

# CENTER FOR THE STUDY OF DEMOCRACY

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ANNUAL REPORT 2021



Building bridges



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**CENTER FOR THE STUDY OF DEMOCRACY  
2021 ANNUAL REPORT**

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Drawing: Anri Koulev

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5 Alexander Zhendov St., 1113 Sofia, Bulgaria

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# 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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# Table of Contents

INTRODUCTION .....	7
<b>PART ONE: PROGRAM REVIEWS</b> .....	9
<b>LAW PROGRAM</b> .....	11
I. CRIME AND JUSTICE .....	12
II. VICTIMS OF CRIME.....	14
III. MIGRATION AND INTEGRATION .....	15
IV. FUNDAMENTAL RIGHTS .....	16
<b>ECONOMIC PROGRAM</b> .....	19
I. TRANSITION TO A LOW-CARBON ECONOMY .....	20
II. FOREIGN AUTHORITARIAN INFLUENCE .....	24
III. COUNTERING CORRUPTION AND STATE CAPTURE .....	28
IV. HIDDEN ECONOMY AND UNDECLARED WORK .....	29
V. COMPETITIVENESS AND INNOVATION .....	29
<b>SECURITY PROGRAM</b> .....	33
I. CONVENTIONAL CRIME .....	34
II. ORGANISED CRIME .....	35
III. RADICALISATION AND VIOLENT EXTREMISM .....	36
IV. EVALUATION OF POLICIES IN THE FIELD OF SECURITY AND HOME AFFAIRS .....	39
<b>SOCIOLOGICAL PROGRAM</b> .....	41
I. MANAGING MIGRATION FLOWS .....	42
II. SOCIAL INCLUSION OF VULNERABLE GROUPS.....	42
III. GOVERNANCE OF RELIGIOUS DIVERSITY AND PREVENTION OF RELIGIOUSLY-MOTIVATED RADICALISATION .....	43
IV. ENERGY CITIZENSHIP AND ENERGY DEMOCRACY .....	46
<b>PART TWO: ADMINISTRATION AND MANAGEMENT</b> .....	47
<b>INSTITUTIONAL DEVELOPMENT</b> .....	49
<b>COMMUNICATIONS</b> .....	50
<b>INTERNSHIP PROGRAM</b> .....	51
<b>CONSULTING ARMS OF CSD: VITOSHA RESEARCH         AND PROJECT ONE</b> .....	53
<b>LIST OF STAFF</b> .....	54
<b>PART THREE: FINANCIAL REVIEW</b> .....	57

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# Introduction

The global crisis that the pandemic caused in 2020 was also the core issue of 2021, and the new normal of working at the office alongside working from home is apparently here to stay. With a lot of resilience, CSD continued to work in this hybrid format in a number of key areas:

- countering corruption and state capture, especially in the Western Balkans by establishing a new regional good governance platform, and across Europe by applying state capture monitoring instruments at the sectoral level; further analysing authoritarian economic and media influence;
- prioritising energy governance, energy security and green transition and charting paths to a low-carbon future in the current policy debates in Europe;
- providing assessments of organised crime risks in emerging markets, countering radicalisation among youth and right-wing extremism;
- promoting fundamental rights and equality, integration of migrants, diversity and social inclusion; assessing the influence of technology and social media platforms on human rights, the quality of public debate and democracy.

For over 20 years, CSD focused on coalition building and monitoring to counter corruption – both administrative and political. *Clean Future* – the Anti-Corruption Action Plan adopted in 1998, gained credit and was used in other countries as a model for mapping out national anti-corruption priorities. At that time, the Bulgarian anti-corruption plan was considered the most comprehensive and ambitious document of its kind. The SELDI initiative, established in 1999 and successfully functioning up to the present day, applied this approach and the corruption monitoring instruments (followed by tools to monitor anti-corruption policies and measures) in the region of Southeast Europe. The *Corruption Monitoring System* (CMS) was acknowledged as the best national-level CMS and included in the United Nations anticorruption toolkit. In 2003, a CSD representative took part in the high-level political signing conference for the United Nations Convention against Corruption, where CSD's experience was showcased. In the last 5–6 years, the Center has focused its efforts on tackling political corruption and its most treacherous manifestation – state capture, which is institutionalised political corruption. Once again, CSD developed and piloted in a number of European countries an innovative instrument for measuring state capture – the *State Capture Assessment Diagnostics*.

This is the reason CSD is extremely content that 2021 became a turning point in the development and implementation of a global policy response to corruption. This endeavour was led internationally by the USA, who established the fight against corruption as a core U. S. national security interest. More comprehensive anti-corruption measures and policies began to emerge also in the EU. This makes us truly hopeful that the joint efforts of governments and civil society will be able to effectively rein in corruption and transnational organised crime and reverse the rise of authoritarianism and the erosion of democracy.



Dr. Ognian Shentov  
Chairman

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# **Part One**

## **Program Reviews**

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## Law Program

In 2021, the Law Program worked on four main topics: crime and justice, victims of crime, migration and integration, and fundamental rights.

- **Crime and justice.** Work in this area focused on the prevention of and fight against radicalisation, violent extremism and terrorism. Additional efforts were invested in protecting the rights of suspects and accused by enhancing the presumption of innocence in the context of media coverage of criminal proceedings, improving the capacity of judicial and law-enforcement authorities to properly disclose information on criminal cases, and promoting alternatives to pre-trial detention.
- **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 and included trainings and capacity building workshops.
- **Migration and integration.** CSD focused on eradicating the discrimination and marginalisation of vulnerable groups, such as migrants and Roma. Efforts were directed at enhancing social inclusion through modern technologies such as ICT-based public services, improving vulnerable groups' access to basic services and ensuring their civil and social rights, for instance, the rights to housing, employment, and education. The impact of perceptions on migration flows and related border security concerns were also examined.
- **Fundamental rights and equality.** As a member of the FRANET network of the EU Fundamental Rights Agency, CSD collected data and conducted field-work research for the Agency's comparative studies. Research topics included, among others, children in criminal proceedings, detention conditions, migration, and fundamental rights implications of COVID-19. CSD continued to promote the Bulgarian Diversity Charter, which attracted new signatories, and granted its first Diversity@Work Award.

## I. Crime and justice

In 2021, CSD continued to actively contribute to several pan-European initiatives aimed to strengthen the capacity of judicial, police, and correctional services for preventing and countering radicalisation, violent extremism and terrorism.

Seeking to facilitate **decision-making on cases of radicalisation**, and to support prison and probation staff in the execution of sentences, on 21 December 2020, CSD, in collaboration with the General Directorate for Execution of Sentences at the Bulgarian Ministry of Justice and experts of the Italian Ministry of Justice, held an [online train-the-trainer course](#) on countering radicalisation in prisons. The course was aimed at professionals within the penitentiary system and involved the use of innovative internet-based applications with elements of virtual reality.

Considering that terrorism and radicalisation are transboundary issues, CSD continued to work for enhancing the **cross-border cooperation between stakeholders** at the EU level through expansion of existing grassroots legal training networks and delivery of up-scalable capacity-building tools adaptable to the national contexts. Efforts in this direction combined a train-the-trainer methodology with a cascade training for relevant practitioners. Another topic explored during the year was the implementation of the Stockholm Roadmap in cases of terrorism and radicalisation with the purpose of promoting the harmonisation of counter-terrorism and counter-radicalisation policies and practices with criminal procedural rights standards. To raise awareness and engage public and civil society stakeholders, a series of publications that examine the application of

human rights law at the different stages of terror-related criminal proceedings were developed, including two comparative legal studies on the [implementation of the Stockholm Programme Roadmap in terror-related cases](#) and on the [legal and policy landscape for upholding criminal procedural rights in the context of counter-terrorism](#), as well as a [brochure](#) on data sharing on terror-related crime suspects and accused persons in the context of the Stockholm Programme.

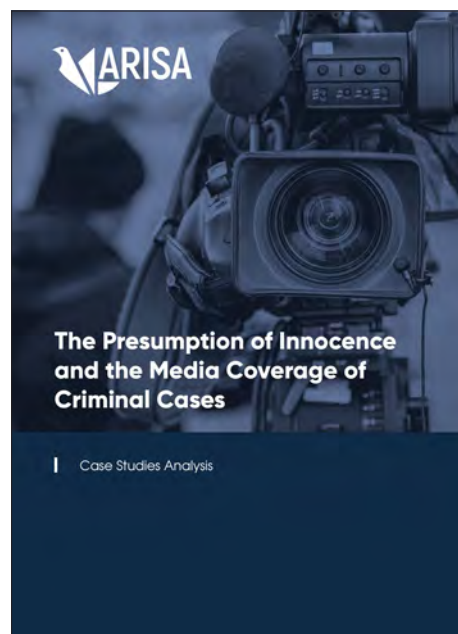
To strengthen the capacity of national judicial and police authorities to effectively implement the available instruments for international cooperation in criminal matters, CSD focused its efforts on [promoting the use of the European Investigation Orders \(EIO\)](#). Following up on the Judicial Living Lab held in 2020, in 2021 CSD developed a factsheet on the EIO and money laundering offences and further promoted the topic by producing two blog posts (on the link between the [EIO and fundamental rights](#) and on

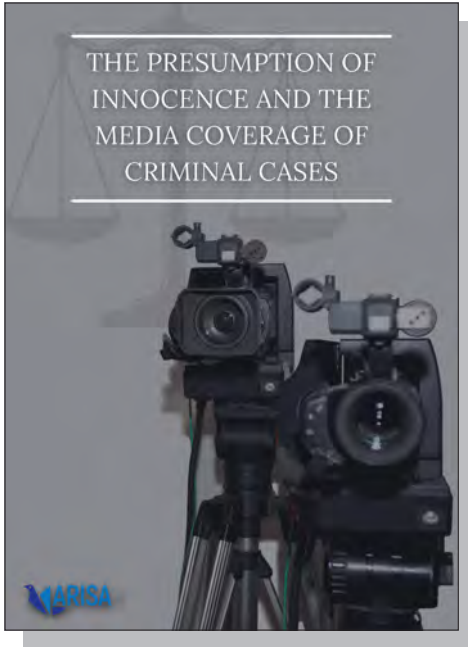




the [Bulgarian experience in implementing EIO](#)) and taking part in an [best practices sharing conference](#) held in Venice on 22–23 September 2021.

The **rights of persons suspected or accused** of committing a crime continued to be a main topic of CSD’s activities in the area of crime and justice. In cooperation with partners from Italy, Spain and Greece, CSD explored the [link between the presumption of innocence and media coverage of criminal cases](#), in particular the impact on suspects and accused of the disproportionate disclosure of information about criminal proceedings and the way criminal cases are reported by the media. In 2021, CSD produced several reports shedding light on different problems related to the implementation of the presumption of innocence in highly publicised criminal cases. The collection *The Presumption of Innocence and the Media Coverage of Criminal Cases* (also available as an [interactive online publication](#) and accompanied by a special [promotional video](#)) presents a compilation of articles that tackle various aspects of the issue, including ECHR case law and media coverage of terrorism cases. It was followed by a case study





report suggesting standards to judicial authorities and the media based on the analysis of selected [criminal cases](#) from different countries across the EU. A particular focus was also put on the development of unified international standards for communicating information to the public that aim to ensure the proper observation of the presumption of innocence while reporting details about pending criminal proceedings. The standards were formulated specifically to serve as guiding principles to public authorities and media practitioners.

Building upon its long track record in **prison research**, CSD continued to actively promote the [increased use of alternatives to pre-trial detention](#), in particular by laying the groundwork for the application of common fundamental rights standards with respect to pre-trial detention and its alternative measures. In 2021, the CSD team contributed to two major reports on the topic: [Legislative analysis and pre-trial detention impacts](#)

and [Pre-trial detention alternatives: best practices mapping](#).

The ongoing progress of science and technology in the twenty-first century poses multifaceted security and legal challenges by exacerbating known and enabling novel forms of crime. To respond to these challenges, CSD continued to work towards the development and introduction of a [methodology](#) for assessing states' capacity for countering the misuse of CBRN knowledge and materials that aims to enhance understanding of **emerging chemical, biological, radiological, and nuclear threats**, and inform the development of comprehensive risk-based approaches for strengthening relevant rules and international norms.

## II. Victims of crime

CSD continued its efforts towards improving the situation of victims of crime through streamlining multidisciplinary work for their protection, especially of women, children and migrant victims, and through enhancing stakeholder cooperation.

