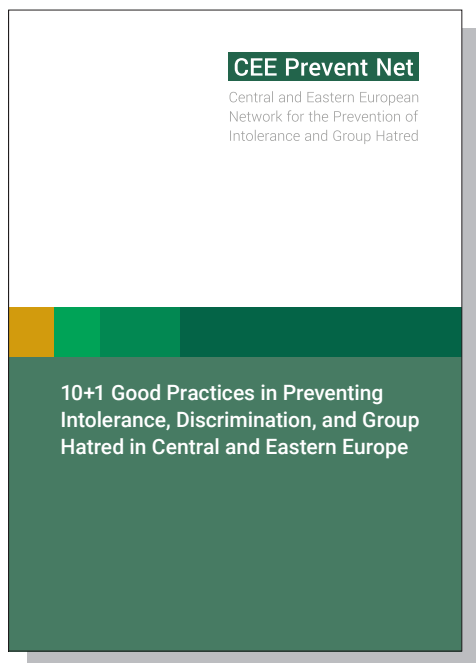
the world, also presenting a set of recommendations and good practices in this area. Among the building blocks of the Handbook are the [recommendations and analyses](#) produced by CSD on resilience building against radicalisation and violent extremism in Bosnia and Herzegovina.

To further its efforts on countering polarisation and radicalisation, CSD continued to promote and present the working paper *Advocacy to Prevent Intolerance, Discrimination and Group-focused Enmity of Youth in Bulgaria, Germany and the Visegrad Group*, co-authored with non-profit organisations and institutes from Central and Eastern Europe. The paper offers strategies for practitioners and civil society to engage in political advocacy to prevent intolerance, discrimination and group hatred among youth. Recommendations focus on the most suitable language to be used for advocacy, the need to build robust networks and coalitions and the challeng-



es of advocacy under unfavorable conditions. Insights from the paper were presented and discussed at length during an advocacy workshop, led by the CSD team, which took place on 10 September 2020. The workshop was attended by teachers, psychologists, NGO youth workers, and representatives of local institutions in the Dobrich region, Bulgaria.

The Center further participated in compiling the compendium *10+1 Good Practices in Preventing Intolerance, Discrimination, and Group Hatred in Central and Eastern Europe*. It resulted from the dynamic exchange of ideas, practices, and methods among various organisations and civil society actors from Central and Eastern Europe. Among the compendium entries is the Cyberscout Training Program, developed and implemented by the Applied Research and Communications Fund. Its mission is to create a community of cyberscout children, who demonstrate self-aware,



responsible, and safe online behavior and popularise it among their peer groups.

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Part Two

Administration and Management

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Institutional Development

CSD is a not-for-profit organisation acting for the public benefit. Up to 2017, CSD was registered at the Sofia City Court and the *Central Register of Not-for-Profit Legal Entities* at the Bulgarian Ministry of Justice. In 2018, following amendments to the relevant national legislation, CSD was re-registered in the public *Commercial Register and Register of Not-for-Profit Legal Entities* at the Registry Agency under the Minister of Justice. Not-for-profit legal entities acting for the public benefit are obliged by law to conform to a number of additional rules, *inter alia*, to draw up and submit annually an activity report and financial statements for entry in the public Register.

In 2020, CSD continued its efforts to optimise its internal administrative and financial reporting systems. The remuneration procedures were streamlined in line with the requirements from various financing institutions, and the need to comply with national labour regulations.

In 2020, CSD employed a staff of thirty-five, of whom twenty seven in professional and management positions, including part-time consultants, and eight employees in administrative positions.

Accountability and transparency are guiding principles in the operation of the Center for the Study of Democracy. These principles are implemented by means of:

- CSD *Annual Reports* published since 1994;
 - regular updates about CSD's activities on its website;
 - press-releases about on-going projects and their results;
 - publications of a wide range of analyses and reports.
- The application of good management practices has been critical to the successful work of CSD. In 2020, the Center continued its efforts to diversify its sources of funding in addition to the traditional EU financial instruments *Horizon 2020*, the European Social Fund, and the financial instruments in the area of justice and home affairs. Some of CSD's activities were funded through the operational programmes administered by the Bulgarian government, as well as by the Center for International Private Enterprise, the European Climate Foundation, the Central European Initiative, the Network of European Foundations, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and the National Endowment for Democracy. CSD also took part in tenders through its consulting arms Vitosha Research and Project One.
- In 2020, CSD reconfirmed its reputation as a reliable partner and coordinator of EU-wide projects encompassing research in the legal, security and social policy areas. In partnership with leading European think-tanks and academic institutions, CSD took part in the European debate on the assessment and development of policies related to the fight against organised crime, the integration of victims of trafficking and other vulnerable groups, public confi-
- annual audit reports published since 1992;
 - audits of individual projects;

dence in justice, de-radicalisation, and cybercrime.

In 2020, CSD donated books and educational materials to the National Police

and the Krastyu Tsonchev Attorneys' Training Centre.

Communications

Virtual events

In the unprecedented circumstances brought about by the COVID-19 pandemic, in-person conferences were pushed aside and replaced by virtual events all across the globe. During this time, CSD promptly developed the capacity to organise and host virtual roundtables, seminars, and press-conferences at the local and international level, so as to make sure that key issues were still met with the appropriate expert discussion. We hosted more than 25 webinars and other online formats since the start of the pandemic, some of which had an attendance of more than 100 participants.

Social presence

While being online is the norm, it is audience engagement that makes online communication purposeful. 2020 saw the addition of new platforms to CSD's social media portfolio, such as Twitter and LinkedIn. The expansion of social media presence aims to establish a larger network of policy makers, experts and professionals, and to provide an opportunity for sharing policy insights in real time.

To this end, CSD worked with London-based agency *Zink Network* on a number of capacity building workshops on best practices and know-how for SM usage by NGOs.

New formats

Policy makers and the general public alike face an ever-increasing information flow, meaning that research findings and policy insights have to be repurposed for various formats. With this in mind, CSD started developing more easily digestible formats, such as short video and blog posts, which serve to capture the essence of the publications, and make them accessible to a wider audience.

Brand uplift

CSD underwent a brand uplift, which includes refreshing the visual identity and developing design guidelines for publication materials, in order to make them better suited for a digital environment. New visuals and templates were developed for publications and social media channels, which will help make CSD's work more recognisable and easy to interact with.

Internship program

The Center for the Study of Democracy aims to provide internship opportunities for outstanding students from various universities. In 2020, the year marked by the COVID-19 pandemic, the Center was approached by an unprecedented number of internship applicants from all over the globe who pursued remote work at CSD. Early on in 2020, as well as in the summer and early autumn months small groups of international interns managed to work in an office environment, with the CSD staff guiding them through the complicated situation and supporting their travel and orientation in the local regulatory and health-care milieu. There were periods of hybrid work mode, and interns were kept regularly updated on changing arrangements. The ones that worked wholly online from their home countries or places abroad where the pandemic had made them settle were involved in the CSD program teams' virtual office modes and made feel part of the family as best as possible. A few previously planned internships were cancelled, others were continued in a smart working mode, but many more team additions were gained, leaving the impression of CSD's heightened profile among the academic youth who have started to view the Center as a top place to get trained for their future policy-oriented careers.

All in all, the Center hosted 57 interns from 25 different countries. In addition to Bulgarian students and recent graduates, the Center accommodated interns from Albania, Bosnia and Herzegovina, Brazil, Canada, Chile, China, Colombia, France, Germany, Ghana, India, Italy, Mexico, Nepal, the Netherlands, Poland, Romania, Russia, Sweden, Sin-

gapore, Spain, Switzerland, the USA, and Venezuela. Among the students who interned on a rolling basis in 2020 there were four interns hired under the European Universities for the EU program (EU4EU) which facilitates the transition between university education and access to employment through professional internships with a focus on EU-funded projects at organisations based in the EU, as well as graduates and undergraduates from the Blavatnik School of Government at the University of Oxford, Princeton University, Glasgow University, the Hague University and many more.

CSD attempts to match interns' professional aspirations to their assignments. As a minimum, the Center attempts to involve interns in contributing to reports and other outputs (with supervision and feedback where needed) on a topic relevant to the intern's educational background and/or future professional goals.

In 2020, all CSD programs actively engaged interns in their core activities such as desk research, data collection, literature reviews, collection and review of information and good practices and drafting parts of research and policy papers. This helped them gain practical skills and in-depth knowledge in areas such as:

- anti-corruption and good governance in Europe; state capture and Russian economic, political and media influence and disinformation in Central and Eastern Europe; energy security and transition to a low-carbon future; hidden economy and

undeclared work; international competitiveness;

- integration of migrants and social inclusion of vulnerable groups, youth employment and education policy for ethnic minorities; prevention of radicalisation leading to terrorism; governance of religious diversity; gender-based violence; overcoming employment barriers for young European citizens;
- countering radicalisation and violent extremism, prevention of radicalisation in prisons, countering drug trafficking, organised crime threat assessment;
- rights of suspects and accused; migration, reception, integration and social orientation of migrants; legal and social support to victims of crime; diversity charters throughout the EU; business and human rights; role of perceptions in shaping migration narratives.

In 2020, interns also assisted in the preparation and conducting of interviews, and the transcribing and processing of collected qualitative data. Notably, they were involved in the project preparation process, gaining valuable experience in developing grant and tender proposals. They also provided invaluable support in the organisation of CSD's public policy events which were held online during most of the year and involved the precious digital and communication skills that today's young people are well versed in.

The Center has a robust, standardised policy for mentoring newly hired interns, which frequently leads to extending offers for permanent positions as researchers and experts at CSD or at other institutions, offers of admission to elite graduate schools, or to funding schemes for additional employment and/or education. Interns, who are employed for a period of up to six months, undergo a two-stage selection and are provided with complete information to facilitate their adaptation to the receiving country and the organisation's specificities, including the shared online platforms it uses. In all cases, when interns are hired, CSD uses established templates and procedures for developing intern action plans as well as mentorship plans to guide the intern's supervisor(s), while clearly identifying the expected timeline(s) and performance indicators that would determine the successful completion of the internship. The action and mentorship plans provide initial assessment of the strengths and opportunities of the internship for both the intern and the organisation. In the online and hybrid internship mode in the corona crisis stricken 2020, interns used a dedicated workplace channel to exchange information at near live speed and participate in meetings and discussions, keeping abreast of organisational activities and becoming part of the online CSD community.

"I did a six-month internship at the Economic Program of the CSD and I can happily say that it was a great and unique experience that helped me understand the work system of a think tank, to develop interesting skills within the research field, and to clarify some doubts I previously had regarding my career goals.

From the firsts days at the Center, I was challenged with interesting tasks and I was included in a project on Russian influence in Spain and Latin America. I also collaborated in energy-related projects and had the chance to attend one of CSD's events on Russian influence in Europe. Additionally, I was introduced by my supervisor to a diplomat from Venezuela (my home country) which was definitely one of the best experiences within my internship period.

As an intern at CSD, I always had a comfortable sense of being part of the Center and of being constantly learning new things by joining interesting conversations with interns and staff members coming from all over the world. I had a unique chance to be around highly experienced researchers who encouraged me by their experience and who constantly expressed their curiosity about my and other interns' stories. I would, therefore, recommend CSD as a workplace for any curious mind willing to explore different fields of study and to enhance their CV and their contact network, all in a comfortable and international place."

Susana Correia, Venezuela, intern at CSD's Economic Program,
October 15, 2019 – April 17, 2020

"I had the incredible opportunity to intern at the Center for the Study of Democracy's Economic Program for two months. My tasks included the creation of a literature review for the project on Chinese Influence in Central and Eastern Europe, the preparation of a study detailing the different scandals in the sectors of infrastructure, wholesale pharmaceuticals, and wholesale fuels in Italy during the last 3 years for SceMaps, and the study of pro-authoritarian tendencies among Bulgarian MEPs by comparing their official websites and votes on pivotal European Parliament resolutions with their stance on authoritarianism in Russia and China in interviews, articles, and speeches.

During my stay at CSD, I learnt a lot from the incredibly dedicated staff members of the Economic Program. Despite my internship taking place in a virtual format due to the COVID-19 pandemic, the Director of the Program, Mr. Ruslan Stefanov, and my supervisor, Martin Vladimirov, did their best to make me feel welcome and informed about all the tasks that I had to complete. I hope to use my stay at CSD and the increased knowledge I received on state capture, corruption, and foreign influence both in my undergraduate study and in my prospective career in academia. I had the fortune of working in an international team, which included people from all over the world, each with their own specific educational focus. I found the chance to cooperate with them on the different tasks fun, exciting, and enriching. I would like to express my gratitude to the entire team for every piece of information and advice that they gave me and for allowing me to join them in their endeavors in such a trying time as 2020 was. I would

recommend that everyone who has even a passing interest in politics, international relations, and economics consider the prospect of interning at CSD, as it is one of the most rewarding experiences that they can acquire."

Ilia Calogero Curto Pelle,

USA/Italy/Bulgaria, intern at CSD's Economic Program,

June 1 – July 31, 2020

"I did my internship at the Security Program at CSD. It was a rewarding experience, as I was actively involved in project proposal preparation, drafting literature reviews and short reports, and helping in the writing phase. I had the possibility to engage in a variety of topics, including, but not limited to, trafficking in human beings, firearms trafficking, white-collar crime, counter-right-wing narratives, and investigative tools. This wide variety is a reflection of the expertise that you can find at CSD and it was a good possibility to challenge myself in topics that I was not familiar with, stimulating my interest every day. Yet, the greatest opportunity I had was to follow a project proposal on environmental crime from the beginning to the end. Thanks to this activity, I was involved in a great variety of assignments which taught me a great deal. It also inspired me to pursue a specialisation in environmental crime.