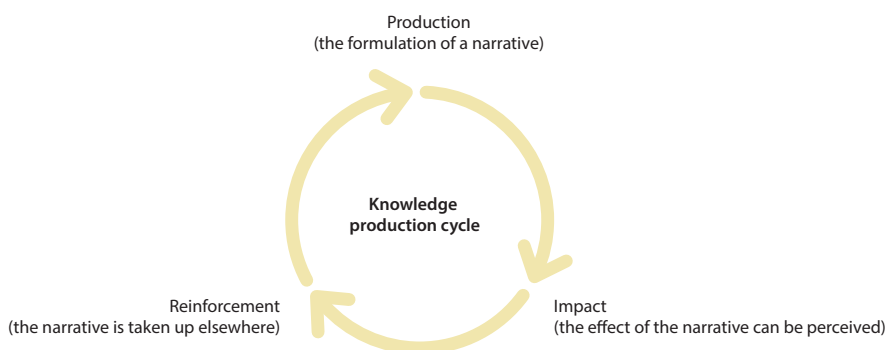
In an effort to improve the criminal justice response towards the needs of victims, CSD, together with partners from Romania, Germany, Finland and Spain, developed an [Action plan for developing victim-centred and trauma-informed criminal justice system](#). The action plan combines knowledge and ideas from different disciplines (law, criminology, and psychology) and builds on the idea that the protection of victims should be understood and achieved on multiple fronts, via legislation, in criminal proceedings as well as in society. The challenges and perspectives before the victims of crime amid the COVID-19 pandemic and political instability in Bulgaria

were discussed at a national **round-table discussion** with representatives of law-enforcement, the prosecution, NGOs and the academia. Among the topics debated were: legislation reforms and multidisciplinary cooperation and referral mechanisms, support services to victims of crime and the wider recognition of electronic evidence, further improvement and adaptation of the services provided to vulnerable group of victims of crime experiencing violence (women, girls, children, etc.), specific challenges related to the new types of violence in a digital environment, introduction of restorative justice, prevention of victimisation, and the balance between practitioners' professional training and the support provided to victims. To further promote the results of its work at EU level, CSD delivered a presentation at the international conference *Talking about trauma: Towards a victim-centred criminal justice system* held online on 17 September 2021.

### III. Migration and integration

CSD continued its effort to explore **new technologies for better integration of refugees and migrants**, in particular for facilitating their interaction with institutions and service providers. Together with fourteen research institutes, government agencies and private companies from all across Europe, CSD supported the sustained service delivery of the IMMERSE Platform, containing a wide spectrum of resources and services for migrants from job offers to institutional contacts. Experts from the Center carried out an in-depth analysis of migrant and service provider feedback in Spain collected throughout the course of the past year. CSD additionally contributed to the upcoming academic handbook *Information and Communications Technology in Support of Migration – Security Informatics and Law Enforcement* with a critical chapter on key stakeholders' role in the creation

#### The knowledge production cycle



*Source: CSD study on migration narratives (as presented during the 18<sup>th</sup> IMISCOE Conference 7 – 9 July 2021).*

and distribution of narratives about migration and integration. A preliminary version of this research was presented during the *18<sup>th</sup> Annual International Migration, Integration and Social Cohesion in Europe (IMISCOE) Conference* (7–9 July 2021, Luxembourg/online) in collaboration between CSD and Sheffield Hallam University.

CSD continues to actively participate in the joint initiative of 25 research institutes and law-enforcement authorities from 15 countries aimed to explore the **impact of novel technologies and social media on perceptions of Europe in countries abroad**. In 2021, the CSD team contributed to the publication of the brochure *Migration to the EU: A Review of Narratives and Approaches*, presenting the current knowledge on **migration narratives about the European Union and the approaches to migration** across different countries. It maps the landscape of narratives on migration and Europe as a basis to understanding migration flows and decisions as well as migration-related policies, perceived threats, and best practices to address migration challenges at the local, national and international levels.

In the field of integration and social inclusion, CSD continued to support the prevention of and fight against anti-Gypsyism through training of professionals and empowerment of Roma. In 2021, CSD jointly with partner organisations from Italy developed an action plan for implementing a pilot model that brings together Roma communities, local authorities, professionals and the civil society. The purpose of the action plan is to prevent discrimination and promote social integration in key areas such as access to services, education, and housing.

#### IV. Fundamental rights

In 2021, CSD was involved in several activities that aimed to strengthen fundamental rights in Bulgaria through monitoring and evaluation of the potential risks of violation, including in the context of the ongoing state of emergency due to the Covid-19 pandemic.

The **Bulgarian Diversity Charter**, a joint initiative of CSD and the Bulgarian Business Leaders Forum designed to encourage **social inclusion in the workplace**, continued to attract new signatories. Since its launch in September 2020, the Charter has been signed by 35 Bulgarian companies and civil society organisations. On 11 May 2021, in the framework of the European Diversity Month, the Charter held its first **webinar** on sharing best practices in diversity and inclusion in the workplace. The event featured a keynote address by a senior officer from the European Platform of Diversity Charters with the European Commission. Earlier during the year, the Charter announced the first winner of the Diversity@Work Award granted to companies that implement and promote policies of equal treatment, diversity and inclusion.

As a member of the **FRANET** 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 FRA's annual *Fundamental Rights Report*, CSD delivered reports on the legal environment and space of civil society organisations in supporting fundamental rights, on guardianship systems for unaccompanied children, and on criminal detention conditions. The periodic reporting on the migration situation in Bulgaria that started back in 2015 continued for

a sixth consecutive year (the full collection of monthly reports is published on the [FRA website](#)), and the new periodic reporting on the fundamental rights implications of the COVID-19 pandemic which started in 2020 resulted in the publication of a seventh consecutive [bulletin](#).

In 2021, CSD was involved in FRA's research on procedural safeguards for children who are suspects or accused persons in criminal proceedings. CSD experts conducted interviews with judges, prosecutors, police officers, lawyers, social experts and psychologists as well as with children involved in criminal proceedings, and delivered two country studies up for publication next year. At the same time, the results of the fieldwork on the presumption of innocence, in which CSD was involved, were officially released by FRA in March 2021 with the publication of the report *Presumption of innocence and related rights: Professional perspectives*. CSD also continued to support the joint initiative of FRA and the Bulgarian National Statistical

Institute on developing novel approaches to generating data on hard-to-reach populations at risk of violation of their rights.

Fundamental rights were also in the focus of some of CSD's radicalisation-related initiatives. On 24 November 2021, CSD held an online [training](#) event entitled "Fundamental Rights in the Context of Prevention and Countering of Radicalisation and Terrorism". The event brought together legal, judicial, and law-enforcement professionals, as well as academic practitioners. CSD is also involved in activities aimed at strengthening international cooperation in the area of radicalisation with a special focus on fundamental rights and with the objective to achieve better coordination and cooperation 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 2021, the Economic Program focused on the following topics:

- **Transition to low-carbon economy.** CSD continued to analyse the green recovery pathways to Bulgaria's carbon neutrality by 2050 in light of the ambitious targets set by the European Green Deal. The Economic Program prepared guidelines for developing a comparative evaluation framework for the Territorial Just Transition Plans (TJTPs), and underlined that carbon neutrality can be achieved through clean electrification, resilient and modern power grid, and a comprehensive strategy for tackling energy poverty. The CSD experts made an assessment of the Black Sea offshore potential for wind power generation, and warned against the energy security risks from the completion of the TurkStream gas pipeline.
- **Assessing and tackling disinformation and foreign authoritarian influence.** CSD intensified its efforts to understand and showcase the vulnerabilities of European countries to state capture power and to develop evidence-based policy responses to foreign authoritarian influence. CSD revealed the patterns of Kremlin's anti-democratic disinformation messaging in Central and Eastern Europe. CSD also developed the Chinese Economic Power Index in CEE, including an interactive visualisation of statistical data, geographical charts, and satellite photos of large infrastructure projects in the region.
- **Countering corruption and state capture.** Through the Southeast Europe Leadership for Development and Integrity (SELDI), CSD continued its work in the Western Balkans. The SELDI initiative applied the State Capture Assessment Diagnostics (SCAD) tool and outlined the anti-corruption agenda of the region for the next decade in a series of discussions. The Center reinforced anti-corruption efforts in Southeast Europe by establishing a new Regional Good Governance Public-Private Partnership Platform. CSD further piloted its SCAD methodology at economic sector level in Bulgaria, Italy, Romania and Spain, based on red-flag indicators and big data.
- **Undeclared work, constructive capital and competitiveness.** CSD continued its knowledge contribution to the work of the European platform tackling undeclared work at the European Labour Authority. It produced a series of papers, analyses and toolkits aimed at sharing good practices and experiences among EU Member States on undeclared work. Under the Three Seas Initiative, CSD developed a constructive capital agenda for Bulgaria, which put forward a proposal for increasing productive private sector investments in the country. CSD continued its cooperation on IMD's Global Competitiveness Yearbook, outlining the key drivers and barriers to Bulgaria's economic performance.

## I. Transition to a low-carbon economy

In 2021, CSD established an Energy and Climate Program within its Economic Program. In this way CSD intends to strengthen and prioritise its work on climate change and energy security in Bulgaria and Southeast Europe within a transatlantic context:

- CSD's analyses informed national and European policy-making on the most effective paths to green recovery, resilience and transition in Bulgaria and in Europe.
- Using the best EU models and analytical methods, such as the Pathways Explorer tool designed by CLIMACT, CSD developed and advocated for the most efficient scenarios for net-zero transition of the Bulgarian economy by 2050.
- CSD continued its work on energy security in Europe, and how it relates to good governance, economic influence, and the green transition.

In January 2021, CSD partnered with the [Energy Futures Initiative](#) and the Oxford Energy Institute to deliver the regional European workshop in preparing the groundbreaking study on *The Future of Natural Gas in a Deeply Decarbonised World*. The study noted the importance of understanding the benefits and shortcomings of gas as a potential transition fuel to achieving a net-zero EU by 2050. Besides the still highly uncertain bet on using gas infrastructure for hydrogen transportation from 2030 on, dependence on Russia for supplies has specific geoeconomic and geopolitical risks for Europe. This is particularly true for Southeast Europe, which experienced a dramatic squeeze in the second half of 2021 due to rising gas and energy prices.

In light of the ambitious targets set by the European Green Deal, CSD has adapted



to the Bulgarian context the Pathways Explorer tool designed by CLIMACT, one of the leading European tools used to build decarbonisation scenarios. The Economic Program presented three possible scenarios for decarbonising the Bulgarian economy with a 2050 horizon at an [online conference](#) on 2 March 2021. All decarbonisation scenarios project a reduction in greenhouse gas emissions as a result of the increased use of electricity in the final energy consumption of the transport and industry sectors. CSD also published the analysis *Green Recovery Pathways to Bulgaria's Carbon Neutrality by 2050* launched at an [international conference](#) on 8 June 2021. The online discussion gathered high-level European and U. S. representatives of various government institutions, civil society and the private sector. The panelists agreed that the process of joining a Transatlantic Green Deal could be a key driver in accelerating the global energy transformation and attracting key investment in the region, making the EU a leader in green innovation and technology.

The challenges in financing energy communities in Bulgaria in the low-carbon economy transition were further discussed at a [roundtable](#) held on 23 November 2021. CSD experts underlined that including citizens in the energy transition process and encouraging the participation of local communities is crucial for achieving a carbon neutral economy by 2050. The development of new financial mechanisms combining the advantages of market-oriented instruments and non-repayable financial aid is intrinsic for advancing projects that include not only private and public entities, but also citizens. At the event, CSD presented the initiative *Consumer Stock Ownership Plans for Renewable Energy Sources Projects* applied by energy communities in Prague, Germany, and Italy, as well as a brochure on *CSOP-Financing*.

CSD published the policy brief *Carbon Neutral Bulgaria 2050: A Cheat Sheet for Policy-Makers*, which outlines the

key action vectors for Bulgarian policy-makers essential to developing a green recovery strategy, reaching the objectives of the European Green Deal, and ensuring energy security. Bulgaria can achieve carbon neutrality by 2050 through: clean electrification, resilient and modern power grid, and a comprehensive strategy for tackling energy poverty. All this also means enabling vulnerable consumers to actively participate in the transition. The groundwork of green transition, however, is making governance and rule of law more effective.