The security team is composed of incredible experts. They made me feel welcomed and were always available to give advice on how to better achieve the objectives of assigned tasks. In particular, Dr. Tommaso Comunale was extremely helpful in guiding me through tasks, especially at the beginning when I had little clue of what was going on. I feel that through my experience at CSD, I gained new expertise and I was able to improve my skills. I especially ameliorated my analytical skills and my writing capacities. Working with the analysts of CSD allowed me to learn every day, while benefiting from their knowledge, experience and guidance. Moreover, before the second wave of Covid-19 hit Bulgaria, the office was a lively and friendly space, hosting many interns from different nations and backgrounds, thus creating a vibrant international environment."

Elettra Campagnolo, Italy, intern at CSD's Security Program,

3 August – 23 December 2020

Consulting Arms of CSD: Vitosha Research and Project One

Vitosha Research EOOD and Project One EOOD are wholly owned by CSD and form the CSD Group. Vitosha Research EOOD had started as one of the programs of CSD dealing with sociological issues and in 2000 was set up as a separate commercial company aiming to support the long-term financial sustainability of CSD through involvement in marketing and social research. The General Manager of the company is the Director of Research of CSD.

Project One EOOD was founded after consultations with the auditing compa-

ny KPMG in order to enable CSD's participation in tenders and consultancy projects. Project One is also in charge of the management of CSD investment activities. The Manager of Project One EOOD is the Executive Director of CSD. The three organisations share facilities, human, and financial resources in order to better achieve their goals, while observing distinct separation of CSD Group's commercial and non-commercial activities.

List of Staff

Governing Board

Ognian Shentov, PhD, Chairman
Vladimir Yordanov, Executive Director
Ruslan Stefanov, Director, Economic Program

Program Board

Alexander Stoyanov, PhD, Director of Research
Ruslan Stefanov, Director, Economic Program
Dimitar Markov, Director, Law Program
Lilia Yakova, PhD, Director, Sociological Program
Rositsa Dzhekova, Director, Security Program
Milena Momchilova-Boyadzhieva, Financial Director

Economic Program

Ruslan Stefanov, Director
Todor Galev, PhD, Senior Analyst
Alexander Gerganov, PhD, Senior Analyst
Rumena Filipova, PhD, Research Fellow
Radostina Primova, PhD, Senior Analyst
Daniela Mineva, Senior Analyst
Martin Vladimirov, Senior Analyst
Mariya Trifonova, Research Fellow
Christophe Rolland, Analyst
Petar Terziev, Analyst

Law Program

Dimitar Markov, Director
Maria Yordanova, PhD, Senior Fellow
Miriana Ilcheva, Senior Analyst
Tatyana Novossioloova, PhD, Research Fellow
Maria Doichinova, Analyst

Sociological Program

Lilia Yakova, PhD, Director, Sociological Program
Mila Mancheva, PhD, Research Fellow
Gergana Tzvetkova, PhD, Research Fellow
Rosalina Todorova, Analyst

Security Program

Rositsa Dzhekova, Director
Chavdar Chervenkov, Lieut. Gen. (ret.), Senior Fellow
Emil Tsenkov, PhD, Senior Fellow
Mois Faion, PhD, Senior Fellow
Tihomir Bezlov, Senior Fellow
Atanas Rusev, PhD, Senior Analyst

Stefan Ralchev, Research Fellow
Tommaso Comunale, PhD, Analyst
Mariyan Sabev, Analyst
Nadya Stoyanova, Analyst
Goran Georgiev, Analyst

Administration

Mariana Yankova, Administrative Secretary
Milena Yordanova, Executive Assistant
Leda Kuneva, Program Assistant
Liliya Lyutakova, Program Assistant
Maria Stoyanova, Program Assistant
Dimitar Stamenov, System Administrator

Communications

Elitza Bakardjieva, Communications Officer
Galina Sapundzhieva, Communications Officer

Financial Department

Milena Momchilova-Boyadzhieva, Financial Director
Tsvetomir Avramov, Financial Officer
Petar Lozanov, Accountant

Technical Support

Boyko Tassev

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Part Three

Financial Review

Part Three

Financial Review

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Center for the Study of Democracy (The Group)

Consolidated Annual Financial Statements

31 December 2020

Independent Auditor's Report

To the General Assembly
of the Center for the Study of Democracy

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of the Center for the Study of Democracy, Sofia, and its consulting arms Vitosha Research EOOD and Project 1 EOOD (together referred to as the "Group"). These comprise the consolidated statement of the Group's financial position as of 31 December 2020 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for expression of opinion

We have performed our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities as per these standards are further described in the Auditor's Responsibility section of our report. We are independent from the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (The IESBA Code) along with the ethical requirements of the Law on the Independent Financial Audit (LIFA), applicable to our audit of consolidated financial statements in Bulgaria. We have also complied with our other ethical responsibilities as per the requirements of LIFA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information, different from the Consolidated Financial Statements and the auditor's report

The Group's management is responsible for other information. Other information comprises the report on the activity prepared by the management in accordance with Chapter Seven of the Law on Accountancy of the Republic of Bulgaria, but excludes the consolidated financial statements and our auditor's report.

Our opinion regarding consolidated financial statements does not comprise this other information and we do not express any form of conclusion about its reliability, unless it is explicitly stated in our report and to the extent to which it is stated.

In auditing consolidated financial statements, our responsibility is to read the other information and thus to assess whether this other information is substantially inconsistent with consolidated financial statements or with our knowledge obtained during the audit, or in another way appears to contain material misstatement. If, based on the work we have performed, we conclude there is material misstatement in this other information, we are required to report this fact.

We have nothing to report in this respect.

Supplementary reporting requirements laid down in the Law on Accountancy of the Republic of Bulgaria

In addition to our responsibilities and reporting in compliance with ISA, in reference to the report on the activity we have followed the procedures supplementing ISA requirements as per the Instructions of the professional organisation of certified public accountants and registered auditors in Bulgaria – Institute of Certified Public Accountants (ICPA) – issued on 29 November 2016 and endorsed by its Managing Board on 29 November 2016. These are procedures on verification whether such other information is present and on examination of its form and content, designed to assist us in forming an opinion on whether this other information contains the disclosures and reports laid down in Chapter Seven of the Law on Accountancy.

Opinion in reference to Art. 37, Para. 6 of the Law on Accountancy of the Republic of Bulgaria

On the grounds of the procedures implemented, our opinion is that:

- a) The information included in the report on the activity for the financial year for which consolidated financial statements were prepared corresponds to the consolidated financial statements.
- b) The report on the activity was prepared in compliance with the requirements of Chapter Seven of the Law on Accountancy.
- c) The report on payment to governments for the financial year for which consolidated financial statements was prepared was presented and prepared in compliance with the requirements of Chapter Seven of the Law on Accountancy.