The energy crisis in Europe, in particular, has become a stark reminder that the energy policy trilemma of achieving affordability, energy security and environmental sustainability is far from solved. CSD's policy brief titled *Towards an Inclusive Green Recovery in Bulgaria* outlined the elements of a much needed new climate and energy security agen-

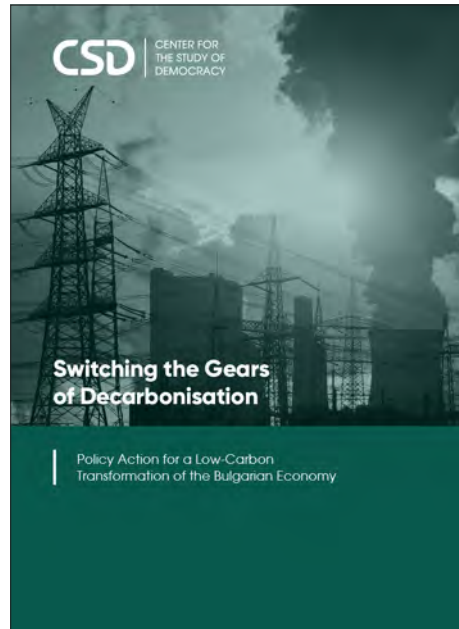


*Policy Conference "The Energy and Climate Security Risk Nexus in Europe: What's Next?", Sofia, 1 December 2021*

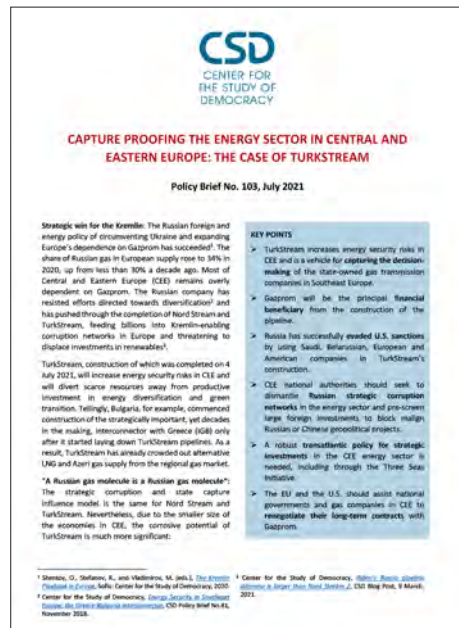
da for the country. The key steps for the solution of the current energy crisis for Europe and Bulgaria were discussed at an [international conference](#), held in collaboration with Konrad Adenauer Stiftung on 1 December 2021.

The Economic Program also held the webinar [“Long-Term Green Recovery and Decarbonisation in Southeast Europe”](#) on 16 December 2021, which delved into the possible pathways for a green economic recovery and decarbonisation of the European economy. The discussion included a comparative overview of long-term decarbonisation scenarios for selected SEE countries (Bulgaria, Hungary, Romania and Greece). During the webinar, CSD presented a comprehensive policy vision for a carbon neutral future within the context of two alternative decarbonisation scenarios for Bulgaria’s green economic transformation by 2050. CSD discussed the opportunities and challenges in the power sector of SEE EU Member States and highlighted possible pathways forward for Bulgaria, Croatia, Greece and Romania during an online conference [“On the Road to Greening Economies in Southeast Europe”](#) held on 17 June 2021. The conference focused on different options for green recovery after the devastating effects of the COVID-19 pandemic and for accelerating the renewables uptake. The discussion gathered experts from Agora Energiewende, Germany, the Energy Policy Group (EPG), Romania, the National Observatory of Athens (NOA) and the Faculty of Mechanical Engineering and Naval Architecture, Croatia.

CSD experts also took part in the [EUKI Networking Conference 2021: Fit for Climate Action – Together for a Climate-Neutral Europe](#) on 23 – 24 November 2021. The European Climate Initiative (EUKI) supports more than 150 climate protection projects and almost 300 implementing organisations.



CSD’s policy brief [Capture Proofing the Energy Sector in Central and Eastern Europe: The Case of TurkStream](#) highlighted some of the major energy and security

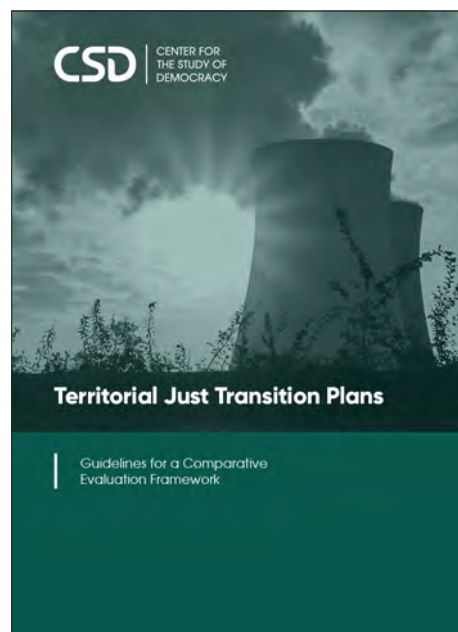
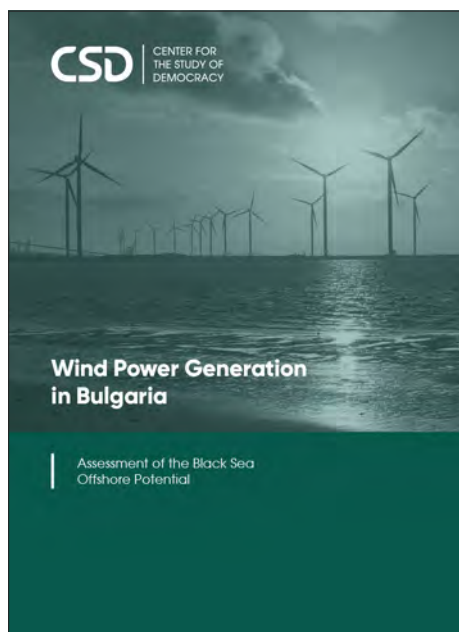


risks to the CEE region that arise from the completion of the TurkStream gas pipeline. This project increases energy security risks and diverts scarce resources away from productive investment in energy diversification and green transition. Bulgaria, for example, commenced construction of the strategically important, yet decades in the making, interconnector with Greece (IGB) only after it started laying down TurkStream pipelines. As a result, TurkStream has already crowded out alternative LNG and Azeri gas supply from the regional gas market.

Among the 2021 focus areas of the Economic Program were the green technologies as a viable source in the Bulgarian energy system. In the report *Wind Power Generation in Bulgaria: Assessment of the Black Sea Offshore Potential* CSD offers a technical and economic assessment of the Bulgarian Exclusive Economic Zone in the Black Sea, identifying favourable deployment areas for offshore wind power gener-

ation. Considering country-specific data and current technology trends, the analysis demonstrates that 26 GW out of total 116 GW technically feasible capacity could be utilised in shallow waters by a mature bottom-fix technology concept. The report touches upon important pre-conditions for developing offshore wind, such as the availability of supporting infrastructure, regional cooperation, and the co-existence between offshore wind energy and all other ecological, economic, and societal interests.

Another key issue that the Economic Program addressed was the Just Transition Mechanism launched by the EU in 2020. CSD published *Territorial Just Transition Plan: Guidelines for a Comparative Evaluation Framework* where it proposes detailed guidelines for developing a comparative evaluation framework for TJTPs that can be used by policy-makers and experts alike in the process of the plans' finalisation.



## II. Foreign authoritarian influence

Interference by authoritarian states in the (social) media landscapes of European countries remains one of the main challenges faced by democracies in the digital age. Russia and China attempt to exploit political, social, economic and other weaknesses and fissures in democratic societies in order to assert and gain influence in European countries and undermine the Euro-Atlantic alliance. CSD developed specific policy solutions to the ongoing debate in Europe concerning the European Democracy Action Plan and the Digital Services Act. In addition, it engaged with other civil society organisations in the preparation and follow up of the Summit for Democracy organised by the U. S. government. CSD, further stepped up its coalition building efforts by joining the [Alliance for Healthy Info-sphere](#).

The report *Tackling Kremlin's Media Capture in Southeast Europe: Shared Patterns, Specific Vulnerabilities and Responses to Russian Disinformation* explored the scope, means and reach of Russia's sharp power influence in the media environment in Southeast Europe, including EU members Bulgaria and Croatia, as well as EU aspirants Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia, Albania and Kosovo. This comparative assessment uncovers the instruments, channels and narratives of Russian disinformation, the impact of Kremlin messaging on societal perceptions and the increasing overlap of influence tactics between Russia and other authoritarian states operating in the Balkans, particularly China. The report was presented at a [roundtable](#) organised by CSD on 30 March 2021, attended by representatives from U. S. and European public organisations, think tanks, universities and the media, who pro-



vided their insights on the main challenges and possible solutions to media capture in Southeast Europe.

The report led to the development of policy recommendations on a comprehensive transatlantic response to Russia's and China's media capture influence in Southeast Europe, presented in *Policy Brief No. 98: Capture Proofing Media in Southeast Europe*. The brief proposes a framework for addressing governance gaps in the Balkans, which will help close the scope for Russia's media capture in SEE.

The analysis of media capture tactics and policy responses was further extended in *Countering Kremlin's Media Influence in Europe: Patterns of Anti-Democratic Messaging, Disinformation Responses, and Resilience Assets*. The report exposed the patterns of Kremlin anti-democratic disinformation messaging in Bulgaria, Czechia, Germany, and Poland. The disinformation resilience capacity of the four EU Member



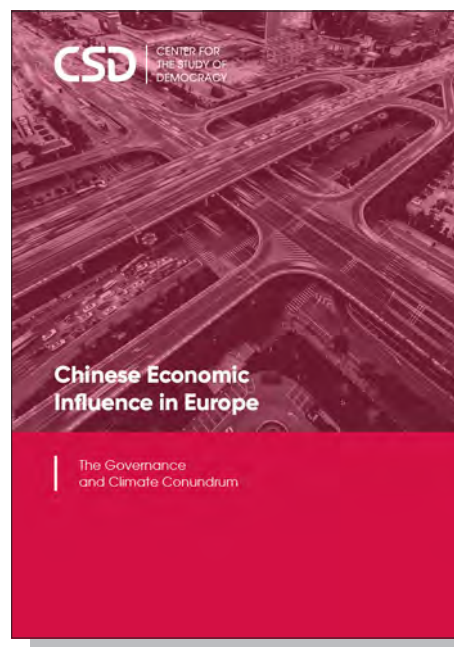
States was evaluated along three main levels: governance and policy-making; civil society action; participation in and contribution to international initiatives. Following its publication, the findings of the report were presented at the international roundtable “[Russian Media Influence in Europe: Disinformation, Hybrid Threats and Democracy](#)”, held on 20 May 2021. The forum provided a deep dive into Kremlin’s main disinformation strategies and their impact across Europe. The findings of the report and the proposed policy solutions were then presented at national briefings in Bulgaria, Czechia, Germany and Poland.

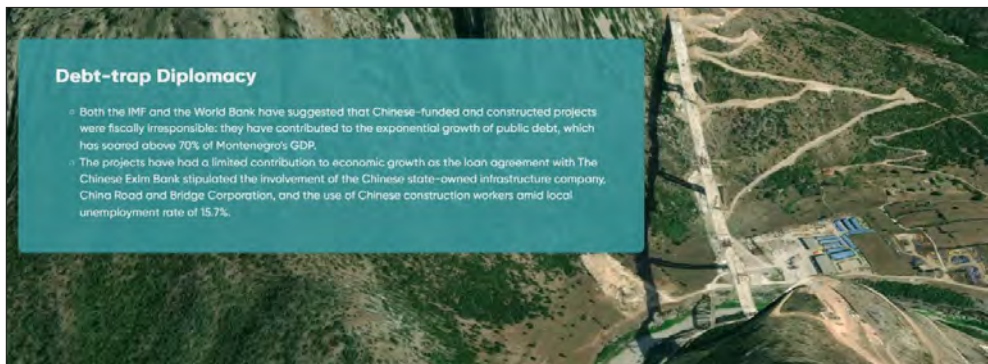
The past decade has been marked by the rise of China and its implications for Europe and the world. In a [policy brief](#), a [video](#), and an [expert workshop](#) held on 26 January 2021, CSD discussed how China has exploited domestic governance deficits in CEE to promote its foreign policy goals in the region through economic and other means.

In September 2021, CSD expanded its research on the topic, by launching the *Chinese Economic Power Index* which analysed China’s structural economic ties, and their impact on climate policies and on the overall quality of governance in CEE. The report covers Chinese economic influence in 12 Central and East European countries and provides recommendations to address the political and environmental fallout from an excessive dependence on capital from China.

CSD presented the *Chinese Economic Footprint in Central and Eastern Europe* in an interactive visualisation. Employing statistical data, geographical charts, and satellite photos of large infrastructure projects, the flow report showcases the methods that China uses to exploit state capture vulnerabilities and to catch the countries from the region in debt traps.

In 2021, CSD developed several election monitoring reports during a tumultuous year in Bulgarian politics, in which three general parliamentary elections and one





presidential election were held between April and November of 2021. In partnership with the International Republican Institute's [Beacon Project](#), a wide variety of online news sources were monitored using the Pulsar media monitoring tool in the two months leading up to the first parliamentary election of the year on 4 April 2021. The [Bulgarian Election Monitor](#) produced an interactive dashboard and a series of flash reports which assessed the key topics, narratives and sentiments appearing in online news outlets reflecting Bulgaria's relations with NATO, the EU, Russia and China.

Shortly before the general elections in April 2021, CSD published its policy brief [Disinformation Narratives in the 2021 Parliamentary Elections](#). The brief zoomed in on the prevalence and connections to the pre-election campaign of four popular (disinformation) narratives, namely:

conspiracy theories about COVID-19, support for large Russian energy projects, opposition to the European Green Deal, and growing anti-EU sentiments in Bulgarian society.