Management's responsibility for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

During the preparation of consolidated financial statements, the management is responsible for evaluating the ability of the Group to continue its operation as a going concern, disclosing, when applicable, issues related to the assumption about a going concern and using the accounting basis on the grounds of the assumption about a going concern, unless the management has the intention to liquidate the Group or to suspend its activity, or has no other alternative but to take such action.

Auditor's responsibility

We aim to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our auditor's opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit performed in accordance with ISA shall in all cases reveal material misstatement if such misstatement is present. Misstatements may arise as a result of fraud or error and are considered material if it would be reasonable to expect that, independently or in aggregate, they could impact the economic decisions of consumers taken on the basis of these financial statements.

As part of the audit complying with IAS, we use professional judgment and keep professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error; we design and perform audit procedures in response to these risks, and we obtain sufficient and appropriate audit evidence, so as to provide basis for our opinion. The risk of not revealing material misstatement which is due to fraud, is higher than the risk of not revealing material misstatement which is due to error, as fraud could vary from secret arrangement, through forgery, intentional omissions and statements aiming to deceive the auditor, to internal control neglect or circumvention;
- consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and the related statements made by management;
- make a conclusion about the appropriateness of the accounting basis used by management on the grounds of the assumption for a going concern and the audit evidence obtained about whether material uncertainty is present concerning events or circumstances which could cause significant doubts about the ability of the Group to continue operation as a going concern. In case of finding such material uncertainty, we are obliged to draw attention in our auditor's report to the disclosures in the consolidated financial statements relevant to that uncertainty, or, in case these disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, due to future events or circumstances, the Group could suspend its operation as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether consolidated financial statements present the fundamental transactions and events in a reliable manner.

Stoyan Donev
Registered Auditor
15 July 2021
Sofia



0509 Стоян Донеv
Регистриран одитор

Center for the Study of Democracy (The Group)
Consolidated Statement of Financial Position, 31 December 2020

(all amounts in BGN thousand)	Note	As of 31 December 2020	As of 31 December 2019
Assets			
Property, plant and equipment	5	1,019	1,014
Intangible assets	6	555	136
Investment property	7	413	418
Total non-current assets		1,987	1,568
Inventories and materials		1	–
Trade and other receivables	8	425	318
Cash and cash equivalents	9	4,803	6,037
Deferred expenses		32	–
Total current assets		5,261	6,355
Long-term loan	8	122	–
Short-term loan		–	122
Total non-current financial assets		122	122
Total assets		7,370	8,045
Equity		5,896	5,757
Liabilities		–	–
Total non-current liabilities		–	–
Payables to partners and suppliers	10	30	814
Deferred financing	11	1,444	1,474
Total current liabilities		1,474	2,288
Total liabilities		1,474	2,288
Total equity and liabilities		7,370	8,045

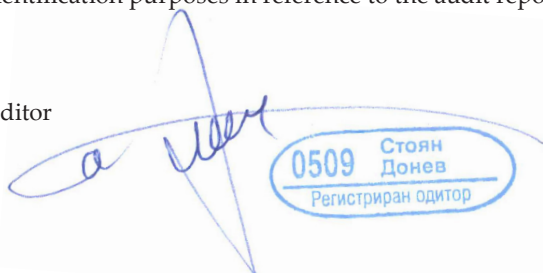
These consolidated financial statements were approved by the Governing Board on 14 July 2021. They are signed on behalf of the Governing Board by:

Vladimir Yordanov
Executive Director
14 July 2021




Initialed for identification purposes in reference to the audit report:

Stoyan Donev
Registered Auditor
15 July 2021



Center for the Study of Democracy (The Group)
Consolidated Statement of Comprehensive Income, 31 December 2020

(all amounts in BGN thousand)	Note	As of 31 December 2020	As of 31 December 2019
Revenues from grants financing	12	2,313	2,216
Cost of sales	14	(2,150)	(2,268)
Gross profit		163	(52)
Revenues	13	607	5,802
Cost of sales		(606)	(2,195)
Gross profit	14	164	3,555
Financial income		7	7
Financial expenses		(12)	(107)
Net financing costs	15	(5)	(100)
Profit before income tax		159	3,455
Income tax expense	16	(19)	(345)
Net profit for the period		140	3,110
Other comprehensive income		–	–
Total comprehensive income		140	3,110

These consolidated financial statements were approved by the Governing Board on 14 July 2021. They are signed on behalf of the Governing Board by:

Vladimir Yordanov
Executive Director
14 July 2021




Initialed for identification purposes in reference to the audit report:

Stoyan Donev
Registered Auditor
15 July 2021



Center for the Study of Democracy (The Group)
Consolidated Cash Flow Statement, 31 December 2020

(all amounts in BGN thousand)	Note	As of 31 December 2020	As of 31 December 2019
Cash generated from operations			
Profit before income tax		140	3,110
Adjustments for:			
Depreciation		52	43
Changes in working capital:			
Trade and other receivables		(111)	1,758
Trade and other payables		(815)	(441)
Net cash from operating activities		(734)	3,414
Income tax paid		(19)	(244)
Net cash generated from operating activities		(753)	4,226
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(476)	–
Dividends paid		–	–
Net cash used in investing activities		(476)	–
Cash flows from financing activities			
Loans received		–	(200)
Interest and commissions paid		(5)	(115)
Net cash used in financing activities		(5)	(315)
Net increase/(decrease) in cash and cash equivalents		(1,234)	3,911
Cash and cash equivalents at the beginning of the year		6,037	2,126
Cash and cash equivalents at the end of the year	9	4,803	6,037

These consolidated financial statements were approved by the Governing Board on 14 July 2021. They are signed on behalf of the Governing Board by:

Vladimir Yordanov
Executive Director
14 July 2021



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Stoyan Donev
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15 July 2021




Center for the Study of Democracy (The Group)
Consolidated Statement of Changes in Equity, 31 December 2020

(all amounts in BGN thousand)	<i>Note</i>	Retained earnings
Balance as of 1 January 2019		2,798
Net profit for the year		3,110
Other		(151)
Balance as of 31 December 2019		5,757
Balance as of 1 January 2020		5,757
Net profit for the year		140
Other		(1)
Balance as of 31 December 2020		5,896

These consolidated financial statements were approved by the Governing Board on 14 July 2021. They are signed on behalf of the Governing Board by:

Vladimir Yordanov
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1. Group background activities

The Center for the Study of Democracy (CSD) is a non-profit organisation domiciled in Bulgaria. The consolidated financial statements of CSD for the year ended 31 December 2020 comprise CSD and its consulting arms Vitosha Research EOOD and Project 1 EOOD (together referred to as the “Group”).