The Economic Program further released a follow-up policy brief [Disinformation Narratives in the November 2021 Bulgarian Elections Campaign: Key Actors and Amplifiers](#) shortly before the presidential and parliamentary elections which took place on 14 November 2021. Meant as a rapid reaction assessment, the brief provided an overview of the main social media communication patterns of political parties and candidates and attempted to reveal the possible influence of disinformation narratives about COVID-19 and the European Green Deal over voting patterns. The analysis was launched at a [press conference](#) held in Sofia on 12 November 2021.



*Press conference "Disinformation Narratives in the November 2021 Bulgarian Elections Campaign: Key Actors and Amplifiers", Sofia, 12 November 2021*

Recognising the growing impact of social media, CSD and the Slovak think-tank GLOBSEC leveraged the AI-based Graphika tool to create two powerful social media landscape visualisations of the public Facebook space in Bulgaria. The first report, *Influence of Pro-Kremlin Public Pages in Bulgaria's and Romania's Facebook Ecosystem*, provided an in-depth contextual assessment of pro-Kremlin influence operations and networks, with the map of Bulgarian Facebook space covering the period from 16 September – 16 October 2020 and containing a total of 13,179 public pages.

The second report, entitled *Kremlin Influence on Bulgarian Facebook Amid a Global Pandemic*, provided an updated map of the Bulgarian Facebook information landscape (covering the period 17 February – 19 March 2021). At a press conference on 24 November 2021, CSD experts presented the results from the pilot *Vulnerability Index 2021*, coordinated by GLOBSEC, Slovakia. The Index evaluates the vulnerability towards for-

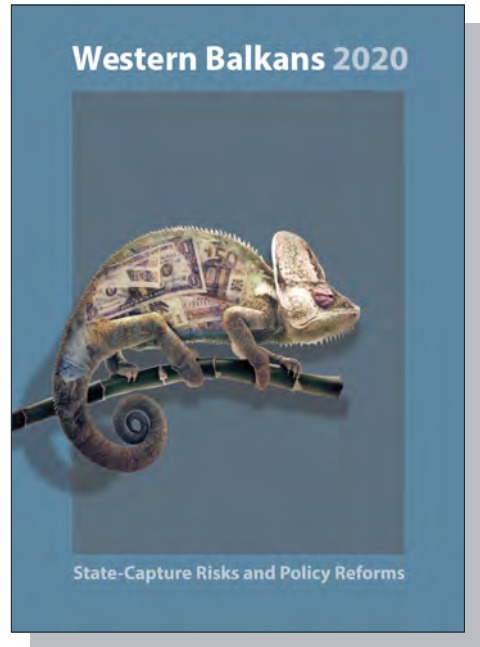
eign influence in eight countries in Central and Eastern Europe: Bulgaria, the Czech Republic, Hungary, Montenegro, North Macedonia, Romania, Serbia and Slovakia.



### III. Countering corruption and state capture

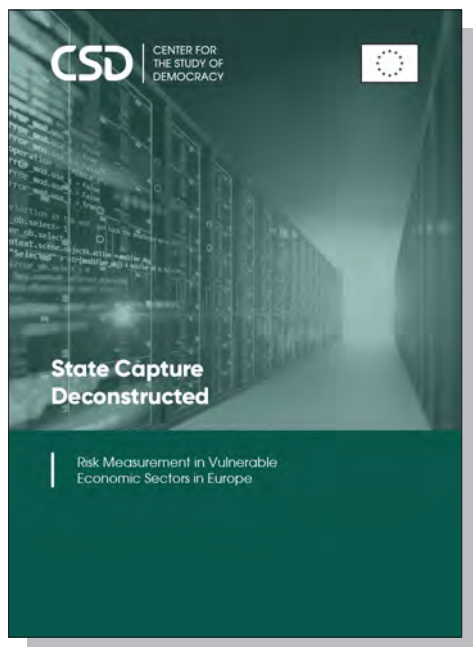
In 2021, CSD continued its work on the Western Balkans within the Southeast Europe Leadership for Development and Integrity (SELDI.net) initiative. CSD piloted in the Western Balkans its comprehensive methodology for monitoring and exposing state capture vulnerabilities – the State Capture Assessment Diagnostics (SCAD) tool. SELDI experts and panelists, among whom Members of the European Parliament and other policy-makers, discussed the anti-corruption agenda of the region for the next decade at an [anti-corruption forum](#) held on 8 April 2021. During the forum, SELDI further presented the key conclusions and policy recommendations from its regional report *Western Balkans 2020: State-Capture Risks and Policy Reforms*.

In 2021, CSD initiated the [Regional Good Governance Public-Private Partnership Platform \(R2G4P\)](#), which gathered CSO and government representatives from nine countries (Bulgaria, Croatia, Hungary, Romania, Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, and Serbia). The initiative is dedicated to identifying the reasons behind the reform stagnation and democratic backsliding in the region and the potential solutions for effective enforcement and monitoring of the existing anti-corruption mechanisms. CSD, jointly with experts from the Government Transparency Institute, Hungary, shared their methodological knowledge at a [specialised regional training](#) and an [annual summer school](#). They provided step-by-step explanations on how other CSOs could assess individual public institutions' anticorruption policies through the [MACPI \(Monitoring Anticorruption Policy Implementation\)](#) tool; apply the [State Capture Assessment Diagnostics \(SCAD\)](#) and utilise [Opentender.eu](#) to detect public procurement integrity risks.



CSD further piloted its enhanced SCAD methodology for **assessing state capture and corruption at the economic sector level** based on red flags and big data. The report *State Capture Deconstructed* covers state capture vulnerabilities in the economic sectors of construction, wholesale of fuels and wholesale of pharmaceuticals in Italy, Romania, Spain and Bulgaria. CSD's [MACPI](#) tool for monitoring internal anti-corruption policies was implemented in nine public organisations that exert governance, regulatory or control functions in the same three sectors. The results were summarised in the report *Monitoring Anti-Corruption Policy Implementation in High-Risk Sectors*.

The SCAD methodology was made available in the training manual *State Capture Assessment on Sectoral Level*. The manual supported the training: "Applying Innovative Methods for State Capture and Corruption Assessment" held on 26 August 2021. Furthermore, the results of the *State Capture Assessment Diagnostics* were presented at a [policy con-](#)



ference on 29 April 2021, which focused on the key analytical priorities and policy actions necessary for effective monitoring and evaluation of corruption at the sectoral level. CSD also created two videos explaining the methodological premises and processes comprising the [Assessment of State Capture Risks and Vulnerabilities in Public Procurement](#) and [State Capture Risk Assessment Tool on Sectoral Level](#).

#### IV. Hidden economy and undeclared work

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. Since 2016, the European platform has functioned as an EU-level forum that allows different actors, including social partners and enforcement authorities, such as labour 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 [European Labour Authority](#).

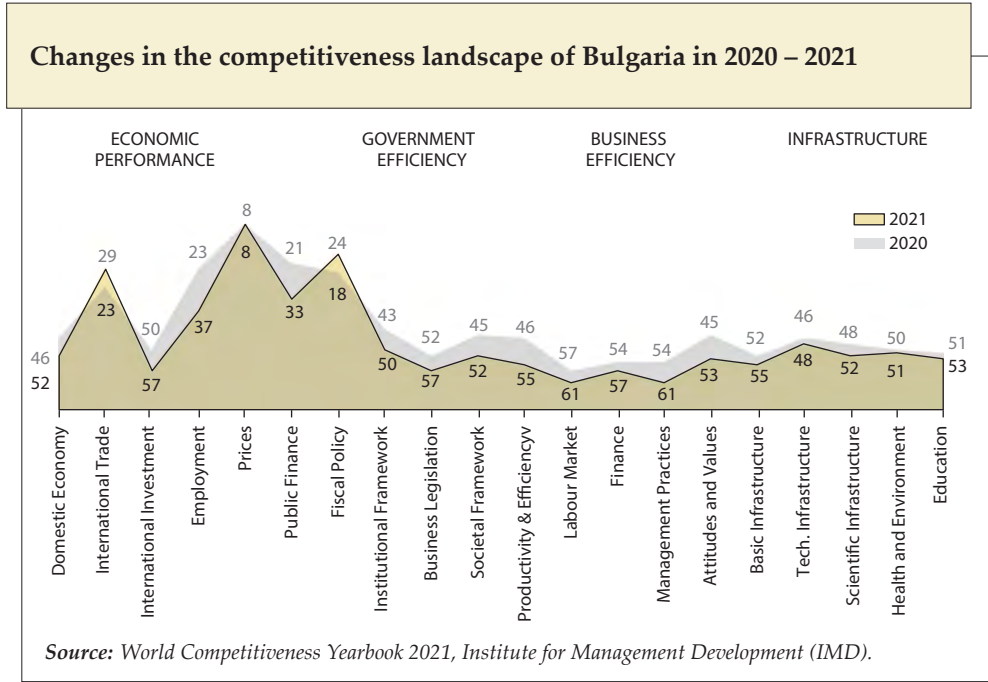
In 2021, CSD co-authored a learning resource paper on *tackling undeclared work among seasonal (including mobile) workers: developments, trends and good practices*. CSD also elaborated the studies *Counteracting undeclared work and labour exploitation of third-country national workers*, *Tools and approaches to tackle fraudulent temporary agency work, prompting undeclared work* and *Different forms of cross-border undeclared work, including through third-country nationals*. CSD experts further supported the thematic review workshop: “[Successful approaches of cooperation between labour inspectorates and social partners](#)”.

#### V. Competitiveness and innovation

In the last twelve years, CSD has partnered with the [IMD World Competitiveness Center](#), Switzerland, to compile the [IMD Global Competitiveness Yearbook](#). In 2021, [Bulgaria ranked 53<sup>rd</sup>](#) out of 64 countries, which is a deterioration of five positions compared to 2020, and 15 positions compared to 2009.

Zooming in on the results for Bulgaria in the 2021 yearbook reveals the major challenges and opportunities for improving Bulgaria’s competitiveness:

- political instability and slow rate of COVID-19 vaccination;
- limited diffusion of the e-government solutions;
- slow energy transition and high energy costs for businesses;
- lagging quality of university education, brain drain and low R&D spending;
- persistent governance and corruption issues.



CSD further worked to implement specific reforms on the ground in Bulgaria to help the country’s competitiveness. EU’s Recovery and Resilience Facility (RRF) provides the largest ever public funding instrument to address current challenges up to 2027. However, to achieve lasting change the Bulgarian government needs to leverage the EU funding resources to attract constructive capital from the private sector, i.e. investments that are transparent, accountable, and market-oriented.

Taking into account this need, experts from the Economic Program developed the report *Promoting Constructive Capital in Bulgaria: Unlocking Bulgarian Regions’ Potential for Private Sector Innovation and Development*. Bulgaria needs to tackle first and foremost rule of law gaps to unlock constructive capital investments for economic growth and technological transformation. The Action Agenda pays special attention to recommendations and reforms in the field of digital-

isation, green growth, innovation and entrepreneurship, which are key priority areas of RRF.





*Policy Forum “Promoting Constructive Capital in Bulgaria”,  
Sofia, 28 September 2021*

As part of the Bulgarian presidency of the Three Seas Initiative, on 28 September 2021 CSD and the Applied Research and Communications Fund held the policy forum “Promoting Constructive Capital in Bulgaria” with the participation of Mr. Rumen Radev, President of the Republic of Bulgaria. The speakers discussed the *Action Agenda* and the opportunities for unlocking the innovative potential of Bulgaria.

The experts from the Economic Program also contributed to the development of the annual *Innovation.bg* report. The focus of *Innovation.bg 2021* was placed on the unique set of opportunities which emerged with the new EU priorities, the recovery from the COVID crisis and public attitudes favouring an overhaul of the political status quo which Bulgaria can use to overcome its innovation gap through smart digital and green transformation.

The key recommendations outlined in the report *Innovation.bg 2021* were as follows:

- Setting a **consensual political vision** with clear priorities and national funding for the development of innovation, technology and talent by 2050. The target levels of such funding, given the experience of CEE countries, should be around EUR 250–500 million per year.
- A profound **reform of the public institutional infrastructure** for science, technology, innovation and economic support, based on an integrated solution similar to Innovation Norway and introduction of competitive appointments for all positions.
- An **annual political cycle of budgetary evaluation** introduced for the entirety of the innovation investment opportunities and services that the public administration provides (taxes, regulations, legislation, etc.).

The *Innovation.bg* report, which has become the main policy document for regular monitoring of innovation performance in the country, was presented on 7 December 2021 at the *17<sup>th</sup> National Innovation Forum*, held under the auspices of the President of Bulgaria.