Founded in late 1989, the Center for the Study of Democracy (CSD) is a public policy institute fostering the reform process in Europe through impact on policy and civil society. CSD’s mission is “building bridges between scholars and policy-makers” and as an independent, interdisciplinary think tank it combines a broad range of capacities.

The Center for the Study of Democracy owns 100% of its consulting arms Vitosha Research EOOD and Project 1 EOOD.

Vitosha Research EOOD, established in 2000, is specialised in a wide range of research and consulting fields: social and economic policy; assessment and evaluation studies; economic and political behaviour; market research; and others.

Project 1 EOOD was established in 2003. Its main activity is managing the real estate investments of the Group and project management of the contract research of the Group.

As of 31 December 2020, the Group has 27 employees in professional and management positions, including part-time consultants, and 8 employees in administrative positions as well as 7 employees in maintenance and technical support positions.

The consolidated financial statements were approved by the Governing Board on 14 July 2021.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The consolidated financial statements comprise the financial statements of the Center for the Study of Democracy and its consulting arms as at 31 December each year. The financial statements of consulting arms are prepared for the same reporting period as the parent Group, using consistent accounting policies. For consolidation purposes, the financial

information of the Group has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

All intra-group balances, income and expenses and unrealised gains resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The consulting arms are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date on which such control ceases. Accounting policies of the consulting arms have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consulting arms are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of consulting arms by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the consulting arm acquired, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Disposals of non-controlling interests result in gains and losses for the Group that are recognised in

the income statement. Acquisitions of non-controlling interests are accounted for whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. The management relied on their own judgment when applying the accounting policy of the Group. The elements of the financial statements whose presentation includes higher degree of judgment or subjectivity and for which the assumptions and judgments have higher influence are separately disclosed in Note 4.

New and amended standards, adopted by the Group

New and amended standards and interpretations mandatory for the first time for the financial year beginning on 1 January 2020 are not early adopted by the Group because the management of the Group believes that they are not currently relevant to the Group, although they may affect accounting for future transactions and events.

2.2 Foreign currency translations

2.2.1 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency is "Bulgarian lev" or "BGN".

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation, less impairment losses, if any. Historical cost includes all expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation commences from the date the asset is available for use. Land is not depreciated as it is deemed to have an indefinite life. Assets under construction are not depreciated as not yet available for use.

The Group uses straight-line depreciation method. Depreciation rates are based on the useful life of the different types of property, plant and equipment as follows:

Buildings	25 years
Machinery and equipment	3.33 years
Vehicles	4 years
Fixtures and fittings	2 – 6.67 years

Property, plant and equipment is depreciated from the day following the acquisition date and for internally generated assets – from the day following the date of entering into use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.4 Intangible assets

Intangible assets acquired by the Group are presented at cost, less accumulated amortisation and impairment.

Subsequent expenditures

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite.

2.5 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

For the purposes of these financial statements short-term means a period within 12 months. During the year, the Group did not hold any investments in this category. The Group does not possess such financial assets as at 31 December 2020.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest rate.

Held-to-maturity

Held-to-maturity investments are fixed-maturity investments that the Group's management has the positive intention and ability to hold to maturity. These securities are included as non-current assets except for securities, reaching maturity within 12 months from the balance sheet date and which are recognised as current during the reporting period. During the year, the Group did not hold any investments in this category.

Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are investments acquired with the purpose to be owned for non-fixed period of time, which can be sold when the Group needs recourse or at change of interest rates. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or to use them as a source of working capital. In this case the investments are classified within current assets. During the year, the Group did not hold any investments in this category.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2.7.

2.6 Inventory

Inventories are stated at the lower of cost and net realisable value. Inventories are expensed using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.7 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost (using effective interest method) less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than

30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the income statement.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, as well as bank overdrafts. Bank overdrafts are shown within current borrowings in current liabilities on the balance sheet.

2.9 Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

When the use of a property changes so that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.11 Deferred tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Employee benefits on retirement

In accordance with article 222, para. 3 of the Bulgarian Labour Code, in the event of termination of a labour contract after the employee has reached the lawfully required retirement age, regardless of the reason for the termination, the employee is entitled to a compensation as follows: 2 gross monthly salaries in all cases and 6 gross monthly salaries if the employee has been engaged with the Group for at least 10 years. As at 31 December, the Group has not accounted for those potential obligations.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services

Revenue from time and material contracts, typically from delivering certain services, is recognised under the percentage of completion method. Revenue is generally recognised at the contractual rates. For time contracts, the stage of completion is measured on the basis of labour hours delivered as a percentage of total hours to be delivered.

Revenue from fixed-price contracts for delivering certain services is also recognised under the percentage-of-completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs, and are reflected in income in the period in which the circumstances that give rise to the revision become known by the management.

Revenue from grants and contributions

Grants from financing bodies are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.14 Dividend distribution

The Group does not distribute dividends.

3. Financial risk management

3.1. Impact of the general economic environment

In 2020, the global economy was severely hit by the COVID-19 pandemic. As a result of constraints on the free movement of people and goods and the rise of unemployment, all EU member states, including Bulgaria, went into a deep recession. The shock of anti-epidemic measures was mitigated by a considerable slackening of cash and budgetary restriction both globally and in the EU. The Bulgarian government was no exception, although the measures it took were narrower in scope. The COVID crisis is expected to dominate global economic activity as the major factor for the next couple of years. Bulgaria's economic growth prospects, both short and mid-term, remain uncertain. They are exacerbated by the political crisis in the country caused by failed attempts to form a regular government.

In May 2020, the EU proposed a Recovery and Resilience Plan to tackle the economic and social damages incurred by the COVID-19 pandemic. The plan was partially covered by re-allocations in the European Commission's budget. Thus, some of the EU funds to which the

Group was beneficiary have also been restructured and resources redirected to overcoming the health crisis and the consequences of the pandemic. This could reduce the Group's opportunities to apply for funding of the topics at the core of its analytical work. This type of risk will also be heightened for the period 2021 – 2022 by the EU's transition to a new programming period and the ensuing delay of announcing new funding opportunities. On the other hand, the Group is implementing over 10 actions under the Horizon 2020 program (whose total budget equals EUR 80 billion), while the budget of its successor in the next 7-year programming period – Horizon Europe – amounts to the record EUR 95.5 billion. This fact is likely to have a positive effect on the Group's activities.

The future economic direction of Bulgaria is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government of Bulgaria, together with tax, legal, regulatory and political developments. Internal political instability stayed high in 2020. Bulgaria has continued with its Eurozone and Schengen bid, and these processes are expected to continue facing difficulties and deviations from plan.

In 2020, as a next step to adopting the Euro, Bulgaria joined ERM II – the EU's exchange rate mechanism – in order to advance its economy's accession to the Eurozone. The Euro is currently the second ranking global reserve currency after the US dollar. The country will most likely adopt the Euro in 2024, which is expected to enhance foreign investments and possibly affect organisations such as the Group in a positive way. Over 50% of the funds of the Group are in its Euro bank accounts. Since 1 October 2020, the European Central Bank has been exercising direct supervision over the key credit institution in Bulgaria. The Group's bank accounts are in institutions present on this supervision list, which is an additional source of security.

The management is unable to predict all developments which could have an impact on the sector and wider economy, and consequently what effect, if any, they could have on the future financial position of the Group. However, the management's analysis shows that for the short to mid-term the risks are balanced and the general environment is likely to remain largely favourable for the development of the Group. The management will continue to monitor these risks on a regular basis and take all necessary measures to support the sustainability and development of the Group's business in the current circumstances.

3.2. Financial risk factors

The risk exposures of the Group could be determined as follows: market risk (including currency risk, price risk and risk of future cash flow changes as a result of changes in market interest rate), credit risk and liquidity risk. The Group's management focuses on the financial risk and seeks to minimise potential adverse effects on the Group's financial performance.

3.2.1. Market risk

Currency risk

The Group is not exposed to serious foreign exchange risk as most of its activities are denominated in EUR. The exchange rate of the BGN is currently pegged to the EUR. In 2020, the group had minor exposure to USD denominated projects and although the slightly negative trend of the exchange rate USD/BGN resulted in a small foreign exchange loss, it did not affect significantly the financial position of the Group.

The Group's management does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

Price risk

The Group's management considers the price risk in the context of the future revenues that are expected to be generated in the operating activity of the Group.

3.2.2. Cash flow and fair value interest rate risk

The Group increased its interest-bearing assets and due to the zero rate of interest policy of the banks this is unlikely to result in higher revenues and could even lead to risks of penalty interest for excessive liquidity because overall bank liquidity leads to increase of their costs for maintenance of the available cash. The Group analyses its interest rate exposure on a dynamic basis and addresses the underlying risk.

3.2.3. Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

3.2.4. Liquidity risk

In the context of its underlying activities, the Group is able to maintain flexibility in funding and to use credit lines, overdrafts and other credit facilities if necessary.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Center for the Study of Democracy (The Group)
Notes to the Consolidated Annual Financial Statements, 31 December 2020
(all amounts in BGN thousand, unless otherwise stated)

As of 31 December 2020	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	30	–	–	–
As of 31 December 2019	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	814	–	–	200

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The authenticity of accounting estimates and judgments is monitored regularly.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful life of property, plant and equipment

The presentation and valuation of property, plant and equipment requires the management to estimate their useful life and remaining value. The management assesses at the end of each accounting period the determined useful life of the property, plant and equipment.

Impairment of loans and receivables

Impairment of receivables is determined based on management's expectations for the collectability of the loans and receivables. As at the date of preparation of the financial statements, the management reviews and assesses the existing receivables' balances for collectability.

5. Property, plant and equipment

Cost	As of 31 December 2019	Additions	Disposals	As of 31 December 2020
Land	413	–	–	413
Computers	268	19	–	287
Vehicles	243	–	–	243
Fixtures & fittings	111	–	–	111
Other assets	8	–	–	8
Assets under construction	599	–	–	599
Total	1,642	19	–	1,661
Depreciation	As of 31 December 2019	Additions	Disposals	As of 31 December 2020
Land	29	–	–	29
Computers	255	11	–	266
Vehicles	243	–	–	243
Fixtures & fittings	99	3	–	102
Other assets	2	–	–	2
Assets under construction	–	–	–	–
Total	628	14	–	642
Carrying amount	As of 31 December 2019	Additions	Disposals	As of 31 December 2020
Land	384	–	–	384
Computers	13	8	–	21
Vehicles	–	–	–	–
Fixtures & fittings	12	(3)	–	9
Other assets	6	–	–	6
Assets under construction	599	–	–	599
Total	1,014	5	–	1,019

Center for the Study of Democracy (The Group)
Notes to the Consolidated Annual Financial Statements, 31 December 2020
(all amounts in BGN thousand, unless otherwise stated)

6. Intangible assets

Cost	As of 31 December 2020	Additions	Disposals	As of 31 December 2020
Software	524	–	–	524
Others	202	454	–	656
Total	726	454	–	1,180
<hr/>				
Depreciation	As of 31 December 2020	Additions	Disposals	As of 31 December 2020
Software	521	–	–	521
Others	69	35	–	104
Total	590	35	–	625
<hr/>				
Carrying amount	As of 31 December 2020	Additions	Disposals	As of 31 December 2020
Software	3	–	–	3
Others	133	419	–	552
Total	136	419	–	555

7. Investment property

	For the year ending:	
	31 December 2020	31 December 2019
As of 1 January		
Carrying amount at the beginning of the period	418	354
Depreciation charge	(5)	64
Carrying amount at the end of the period	413	418
<hr/>		
As of 31 December		
Cost	511	513
Accumulated depreciation	(98)	(95)
Carrying amount	413	418

Investment properties of the Group consist of land and buildings acquired in the period 2005 – 2006. Investment property is presented at cost less accumulated depreciation and impairment losses.

8. Loan, trade and other receivables

	For the year ending:	
	31 December 2020	31 December 2019
Short-term receivables		
Trade receivables	368	313
Less: impairment provision of trade payables	–	–
Trade receivables, net	368	313
VAT refund	54	–
Other	3	5
Total receivables	425	318

	For the year ending:	
	31 December 2020	31 December 2019
Loan receivables		
Long-term loan	122	–
Short-term loan	–	122
Less: impairment provision of trade payables	–	–
Total long-term receivables	122	122

The carrying amount of trade and other receivables approximates their fair value.

9. Cash and cash equivalents

	For the year ending:	
	31 December 2020	31 December 2019
Cash at hand	17	10
Cash in bank current accounts	4,786	6,027
Total cash and cash equivalents	4,803	6,037

10. Trade and other payables

	For the year ending:	
	31 December 2019	31 December 2019
Short-term liabilities		
Payables to suppliers	1	40
Salaries and social security payables	14	12
Corporate tax payables	6	105
Other	9	657
Total short-term liabilities	30	814