## SECURITY PROGRAM

In 2021, the Security Program's efforts were focused on the following areas:

- **Conventional crime and policing.** CSD continued to analyse trends in conventional crime in Bulgaria, focusing on the regional dimensions of crime and the levels of trust in police and citizens' activity in reporting crime. Two innovative assessment tools were developed – the Conventional Crime Index and the Index of Reporting, and were applied to examine difference among various regions in the country. Improving the interaction between police and local communities and streamlining the process of reporting crimes by taking full advantage of the 112 system were highlighted as important steps for increasing trust in the police and countering conventional crime.
- **Risks of organised crime.** CSD contributed to a ground-breaking report on the risks of serious and organised crime infiltration in legitimate businesses in the EU. The Security Program studied the legislative, regulatory and non-regulatory measures to combat online identity theft and identity-related crime across the EU Member States. It also joined a EU initiative of civil society organisations to promote social inclusion strategies through the public and social re-use of assets confiscated from organised crime.
- **Countering radicalisation and right-wing extremism:** CSD continued to develop a more comprehensive understanding of the drivers of radicalisation, in particular among younger generations. In 2021, the focus was on the use of strategic communication in countering and prevention of social polarisation driven by disinformation in the online environment. The campaign *Find Another Way*, the first tailored strategic communication campaign in Bulgaria, aimed at building resilience among youth to extremist influences through alternative narratives. CSD developed an Indicators Toolkit for assessing state–religion relations, governance of religious diversity and violent radicalisation.
- **Evaluation of EU home affairs policies and programs.** CSD teams contributed to an evaluation of the EU Terrorism Directive, commissioned by DG HOME, a study of right-wing extremism commissioned by the European Parliament, and took part in an initiative of the Council of Europe on countering trafficking in human beings for the purpose of labour exploitation. CSD carried out a risk and needs assessment study of EU customs within a EU-wide initiative to improve non-intrusion inspection of goods crossing EU external borders.

## I. Conventional crime

### Crime registration in Bulgaria

The process of crime registration is dependent on a variety of factors, such as the specifics of the applicable legal framework and the attitudes of citizens towards reporting to police authorities, as well as on certain peculiarities of procedural and practical nature. The exertion of political and managerial pressure regarding the lowering the officially reported crime rates is identified as a major prerequisite for the emergence of police filtering in Bulgaria.

The report *Registration of Crime in Bulgaria* (in Bulgarian only) presents an overview of the current legislative framework that regulates the system for reporting criminal incidents and their subsequent registration by the police. The report also analyses the procedural aspects related to receiving, registering and processing of such signals reported by citizens. In addition, a set of recommendations are made based on the opportunities identified for increasing the interaction between the regional structures of the Ministry of Interior, municipal authorities and civil society organisations, with the aim of improving the regime for registration and processing of crime reports by citizens.

#### Regional dimensions of crime in Bulgaria: conventional crime and crime reporting

The publication *Regional Dimensions of Crime in Bulgaria* (in Bulgarian only) presents two innovative assessment tools – the **Conventional Crime Index**, which measures the levels of conventional crime, and the **Index of Civic Activity in the Reporting of Crimes (Index of Reporting)**, which reflects the rate of activity of citizens with regard to reporting criminal incidents. Both indi-



ces allow for the analysis of variances at the regional and municipal level alike in terms of population victimisation and reporting rate in the 28 regions of Bulgaria. In addition, the indices give ground to further analysis of various demographic, social, economic and institutional factors that may play a significant role in the process of crime registration.

#### Conventional crime and trust in police: towards improved accountability and transparency of law-enforcement authorities.

The low levels of citizens' trust in police authorities have a direct impact on crime reporting rates in the country. Low levels of crime reporting negatively impact investigation and prosecution of offenders, which leads to increased risk of crime proliferation. A policy brief on trust in police and levels of citizens' reporting of crime outlined the main factors behind the established negative tendencies and provided practical recommendations for facilitation of crime

reporting by citizens and ultimately restoring trust in police.

In 2021, the Security Program held a series of four public events on conventional crime and public trust in the work of police with the participation of experts from the Ministry of Interior, local governments in different regions of the country and civil society organisations working in the field of protection of the rights of victims of crime. The discussions focused on the cities of Sofia and Bourgas, as well as the towns of Troyan and Peshtera.

On 15 December 2021, the national roundtable “Countering Conventional Crime through Increasing Citizens’ Engagement in Crime Reporting” was held, which focused on the problems with crime reporting and registration in the country and the recommendations for improving existing regulations to raise active citizen engagement in prevention and countering conventional crime. CSD presented a report with recommendations on conventional crime and trust in police. The event was attended by the Deputy Secretary General of the Ministry of Interior, Chief Commissioner Stoyan Temelakiev, the Director of the General Directorate of the National Police, Chief Commissioner Stanimir Stanev, and the Prosecutor General of the Republic of Bulgaria Mr. Ivan Geshev.

Experts from the Center outlined the main challenges for institutions regarding the registration of crimes: the lack of feedback on the investigation, the lack of accountability and transparency of local structures of the Ministry of Interior and the insufficient measures to encourage citizens to report crimes. The discussions focused on the Center’s proposals related to improving the security environment and inter-institutional cooperation, installing



mechanisms for crime prevention, and achieving a positive change in citizens’ attitudes.

## II. Organised crime

### Mapping the risk of serious and organised crime infiltrating legitimate businesses

The economic and social harms from serious and organised crime (SOC) are multifaceted and wide-reaching, and span the individual, community and societal level. Appropriate targeting of resources to tackle SOC relies upon accurate information about the extent and nature of the phenomenon. However, the hidden nature of SOC means that measuring its size and scale is inherently challenging.

The study *Mapping the risk of serious and organised crime infiltrating legitimate businesses* improves the evidence base in relation to SOC in the EU. The



research was conducted by RAND Europe in collaboration with CSD, the Government Transparency Institute (GTI), Ernst & Young (EY) and Optimity Advisors.

CSD's contributed to this ground-breaking report by compiling two chapters with a quantitative and qualitative analysis of the trafficking in human beings and organised property crimes, as well as a chapter assessing the risks from exploitation of new payment methods by organised crime groups (NPMs).

### Study on online identity theft

The digital transformation of economy and society has raised European Union citizens' concerns about identity theft and misuse of their personal data. These concerns have been accompanied by a significant increase of data theft attacks in the EU. At the same time, legislative and non-regulatory initiatives in EU Member States are lagging behind cybercriminals' capacity to adapt social

engineering schemes and exploit technological advances.

CSD contributed to the study *Online identity theft and identity-related crime* which mapped the current legislative, regulatory and non-regulatory measures to combat online identity theft and identity-related crime across the EU Member States and assessed best practices and possible gaps in those measures.

### European strategy for the public and social re-use of confiscated assets

CSD is actively participating in an EU coalition of civil society organisations led by Libera. Associazioni, nomi e numeri contro le mafie (Italy) to promote European social inclusion strategies addressing the most disadvantaged layers of the population through the public and social re-use of assets confiscated from organised crime in Europe and the activation of bottom-up participatory processes.

CSD prepared a case study on Bulgaria identifying the confiscated assets from organised crime re-allocated for social re-use and assessing the impact of cohesion policies on the possibility of re-using confiscated assets in the country. This effort was part of the overall objective of mapping the implementation of Article 10.3 of Directive 2014/42/EU in EU Member States.

### III. Radicalisation and violent extremism

#### Macro-drivers of radicalisation and violent extremism

Bulgaria's approach to countering and preventing radicalisation has been influenced by the European Union's evolving understanding of radicali-



sation as a home-grown problem that also requires soft measures. This understanding was adopted as the basis for the Bulgarian Strategy for Countering Radicalisation and Terrorism (2015–2020). However, the country was unprepared to ensure the Strategy's implementation. Prevention measures were insufficiently applied and the approach continues to be dominated by law enforcement.

CSD developed the chapter on Bulgaria as part of the report *Drivers of radicalisation and violent extremism in the light of state dynamics in MENA and the Balkans*. The drivers perceived as most relevant are religion, political grievances (far-right ideology), poverty, inequality and an additional factor appearing horizontally in most stakeholders' accounts: education. These macro perceptions can serve as a starting point for the subsequent analysis of the meso- (community-level) and micro- (individual-level) drivers of radicalisation and violent extremism in the country.

A separate report developed by the Security Program examined the socio-political drivers in Bulgaria's current approaches to radicalisation and violent extremism in the country, particularly towards young people.

## Overcoming youth vulnerabilities to far-right narratives

The importance of fighting radicalisation and terrorism is highlighted by the 2015–2020 European Agenda on Security. Together with the establishment of the Radicalisation Awareness Network (RAN) in 2011, a number of actions have been taken to counter right-wing violent extremism and terrorism.

The policy brief *Overcoming Youth Vulnerabilities to Far-Right Narratives* discussed the opportunities that strategic communication brings as a tool to counteracting violent narratives and achieving resilience among youth and summarised the lessons learned during the *Find Another Way* communication campaign.

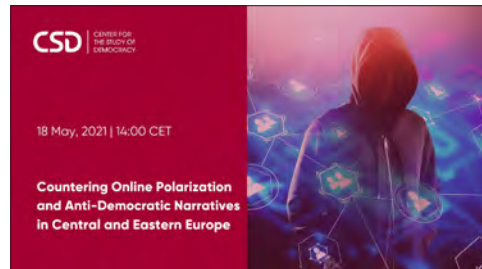




## Polarisation and radicalisation among young people

In May 2021, CSD organised a series of events devoted to the prevention and countering of polarisation and radicalisation among young people. The [webinar](#) “Countering Online Polarisation on Central and Eastern Europe through Strategic Communication” brought together policy-makers and practitioners from across the EU, who discussed new insights on the **use of strategic communication in countering and prevention of social polarisation** driven by disinformation and extremist narratives in the online environment. Among the panelists were CSD experts, a representative of the Cabinet Office in the United Kingdom, and the Safety Programs and Partnerships Manager at Facebook. CSD also co-organised the international youth summit *Shaping the Future of Europe* where representatives of youth organisations and young people from various countries debated on possible solutions to the most pressing issues

on the EU agenda. The team of CSD experts shared their experience with social media campaigns as a medium of the strategic communication approach to propose alternative narratives opposed to radical messages and ideas spread online. On 20 May 2021 at a [webinar](#) hosted by RAN, CSD presented the insights and results from the national communication [campaign](#) *Find Another Way* to a number of EU-wide organisations working in the field of radicalisation. In January and February 2021, CSD conducted a series of in-person meetings with over 40 key representatives of state institutions and civil society organisations as well as a focus group with front-line police officers, and took part in a public discussion with CSOs to communicate the results of the diagnostic study *How Far-Right Narratives Reach and Influence Young People Online* and the online campaign against the spread of far-right narratives online.



## Radicalisation, secularism and the governance of religion: bringing together European and Asian perspectives

The contradictory trends of increasing secularism and intensifying radicalisation should be studied in parallel with the challenges of religious diversity and radicalisation faced by countries and regions outside Europe.



effectiveness, efficiency, coherence and EU added value of the Directive, the impact of the Directive on fundamental rights and freedoms (including non-discrimination), the rule of law and the level of protection and assistance provided to victims of terrorism was also assessed. The evaluation covered 25 Member States and focused on the following areas: definition of criminal offences and related sanctions; investigation, prosecution and adjudication of terrorism-related offences; cooperation and exchanges of information among law-enforcement and judicial authorities; and victim protection and assistance.

CSD experts contributed to the report *Right-wing Extremism in the EU* commissioned by the European Parliament. The report outlined the distinctive features of right-wing extremism in the European Union as well as of violent

actions perpetrated by right-wing extremists, covering both offline and online extremism. Developments in Bulgaria, Hungary, Italy, Poland and Sweden were analysed, demonstrating the wide spectrum of right-wing extremist groups and trends currently co-existing in the EU.

The Security Program contributed to an initiative of the Council of Europe to assess the skills of labour inspectors in North Macedonia **to counter trafficking in human beings for the purpose of labour exploitation**. It presented the European standards and the Bulgarian model to labour inspectors, civil servants, experts and NGO representatives and provided recommendations on how to improve detection, identification and referral of THB victims for labour exploitation by the State Labour Inspectorate in North Macedonia.

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## SOCIOLOGICAL PROGRAM

In 2021, the Sociological Program focused its work on the following areas:

- **Migrant integration and prediction of migration flows.** As a response to current challenges related to managing migration flows in the European Union, the Sociological Program has been involved in activities to develop, test, and promote an ICT-enabled tool to map models of migration.
- **Social inclusion of vulnerable groups.** CSD continued to work towards the improvement of the situation of vulnerable groups in Bulgaria through its analyses on current trends of Roma exclusion in the Bulgarian public domain, particularly as they pertain to the context of the COVID-19 pandemic. Furthermore, CSD designed a monitoring methodology of domestic violence policies and applied the methodology in a national study about domestic violence in Bulgaria.
- **Governance of religious diversity and preventing religiously-motivated radicalisation.** CSD continued to work on the topic of governance of religious diversity and the promotion of resilience to violent religious radicalisation. It contributed to the Routledge Handbook on the Governance of Religious Diversity. In 2021, CSD expanded its work on the application of a comprehensive indicators toolkit measuring levels of secularism, rights of religious minorities, levels and factors of violent radicalisation, and comprehensiveness of measures against violent radicalisation.
- **Energy citizenship and energy democracy.** CSD took part in an important contribution to a comprehensive interdisciplinary review of the existing academic and professional knowledge on energy citizenship and energy democracy. This review enhances knowledge on the topic and advocates for a clean energy transition on the continent.

## I. Managing migration flows

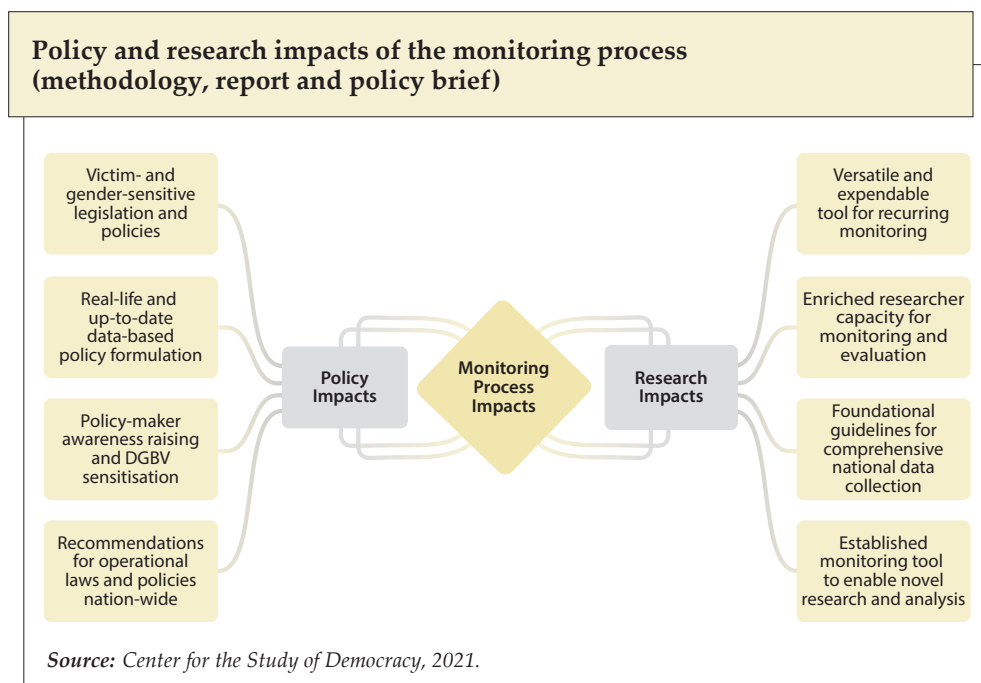
CSD continues its participation in an international initiative to develop, test, and promote an ICT-enabled tool to map models of migration. The interactive tool is expected to assist first responders, second-line practitioners, NGOs and municipalities in devising improved strategies for accommodating and integrating migrants and ensuring better planning of their financial and human resources. For this purpose, CSD has been coordinating the work of international policy experts in migration and integration to align the tool's functionalities with the specific needs and expectations of policy-makers. During the year, CSD took part in multiple virtual events and participated in discussions with important EU stakeholders on the need to find the balance between guaranteeing the security of EU borders and operating within an ethical and human rights compliant policy framework.

## II. Social inclusion of vulnerable groups

As the EU public narratives related to the COVID-19 pandemic began to steadily shift from crisis management to recovery strategies, the social and media environment in Bulgaria continued to overlook the needs and grievances of vulnerable minority groups. Fake news, disinformation and misrepresentation shaped the hostile relationship between the Roma community and Bulgarian traditional and social media. In an effort to share [research findings](#) on the matter accumulated since the beginning of the pandemic, CSD took part in the 2021 edition of Goethe Institut's Media Incubator. The media incubator targeted emerging media professionals and served as a platform for CSD to report results from its research on current trends of Roma exclusion in the Bulgarian public domain. The event also provided CSD with an opportunity to share insights about its critical analysis



*Sociological Program Analyst Rosalina Todorova presenting the findings from CSD's study on media and online narratives, fake news and disinformation trends in relation to Roma in Bulgaria.*

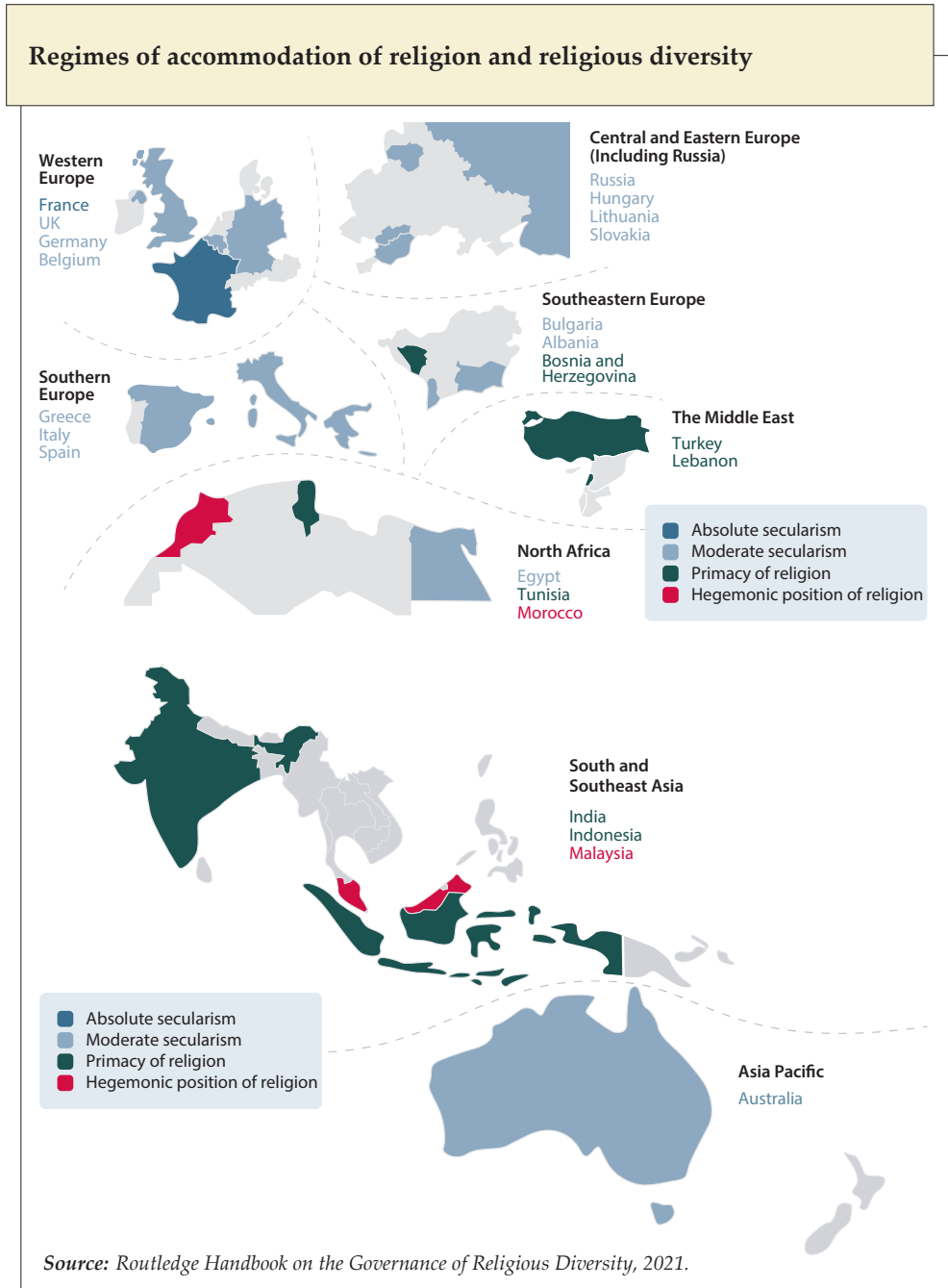


on possible prevention measures and the need for the establishment of a more representative and inclusionary media environment for vulnerable groups.

In 2021, CSD pioneered the implementation of victim-sensitive approaches to research and analysis in the realm of domestic and gender-based violence (DGBV) through the creation of a *Methodology for Monitoring Policy and Institutional Practice in Relation to Domestic and Gender-Based Violence in Bulgaria*. The methodology aims to uncover the objective situation (i.e. the legal, policy and institutional framework), perceptions and dispositions of key stakeholders, available quantitative data on violence against women, the good practices and the areas for improvement in a specific node of measures (e.g. prevention, provision of support and protection, international cooperation, etc.). This tool serves as the blueprint for the first national-level monitoring of the legal, policy and institutional framework related to DGBV.

### **III. Governance of religious diversity and preventing religiously-motivated radicalisation leading to terrorism and group-focused enmity**

In 2021, CSD continued to develop analyses and policy relevant work related to the governance of religion and religious diversity. CSD experts contributed to the publication of the *Routledge Handbook on the Governance of Religious Diversity*, which contains analyses on 23 countries around the world, by developing analyses about Albania, Bosnia and Herzegovina, and Bulgaria. The handbook outlines a typology of regimes of accommodation of religion and religious diversity according to geographical macro-regions, where moderate secular state regimes are characterised by mutual autonomy between a state and religious institutions rather than full one-sided control by the state over religion or complete separation between the state and religious institutions (absolute secularism).



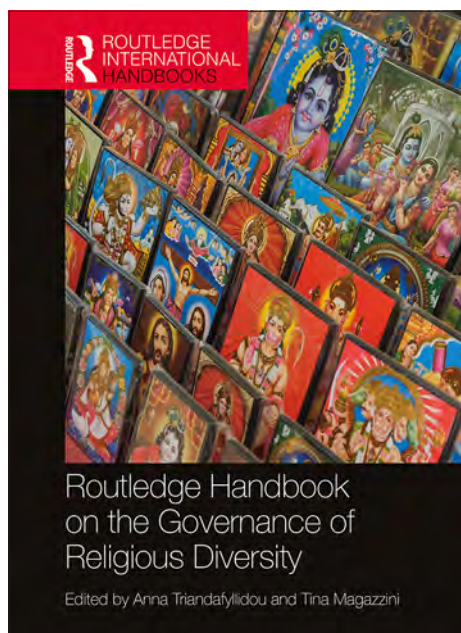
In June 2021, CSD presented findings from the Handbook as well as results from the application of the *State-Religion Governance Indicators Toolkit* it devel-

oped in 2020 during a regional dialogue workshop entitled “Governance of Religion and Violent Radicalisation in Eastern Europe”. The workshop gathered

## State–religion governance indicators and their level

<b>COMPOSITE INDICATOR 1</b>	
Autonomy and Freedom of Religious Institutions/Groups from the State	Legal level Practical level
<b>COMPOSITE INDICATOR 2</b>	
Status/Rights of Religious Minority Groups	Legal level Practical level
<b>COMPOSITE INDICATOR 3</b>	
Levels and Factors of Violent Radicalization	Structural factors (drivers) Perception-based dimension Incidence-based dimension
<b>COMPOSITE INDICATOR 4</b>	
Radicalization Prevention Measures	Comprehensiveness of P/CVE policy and legal framework Comprehensiveness of P/CVE measures Civic society involvement in P/CVE

Source: Center for the Study of Democracy, 2021.



academic experts and practitioners from Eastern Europe who discussed ways to tackle state mismanagement of religious diversity which leads to violent (religious) radicalisation and extremism in the post-Communist countries of Eastern Europe.

In 2021, CSD developed further analyses on the application of the State-Religion Governance Indicators Toolkit and compared their application to already existing indices on state-religion relations, radicalisation factors and P/CVE prevention. The results were published in a report titled *State-Religion Governance Indicators: Comparative Insights*.

#### **IV. Energy citizenship and energy democracy**

A critical aspect of implementing a just transition to sustainable energy systems is the involvement of citizens in energy-related processes (energy citizenship), including in decision-making on

issues related to energy management and the deployment of renewable energy technologies (energy democracy).

In 2021, CSD contributed to a comprehensive interdisciplinary review of the existing academic and professional knowledge on energy citizenship and energy democracy. The analysis shows that energy citizenship is a complex phenomenon with many factors affecting its dynamics (including psychological, community, societal, national and transnational factors).

Furthermore, CSD led the establishment of an international Policy Advisory Group to promote dialogue among stakeholders engaged in the energy transition and bridge the gap between policy-making and cutting-edge research in the areas of energy citizenship and energy democracy. The Center coordinates the Policy Advisory Group's activities related to the provision of guidance and feedback on the emerging concept of energy citizenship.

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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 2021, in view of CSD's continued focus and research in energy and climate, CSD's management set up a new Energy and Climate Program comprising 5 established professionals in the relevant field.

During the year, CSD employed a staff of thirty-nine, of whom thirty-one 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:

- annual audit reports published since 1992;
- audits of individual projects;
- CSD *Annual Reports* published since 1994;
- regular updates about CSD's activities on its website;
- press-releases about on-going projects and their results;
- publication of a wide range of analyses and reports.

The application of good management practices has been critical to the successful work of CSD. In 2021, 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 2021, 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 confidence in justice, de-radicalisation, and cybercrime.

In 2021, CSD donated books to the South-West University Neofit Rilski, Blagoevgrad.