11. Deferred financing

	For the year ending:	
	31 December 2020	31 December 2019
Central European Initiative (CEI) – Capacity Building for Implementing Innovative EU Monitoring Tools for Good Governance and Anti-Corruption	2	26
Network of European Foundations (NEF) – Provocation and Resilience: The Differential Challenge of and Response to Russian Disinformation in Western and Central-East Europe	68	62
European Commission (EC) – Anti-Trafficking Stakeholders and Economic Sectors Networking, Cooperation to Combat the Business of Human Trafficking Chain (NET-COMBAT-THB CHAIN)		5
EC – Assessing the Risk of Social Isolation of Suspects and Accused: The Impact of the Media (ARISA 2)	75	115
EC – Central and Eastern European Network for the Prevention of Intolerance and Group Hatred (CEE Prevent Net)		2
EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Monitoring, Advocacy and Awareness Raising (SELDI)		47
EC – Contexts of Extremism in MENA and Balkan Societies (CONNEKT)	60	
EC – Efficient Risk-Based Inspection of Freight Crossing Borders without Disrupting Business (ENTRANCE)	78	
EC – European Integrated Infrastructure for Social Mining and Big Data Analytics (SoBigData-PlusPlus)	102	
EC – Fighting against Anti-Gypsism through Training of Professionals and Empowerment of Roma Communities (Latcho Drom)		10
EC – Flows of Illicit Funds and Victims of Labour Trafficking; Unrevealing the Complexities (FLOW)		31
EC – ICT Enabled Public Services for Migration (MIICT)	54	93
EC – Implementation of the Stockholm’s Roadmap in Cases of Terrorism and Radicalisation (FAIRNESS)	6	39
EC – IT Tools and Methods for Managing Migration Flows (ITFLOWS)	133	
EC – Judicial and Police Cooperation Preventing Radicalisation towards Terrorism (JP-COOPS)	15	25

EC – Launch and Implementation of Diversity Charter in Bulgaria (DIVERSE.BG)	15	38
EC – Methodology for Assessing States’ Capacity for Countering the Hostile Misuse of CBRN Knowledge and Materials (MASC-CBRN)	149	216
EC – Offenders with Psycho-Social and Intellectual Disabilities: Identification, Assessment of Needs and Equal Treatment (OPSIDIANET)		55
EC – Assessing Impact and Performance of Preventive Measures on EU Directives and Framework Decisions (PRE-RIGHTS)	46	62
EC – Radicalisation, Secularism and the Governance of Religion: Bringing Together European and Asian Perspectives (GREASE)	27	35
EC – Real Value of Energy Efficiency (REFEREE)	231	
EC – Resilient Youth against Far-Right Extremist Messaging Online (YouthRightOn)	5	103
EC – State Capture Estimation and Monitoring of Anti-Corruption Policies at the Sectoral Level (SceMaps)	16	154
EC – Supporting Consumer Co-Ownership in Renewable Energies (SCORE)		29
EC – Towards a More Responsive Victim-Centered Approach of the Criminal Justice System (RE-JUST)		26
EC – Training Lawyers, Prosecutors, Judges to Ensure Better Rights Protection for Migrants and Refugees Victims of Human Trafficking (TRAIN PRO RIGHTS)	6	4
EC – Understand the Impact of Novel Technologies, Social Media, and Perceptions in Countries Abroad on Migration Flows and the Security of the EU & Provide Validated Counter Approaches, Tools and Practices (PERCEPTIONS)	81	85
European Climate Foundation (ECF) – EU Calculator – Long-Term Decarbonisation Pathways for Bulgaria (Project No G-1905-59479)		8
ECF – Assessment of Chinese Economic Influence in Central and South East Europe (Project No G-2004-60312)	37	

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ECF – Enhancing Bulgaria’s Green Recovery and Transition Process by Supporting the Effective Operation of the Consultative Council and Assessing, Proposing, and Promoting Different Policy Options Based on Good EU and International Practices (Project No G-2005-60565)	26	
ECF – Long-Term Decarbonisation Trajectories for Bulgaria (Project No G-2009-60916)	38	
ECF – Assessing the Feasibility of Offshore Wind Power Plant Projects in the Bulgarian Section of the Black Sea (Project No G-2009-60941)	19	
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH – South East Europe Energy Transition Dialogue (EUKI)		36
National Endowment for Democracy (NED) – Understanding and Responding to Foreign Malign Influence (Grant No 2019-1170)		70
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2018-1170)		27
Open Information Partnership (OIP) – Improving CSD Technical and Research Capacity for Countering Manipulation of Information		15
Open Society Institute – Sofia – Countering Conventional Crime through Monitoring and Raising Civil Awareness		13
Open Society Foundation London – Facilitating Access to and Take Up of Youth Guarantee Measures by Roma Youth in Bulgaria, Hungary and Romania (Mind the Gap!)		3
PMI IMPACT – The ITTP along the Balkan Route: Addressing Institutional Gaps and Corruption		36
Other	62	
Total deferred financing related to projects	1,430	1,470
Financing for acquisition of fixed assets	14	4
Total deferred financing	1,444	1,474

12. Revenues from grants financing

Revenues from grants financing and other project for the respective periods are as follows:	For the year ending:	
	31 December 2020	31 December 2019
Open Society Institute – Sofia – Countering Conventional Crime through Monitoring and Raising Civil Awareness	201	20
ECF – Strategic Investment Plans 2019 (Project No G-1909-59630)		54
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2019-1170)	141	14
EC – Fighting against Anti-Gypsism through Training of Professionals and Empowerment of Roma Communities (Latcho Drom)	15	8
EC – Training Lawyers, Prosecutors, Judges to Ensure Better Rights Protection for Migrants and Refugees Victims of Human Trafficking (TRAIN PRO RIGHTS)	23	20
EC – Understand the Impact of Novel Technologies, Social Media, and Perceptions in Countries Abroad on Migration Flows and the Security of the EU & Provide Validated Counter Approaches, Tools and Practices (PERCEPTIONS)	43	6
EC – Implementation of the Stockholm’s Roadmap in Cases of Terrorism and Radicalisation (FAIRNESS)	33	3
U.S. Department of State – Exposing Russian Information Operations in Frontline States: Automated Analysis, Monitoring and Vulnerability Assessment (HADES)	61	45
Network of European Foundations (NEF) – Provocation and Resilience: The Differential Challenge of and Response to Russian Disinformation in Western and Central-East Europe	86	52
EC – Judicial and Police Cooperation Preventing Radicalisation towards Terrorism (JP-COOPS)	10	14
EC – State Capture Estimation and Monitoring of Anti-Corruption Policies at the Sectoral Level (SceMaps)	130	115
EC – Resilient Youth against Far-Right Extremist Messaging Online (YouthRightOn)	97	115
EC – ICT Enabled Public Services for Migration (MIICT)	62	64