# Communications

## Events

The ongoing pandemic in Europe has reiterated the need for finding meeting formats which ensure active engagement of various audiences in multiple domains. Over the year, CSD further strengthened its capacity to organise and host hybrid or entirely virtual roundtables, workshops, and press-conferences. In 2021, CSD hosted 37 events in the online domain that engaged over 800 local and international participants and also held two high-profile in-person events with the active involvement of the Bulgarian president, government representatives, diplomats, key business representatives EU and U. S. partners.

## Social media impact

While being online is the norm, impact of online communication is based on proper audience segmentation and innovative engagement. In 2021, CSD further expanded its social media portfolio to various platforms and strengthened its presence on the those already in use. Developing new creative formats and strategically promoting them through the proper SM channels has resulted in almost 90% increase in the network of people CSD managed to engage online in its efforts to share and provide policy insights in real time.

## Creative content

Increased impact through data visualisation and storytelling was the focus in content creation throughout 2021. CSD continued to develop 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. In addition to these, CSD introduced reels and animations that help reach wider audiences.

## Publishing under the revitalised CSD brand

CSD's brand uplift in 2020 served as a strong foundation for new approaches in the structure and outlook of its publication formats. A new color palette, easy-on-the-eye visualisations and infographics, and updated digitally enabled interactions in the new formats help make CSD's work easy to comprehend and recognise. Over the year, CSD published 27 reports and 9 Policy Briefs under the new brand outlook.

## Internship program

The Center for the Study of Democracy provides internship opportunities for outstanding students from across the world. In 2021, with the COVID-19 pandemic still underway, the Center hosted a significant number of interns who worked remotely, but no few on-site internships were also conducted, with small groups of international interns working in an office environment from March until late 2021. The CSD team duly supported their travel and orientation in the local regulatory and health-care milieu and made an extra effort to include the interns in all public and social events held, as well as organise city and country cultural trips for them. Remote interns were made part of the CSD program teams' virtual office modes with CSD experts striving to keep their young colleagues engaged via close and frequent virtual contacts and involvement in webinars and other online event types.

In 2021, the Center hosted 84 students and recent graduates from 28 different countries: Albania, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Denmark, Finland, France, Germany, Greece, India, Italy, Japan, Mexico, the Netherlands, Poland, Portugal, Puerto Rico, Russia, Slovenia, Spain, Sweden, Turkey, Ukraine, the UK, and the USA. Among those who interned on a rolling basis in 2021 there were a number of Princeton undergraduates as well as students from the Blavatnik School of Government at the University of Oxford, the Graduate Institute of International and Development Studies, Geneva, 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 2021, 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 a number of areas.

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.

*“Before starting my internship in May at the Court of Justice of the European Union, I had the opportunity to do a three-month internship at the CSD. This experience was enriching in many regards, as I gained hands-on experience in security issues – especially regarding countering radicalisation and violent extremism, while improving my research and analytical skills. This prepared me well for my internship at the CJEU, as I am very proud to say that I came out knowing a lot more than before.*

*In that respect, I conducted a literature review on how the different stakeholders identify and monitor individuals suspected of being radicalised, which helped for the drafting of a future report on this matter. Plus, I also took part in the preparation of a policy brief for judges, prosecutors, lawyers, law-enforcement officials, and media on the existing official guides and handbooks dealing with the protection of fundamental rights in the context of terrorism, including the procedural rights of persons accused of terrorist activities. Being credited in those documents is a superb opportunity for me, without mentioning that knowing my work has an impact and is recognised could not be more rewarding.*

*Overall, I gained autonomy and improved my ability to sort information to perform qualitative and quantitative research. My internship also allowed me to work in an environment entirely in English, even if I did it remotely due to the pandemic.*

*Lastly, I greatly appreciated the kindness and comprehension of the persons I had the pleasure to talk with. Especially, I would like to thank Ms. Tatyana Novossiolova for her supervision when I was conducting the various tasks. Her remarks allowed me to improve my work according to certain expectations, therefore being able to provide high-quality work for the great public policy institute that the CSD is!”*

**Lèna Degobert,**

France, intern at CSD’s Law Program,  
February 1 – April 30, 2021

*“My experience at CSD has been invaluable to my career development. After a year of studying Public Policy, I was able to apply my knowledge and further develop my research skills. I investigated from different perspectives (economics, politics, energy, soft power) how great powers can influence and what their usual tools are.*

*The internship also gave me the opportunity to get to know Bulgaria and the Balkan region. To be honest, I did not know much about it, but after my stay at CSD I believe that the Balkan region is of great importance to understand the current geopolitical competition taking place in the world.*

*Finally, during my time at CSD I also helped the Communications team develop their new Twitter account and assist in organising events. The experience was very fruitful and I definitely recommend it.”*

**Javier Borrás i Arumi,**

Spain, intern at CSD’s Communications Team,  
July 1 – September 30, 2021

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## Consulting arms of CSD: Vitoshka Research and Project One

Vitoshka Research EOOD and Project One EOOD are wholly owned by CSD and form the CSD Group. Vitoshka 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.

Project One EOOD was founded after consultations with the auditing company 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, Program Director, Chief Economist

### Economic Program

Ruslan Stefanov, Program Director, Chief Economist

Todor Galev, PhD, Director of Research

Alexander Stoyanov, PhD, Senior Fellow

Martin Vladimirov, Director, Energy and Climate Program

Alexander Gerganov, PhD, Senior Analyst

Radostina Primova, PhD, Senior Analyst

Daniela Mineva, Senior Analyst

Kostantsa Rangelova, Senior Analyst

Mariya Trifonova, PhD, Research Fellow

Todor Yalamov, PhD, Associate Fellow

Petar Terziev, Analyst

Boryana Velcheva, Analyst

Goran Georgiev, Analyst

Kristina Tsabala, Analyst

### Law Program

Dimitar Markov, Director

Maria Yordanova, PhD, Senior Fellow

Tatyana Novosiolova, PhD, Research Fellow

Maria Doichinova, Analyst

Maria Stoyanova, Program Assistant

### Sociological Program

Gergana Tzvetkova, PhD, Director

Lilia Yakova, PhD, Research Fellow

Mila Mancheva, PhD, Associate Fellow

Rosalina Todorova, Analyst

Victoria Bogdanova, Analyst

Leda Kuneva, Program Assistant

### Security Program

Atanas Rusev, PhD, Director

Chavdar Chervenkov, Lieut. Gen. (ret.), Senior Fellow

Emil Tsenkov, PhD, Senior Fellow

Rositsa Dzhekova, Associate Fellow

Mois Faion, PhD, Senior Fellow

Tihomir Bezlov, Senior Fellow

Stefan Ralchev, Research Fellow

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Mariyan Sabev, Analyst and Communications Coordinator  
Tommaso Comunale, PhD, Analyst  
Nadya Stoynova, Analyst

Communications

Galina Sapundzhieva, Communications Officer  
Marieta Ivanova, Communications Officer  
Penu Kiratzov, Communications Officer/Graphic Designer

Administration

Mariana Yankova, Administrative Secretary  
Milena Yordanova, Executive/Research Assistant  
Dimitar Stamenov, IT and Data Officer

Financial Department

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

Technical Support

Boyko Tasev

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## **Part Three**

# **Financial Review**

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**Center for the Study of Democracy (The Group)**

**Consolidated Annual Financial Statements**

**31 December 2021**

## **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 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 2021 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 2021, 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:

- 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.
- The report on the activity was prepared in compliance with the requirements of Chapter Seven of the Law on Accountancy.
- The report on payment to governments for the financial year for which consolidated financial statements were 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  
26 July 2022  
Sofia



0509 Стоян Донеv  
Регистриран одитор

Center for the Study of Democracy (The Group)  
Consolidated Statement of Financial Position, 31 December 2021

(all amounts in BGN thousand)	Note	As of 31 December 2021	As of 31 December 2020
<b>Assets</b>			
Property, plant and equipment	5	1,023	1,019
Intangible assets	6	1,667	555
Investment property	7	398	413
<b>Total non-current assets</b>		<b>3,088</b>	<b>1,987</b>
Inventories and materials		–	1
Trade and other receivables	8	584	425
Cash and cash equivalents	9	4,557	4,803
Deferred expenses		47	32
<b>Total current assets</b>		<b>5,188</b>	<b>5,261</b>
Long-term loan	8	182	122
<b>Total non-current financial assets</b>		<b>182</b>	<b>122</b>
<b>Total assets</b>		<b>8,458</b>	<b>7,370</b>
<b>Equity</b>		<b>6,336</b>	<b>5,896</b>
<b>Non-current liabilities</b>			
Payables to partners and suppliers	10	93	30
Deferred financing	11	2,029	1,444
<b>Total current liabilities</b>		<b>2,121</b>	<b>1,474</b>
<b>Total liabilities</b>		<b>2,121</b>	<b>1,474</b>
<b>Total equity and liabilities</b>		<b>8,458</b>	<b>7,370</b>

These consolidated financial statements were approved by the Governing Board on 25 July 2022. They were signed on behalf of the Governing Board by:

Vladimir Yordanov  
Executive Director  
25 July 2022



Initialed for identification purposes in reference to the audit report:

Stoyan Donev  
Registered Auditor  
26 July 2022

Center for the Study of Democracy (The Group)  
Consolidated Statement of Comprehensive Income, 31 December 2021

(all amounts in BGN thousand)	Note	As of 31 December 2021	As of 31 December 2020
Revenues from grants financing	12	2,634	2,313
Cost of sales	14	(2,319)	(2,150)
<b>Gross profit</b>		<b>315</b>	<b>163</b>
Revenues	13	817	607
Cost of sales	14	(669)	(606)
<b>Gross profit</b>		<b>463</b>	<b>164</b>
Financial income		24	7
Financial expenses		(13)	(12)
<b>Net financing costs</b>	15	<b>11</b>	<b>(5)</b>
<b>Profit before income tax</b>		<b>474</b>	<b>159</b>
Income tax expense	16	(34)	(19)
<b>Net profit for the period</b>		<b>440</b>	<b>140</b>
Other comprehensive income		–	–
<b>Total comprehensive income</b>		<b>440</b>	<b>140</b>

These consolidated financial statements were approved by the Governing Board on 25 July 2022. They were signed on behalf of the Governing Board by:

Vladimir Yordanov  
Executive Director  
25 July 2022



Initialed for identification purposes in reference to the audit report:

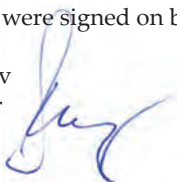
Stoyan Donev  
Registered Auditor  
26 July 2022

Center for the Study of Democracy (The Group)  
Consolidated Cash Flow Statement, 31 December 2021

(all amounts in BGN thousand)	Note	As of 31 December 2021	As of 31 December 2020
<b>Cash generated from operations</b>			
Profit before income tax		474	140
<b>Adjustments for:</b>			
Depreciation		36	52
<b>Changes in working capital:</b>			
Trade and other receivables		(184)	(111)
Trade and other payables		572	(815)
<b>Net cash from operating activities</b>		<b>898</b>	<b>(734)</b>
Income tax paid		(34)	(19)
<b>Net cash generated from operating activities</b>		<b>864</b>	<b>(753)</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment		(1,121)	(476)
<b>Net cash used in investing activities</b>		<b>(1,121)</b>	<b>(476)</b>
<b>Cash flows from financing activities</b>			
Interest and commissions paid		11	(5)
<b>Net cash used in financing activities</b>		<b>11</b>	<b>(5)</b>
Net increase/(decrease) in cash and cash equivalents		(246)	(1,234)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>4,803</b>	<b>6,037</b>
<b>Cash and cash equivalents at the end of the year</b>	9	<b>4,557</b>	<b>4,803</b>

These consolidated financial statements were approved by the Governing Board on 25 July 2022. They were signed on behalf of the Governing Board by:

Vladimir Yordanov  
Executive Director  
25 July 2022



Initialled for identification purposes  
in reference to the audit report:

Stoyan Donev  
Registered Auditor  
26 July 2022





*Center for the Study of Democracy (The Group)*  
*Consolidated Statement of Changes in Equity, 31 December 2021*

(all amounts in BGN thousand)	<i>Note</i>	<b>Retained earnings</b>
<b>Balance as of 1 January 2020</b>		<b>5,757</b>
Net profit for the year		140
Other		(1)
<b>Balance as of 31 December 2020</b>		<b>5,896</b>
<b>Balance as of 1 January 2021</b>		<b>5,896</b>
Net profit for the year		440
<b>Balance as of 31 December 2021</b>		<b>6,336</b>

These consolidated financial statements were approved by the Governing Board on 25 July 2022. They were signed on behalf of the Governing Board by:

Vladimir Yordanov  
Executive Director  
25 July 2022



Initialed for identification purposes in reference to the audit report:

Stoyan Donev  
Registered Auditor  
26 July 2022

## **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 2021 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 2021, the Group has 31 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 25 July 2022.

## **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 IFRS, as adopted by the EU. 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 2021 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
Computers/printers	2 years
Fixtures and fittings	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 of 31 December 2021.