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Central European Initiative (CEI) – Capacity Building for Implementing Innovative EU Monitoring Tools for Good Governance and Anti-Corruption	3	3
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2018-1170)	27	213
EC – Flows of Illicit Funds and Victims of Labour Trafficking; Unrevealing the Complexities (FLOW)	75	70
EC – Central and Eastern European Network for the Prevention of Intolerance and Group Hatred (CEE Prevent Net)	9	11
EC – Launch and Implementation of Diversity Charter in Bulgaria (DIVERSE.BG)	52	74
EC – Towards a More Effective Rights Protection and Access to Judicial Procedures for Victims of Crimes (JUSTICE FOR WOMEN)	14	33
EC – Anti-Trafficking Stakeholders and Economic Sectors Networking, Cooperation to Combat the Business of Human Trafficking Chain (NET-COMBAT-THB CHAIN)	27	42
EC – Strategic Assessment for Law and Police Cooperation (SAT-LAW)	30	53
EC – Offenders with Psycho-Social and Intellectual Disabilities: Identification, Assessment of Needs and Equal Treatment (OPSIDIANET)	67	62
EC – Adapting Learning in Inclusive Communities and Environment (ALICE)	–	62
EC – Love Moves: The Rights of Recognized Same-Sex Partners Moving across the EU	–	36
EC – Supporting Consumer Co-Ownership in Renewable Energies (SCORE)	92	85
EC – Preventing and Combatting Racism and Xenophobia through Social Orientation of Non-Nationals (RACCOMBAT)	–	48
EC – Pro Victims Justice through an Enhanced Rights Protection and Stakeholders Cooperation (PRO VICTIMS JUSTICE)	–	25
EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Monitoring, Advocacy and Awareness Raising (SELDI)	57	38

EC – Judicial Strategy against all Forms of Violent Extremism in Prison (J-SAFE)	33	29
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH – South East Europe Energy Transition Dialogue (EUKI)	86	56
EC – Radicalisation, Secularism and the Governance of Religion: Bringing Together European and Asian Perspectives (GREASE)	128	82
Ministry of Interior of the Republic of Bulgaria – Assessing the Threat of Organised Crime in Bulgaria (BOCTA)		76
EC – Enabling the Energy Union through Understanding the Drivers of Individual and Collective Energy Choices in Europe (ENABLE.EU)	–	149
EC – Integrated Community, Probation, and Prison Services Radicalisation Prevention Approach (INTEGRA)	19	41
EC – Enhancing the Integration of Women, Beneficiaries of International Protection by Development and Implementation of Multifaceted Integration Trainings (INTEGRA TRAIN)		33
Center for International Private Enterprise (CIPE) – Closing Governance Gaps to Promote Resilient Economies		43
EC – Assessing the Risk of Isolation of Suspects and Accused (ARISA)		46
Open Society Foundation London – Facilitating Access to and Take Up of Youth Guarantee Measures by Roma Youth in Bulgaria, Hungary and Romania (Mind the Gap!)		57
Smith Richardson Foundation – The Kremlin Playbook 2: The Enablers		28
EC – Law, Economy, Competition and Administration – Developing an Interdisciplinary Approach in the Fight against Public Procurement Criminality		
Open Society Institute Budapest Foundation – State Capture Risks in Europe: Monitoring and Policy Options		72
EC – Towards a More Responsive Victim-Centered Approach of the Criminal Justice System (RE-JUST)	29	

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EC – Contexts of Extremism in MENA and Balkan Societies (CONNEKT)	97	
EC – Assessing the Risk of Social Isolation of Suspects and Accused: The Impact of the Media (ARISA 2)	36	
EC – Methodology for Assessing States' Capacity for Countering the Hostile Misuse of CBRN Knowledge and Materials (MASC-CBRN)	60	
EC – Challenging Anti-Gypsyism by Roma Empowerment for Countering Disinformation and Fake News in Bulgaria (Care for Truth)	31	
EC – Alternative Pre-Trial Detention Measures: Judicial Awareness and Cooperation towards the Realisation of Common Standards (PRE-TRIAD)	32	
ECF – Assessment of Chinese Economic Influence in Central and South East Europe (Project No G-2004-60312)	35	
Other projects	317	119
Total revenues from grants financing	2,289	2,216
Revenue from unconditional donations	7	130
Revenues from regulated activity		70
Other revenues	17	7
Total revenues	2,313	2,423

13. Revenues from services and other activities

Revenue	For the year ending:	
	31 December 2020	31 December 2019
Sale of services	606	683
Revenue from unconditional donations	1	338
Revenues from sale of assets	–	4,694
Other revenues	–	87
Toal revenue	607	5,802

14. Cost of sales and administrative expenses

	For the year ending:	
	31 December 2020	31 December 2019
Cost of sales	2,150	2,268
Administrative expenses	606	2,195
Total expenses	2,756	4,463

Cost of sales, administrative and other expenses include:

	For the year ending:	
	31 December 2020	31 December 2019
Expenses for materials	14	18
Hired services	857	1,295
Depreciation and amortisation	52	43
Salaries and wages	1,562	1,310
Social securities	226	193
Other expenses	45	555
Write off (asset sale)	—	1,049
Total expenses	2,756	4,463

15. Finance costs, net

Finance costs, net	For the year ending:	
	31 December 2020	31 December 2019
Dividends income	—	—
Interest expense	—	(80)
Interest income	7	—
Interest, net	7	(80)
Foreign exchange income	—	7
Foreign exchange expense	(9)	(18)
Foreign exchange, net	(9)	(11)
Other financial income	—	—
Other financial expenses	(3)	(9)
Other financial, net	(3)	(9)
Finance costs, net	(5)	(100)

16. Income tax

The major components of income tax expense for the year ended 31 December 2019 and the period ended 31 December 2020 are:

	As of 31 December 2020	As of 31 December 2019
Current tax	19	345
Income expense	19	345

The official rate stated in the Corporate Tax Law for 2020 was set to 10% (2019:10%). Deferred taxes are calculated on all temporary differences under the balance method using this effective tax rate.

Movement in deferred tax

	Balance as of 1 January 2020	Movement	Balance as of 31 December 2020
Property, plant and equipment	–	–	–
Trade payables	–	–	–
Net deferred tax asset/liability	–	–	–

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional taxes and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

There have been no tax checks performed in recent years.

17. Related parties

The Group is related party to the Applied Research and Communication Fund and its consulting arms.

The following transactions occurred during the year:

Related party	Transactions during the year	January – December		31 December		31 December	
		2020	2019	2020	2019	2020	2019
		<i>Transactions</i>		<i>Receivables</i>		<i>Payables</i>	
Applied Research and Communications Fund	Rental contract	81	51	–	–	–	–
ARC Consulting EOOD	Consulting services/ Rental contract	19	(205)	–	–	–	–
IR Communications	Loan agreement	–	(200)	–	–	–	–
Bulgarian Association for Policy Evaluation	Loan agreement	–	–	142	142	–	–
		<u>100</u>	<u>(354)</u>	<u>142</u>	<u>142</u>	<u>–</u>	<u>–</u>

Transactions with directors and other members of the management

The total amount of the remunerations and social contributions included in the expenses for external services is as follows:

	2020	2019
Board of Trustees and Executive Directors	<u>287</u>	<u>280</u>

18. Events after the balance sheet date

There were no events after balance date requiring corrections of the financial statements or disclosures.