### *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 recourses 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 and 2021, 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 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. As a result of its efforts, unemployment went down (to 4.5% in the last quarter of 2021) and the GDP level rose after a drop in the previous year (from -4.4% in 2020 to 4.2% in 2021). The development of the COVID crisis is expected to dominate global economic activity as the major factor for the next couple of years. The war in Ukraine, the gas and energy crisis in Europe and the ongoing de-globalisation trends will be the main instability factors in 2022–2023 in Bulgaria and Europe.

Risks for the Group are also heightened 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 even higher EUR 95.5 billion. This fact is likely to have a positive effect on the Group's activities.

Due to rising gas and other energy source prices, in late 2021 inflation in Bulgaria reached nearly 8%, marking a peak after the global financial crisis in 2007–2008. This complicates the expense planning process for all entities in the Group, including the Center, and therefore raises uncertainty. The Federal Reserve and the European Central Bank have clearly stated that high inflation will most likely have to be tackled by seriously raising key interest rates. The Federal Reserve is expected to introduce these measures before all, which would increase the value of the dollar against the euro. This would have a positive effect on the Group, as it is also beneficiary to projects denominated in US dollars.

While Bulgaria has continued with its Eurozone and Schengen bid, 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 economic convergence with the Eurozone. The latter, however, can only be limited due to the compounded economic conditions and domestic political instability that set in as early as in mid-2020. Bulgaria does not comply with the price stability criterion, as its inflation rate is considerably higher than the limit. Nevertheless, the country's leadership is still aiming to adopt the Euro in 2024, which is expected to enhance foreign investors' interest and possibly affect organisations such as the Group in a positive way. Over 50% of Group's funds are in Euro. 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 stability.

The short and mid-term prospects for Bulgaria's economic growth remain uncertain. This uncertainty is exacerbated by the political crisis in the country and the failure to form a stable regular government. Political turbulence continued to dominate the country in 2021 as well, leading to protests, a series of elections and two caretaker governments. 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 2021, the group had some exposure to USD denominated projects and although the slightly positive trend of the exchange rate USD/BGN resulted in a small foreign exchange profit, 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.

(all amounts in BGN thousand)

As of 31 December	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2021				
Trade and other payables	93	–	–	–
As of 31 December	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2020				
Trade and other payables	30	–	–	–

## 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

(all amounts in BGN thousand)

Cost	As of 31 December 2020	Additions	Disposals	As of 31 December 2021
Land	413	–	–	413
Computers	268	25	38	287
Vehicles	243	–	–	243
Fixtures & fittings	111	–	–	111
Other assets	8	–	–	8
Assets under construction	599	–	–	599
<b>Total</b>	<b>1,661</b>	<b>25</b>	<b>38</b>	<b>1,648</b>
<b>Depreciation</b>	<b>As of 31 December 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>As of 31 December 2021</b>
Land	29	–	–	29
Computers	266	19	38	247
Vehicles	243	–	–	243
Fixtures & fittings	102	2	–	104
Other assets	2	–	–	2
Assets under construction	–	–	–	–
<b>Total</b>	<b>642</b>	<b>21</b>	<b>38</b>	<b>625</b>

<b>Carrying amount</b>	<b>As of 31 December 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>As of 31 December 2021</b>
Land	384	–	–	384
Computers	21	6	–	27
Vehicles	–	–	–	–
Fixtures & fittings	9	(2)	–	7
Other assets	6	–	–	6
Assets under construction	599	–	–	599
<b>Total</b>	<b>1,019</b>	<b>4</b>	<b>–</b>	<b>1,023</b>

## 6. Intangible assets

(all amounts in BGN thousand)

<b>Cost</b>	<b>As of 31 December 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>As of 31 December 2021</b>
Software	524	–	–	524
Others	656	1,115	–	1,771
<b>Total</b>	<b>1,180</b>	<b>1,115</b>	<b>–</b>	<b>2,295</b>

<b>Depreciation</b>	<b>As of 31 December 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>As of 31 December 2021</b>
Software	521	1	–	522
Others	104	2	–	106
<b>Total</b>	<b>625</b>	<b>3</b>	<b>–</b>	<b>628</b>

<b>Carrying amount</b>	<b>As of 31 December 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>As of 31 December 2021</b>
Software	3	(1)	–	2
Others	552	1,113	–	1,665
<b>Total</b>	<b>555</b>	<b>1,112</b>	<b>–</b>	<b>1,667</b>

## 7. Investment property

(all amounts in BGN thousand)

	For the year ending:	
	31 December 2021	31 December 2020
<b>As of 1 January</b>		
Carrying amount at the beginning of the period	413	418
Depreciation charge	15	5
<b>Carrying amount at the end of the period</b>	<u>398</u>	<u>413</u>
<b>As of 31 December</b>		
Cost	511	511
Accumulated depreciation	(113)	(98)
<b>Carrying amount</b>	<u>398</u>	<u>413</u>

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

(all amounts in BGN thousand)

	For the year ending:	
	31 December 2021	31 December 2020
<b>Short-term receivables</b>		
Trade receivables	503	368
Less: impairment provision of trade payables	–	–
Trade receivables, net	503	368
VAT refund	78	54
Other	3	3
<b>Total receivables</b>	<u>584</u>	<u>425</u>

(all amounts in BGN thousand)

	For the year ending:	
	31 December 2021	31 December 2020
<b>Long-term receivables</b>		
Long-term loan	182	122
Less: impairment provision of trade payables	–	–
<b>Total long-term receivables</b>	<u>182</u>	<u>122</u>

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

## 9. Cash and cash equivalents

(all amounts in BGN thousand)

	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Cash at hand	19	17
Cash in bank current accounts	4,538	4,786
<b>Total cash and cash equivalents</b>	<b>4,557</b>	<b>4,803</b>

## 10. Trade and other payables

(all amounts in BGN thousand)

	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Short-term liabilities</b>		
Payables to suppliers	7	1
Salaries and social security payables	12	14
Corporate tax payables	12	6
Other	62	9
<b>Total short-term liabilities</b>	<b>93</b>	<b>30</b>

## 11. Deferred financing

(all amounts in BGN thousand)

	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Central European Initiative (CEI) – Capacity Building for Implementing Innovative EU Monitoring Tools for Good Governance and Anti-Corruption	–	2
Network of European Foundations (NEF) – Provocation and Resilience: The Differential Challenge of and Response to Russian Disinformation in Western and Central-East Europe	1	68
European Commission (EC) – Inclusive Dialogues towards an Operational Concept of Energy Citizenship to Support the Energy Union (DIALOGUES)	267	–
EC – Assessing the Risk of Social Isolation of Suspects and Accused: The Impact of the Media (ARISA 2)	10	75
EC – Developing Common Minimum Standards for Legal Arms Registers and Improving Information Exchange among EU Member States, Southeast Europe, Ukraine and Moldova (REGISYNC)	252	–

EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Monitoring, Advocacy and Awareness Raising (SELDI)	1	–
EC – Contexts of Extremism in MENA and Balkan Societies (CONNEKT)	–	60
EC – Efficient Risk-Based Inspection of Freight Crossing Borders without Disrupting Business (ENTRANCE)	33	78
EC – European Integrated Infrastructure for Social Mining and Big Data Analytics (SoBigData-PlusPlus)	59	102
EC – Cybercrime Victimisation Barometer – Piloting a Model for a Comparative Business Survey on Cybercrime Victimisation in the EU and Conceptualising a Digital Reporting Tool (CYBBAR)	270	–
EC – Building Resilience for Safeguarding Political Debates in EU Southeast Frontiers (FENCE)	94	–
EC – ICT Enabled Public Services for Migration (MIICT)	–	54
EC – Implementation of the Stockholm’s Roadmap in Cases of Terrorism and Radicalisation (FAIRNESS)	–	6
EC – IT Tools and Methods for Managing Migration Flows (ITFLOWS)	168	133
EC – Judicial and Police Cooperation Preventing Radicalisation towards Terrorism (JP-COOPS)	–	15
EC – Launch and Implementation of Diversity Charter in Bulgaria – DIVERSE.BG	–	15
EC – Methodology for Assessing States’ Capacity for Countering the Hostile Misuse of CBRN Knowledge and Materials (MASC-CBRN)	65	149
EC – Supporting Victims of Domestic Violence via a Programme for Capacity-Building and Awareness-Raising among Human Resources Specialists (SHE)	257	–
EC – Assessing Impact and Performance of Preventive Measures on EU Directives and Framework Decisions (PRE-RIGHTS)	23	46
EC – Radicalisation, Secularism and the Governance of Religion: Bringing Together European and Asian Perspectives (GREASE)	42	27
EC – Real Value of Energy Efficiency (REFEREE)	147	231
EC – Resilient Youth against Far-Right Extremist Messaging Online (YouthRightOn)	–	5
EC – State Capture Estimation and Monitoring of Anti-Corruption Policies at the Sectoral Level (SceMaps)	–	16

EC - Training Lawyers, Prosecutors, Judges to Ensure Better Rights Protection for Migrants and Refugees Victims of Human Trafficking (TRAIN PRO RIGHTS)	–	6
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)	72	81
European Climate Foundation (ECF) – Addressing the Reasons behind the Economic and Democratic Backsliding of the Western Balkans (Project No G-2109-62713)	29	–
ECF – Assessing the Legal, Policy, and Institutional Challenges for Offshore Wind Deployment in Bulgaria (Project No G-2109-62639)	38	–
ECF – Piloting a Benchmarking Methodology for the Assessment of the Territorial Just Transition Plans in Central and Eastern Europe (Project No G-2101-61429)	41	–
ECF – Assessing Chinese Economic Influence in Central and South East Europe (Project No G-2004-60312)	–	37
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)	8	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 – Consumer Engagement in Building Renovation and Renewable Energy Cooperatives for Grassroot Climate Action (EUKI Congregate)	4	–
Open Information Partnership (OIP) – Exposing HSIMO Disinformation Narratives in Bulgarian Media	3	–
Other	16	62
<b>Total deferred financing related to projects</b>	<b>2,025</b>	<b>1,430</b>
Financing for acquisition of fixed assets	4	14
<b>Total deferred financing</b>	<b>2,029</b>	<b>1,444</b>

## 12. Revenues from grants financing

(all amounts in BGN thousand)

<b>Revenues from grants financing and other project for respective periods are as follows:</b>	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
EEA and Norway Grants – Countering Conventional Crime through Monitoring and Raising Civil Awareness (112+)	109	201
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)	65	–
ECF – Piloting a Benchmarking Methodology for the Assessment of the Territorial Just Transition Plans in Central and Eastern Europe (Project No G-2101-61429)	83	–
ECF – Long-Term Decarbonisation Trajectories for Bulgaria (Project No G-2009-60916)	69	–
ECF – Assessing the Feasibility of Offshore Wind Power Plant Projects in the Bulgarian Section of the Black Sea (Project No G-2009-60941)	25	–
National Endowment for Democracy (NED) – Understanding and Responding to Foreign Malign Influence (Grant No 2021-13506)	9	141
EC – Fighting against Anti-Gypsism through Training of Professionals and Empowerment of Roma Communities (Latcho Drom)	6	15
EC – Training Lawyers, Prosecutors, Judges to Ensure Better Rights Protection for Migrants and Refugees Victims of Human Trafficking (TRAIN PRO RIGHTS)	5	23
EC – Assessing Impact and Performance of Preventive Measures on EU Directives and Framework Decisions (PRE-RIGHTS)	23	–
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)	18	43
EC – Implementation of the Stockholm’s Roadmap in Cases of Terrorism and Radicalisation (FAIRNESS)	64	33

U.S. Department of State – Exposing Russian Information Operations in Frontline States: Automated Analysis, Monitoring and Vulnerability Assessment (HADES)	70	61
Network of European Foundations (NEF) – Provocation and Resilience: The Differential Challenge of and Response to Russian Disinformation in Western and Central-East Europe	89	86
EC – Judicial and Police Cooperation Preventing Radicalisation towards Terrorism (JP-COOPS)	24	10
EC – State Capture Estimation and Monitoring of Anti-Corruption Policies at the Sectoral Level (ScgMaps)	45	130
EC – Resilient Youth against Far-Right Extremist Messaging Online (YouthRightOn)	49	97
EC – ICT Enabled Public Services for Migration (MIICT)	88	62
CEI – Capacity Building for Implementing Innovative EU Monitoring Tools for Good Governance and Anti-Corruption	27	34
NED – Understanding and Responding to Foreign Malign Influence (Grant No 2019-1170)	63	27
EC – Flows of Illicit Funds and Victims of Labour Trafficking; Unrevealing the Complexities (FLOW)	–	75
EC – Central and Eastern European Network for the Prevention of Intolerance and Group Hatred (CEE Prevent Net)	–	9
EC – Launch and Implementation of Diversity Charter in Bulgaria (DIVERSE.BG)	–	52
EC – Towards a More Effective Rights Protection and Access to Judicial Procedures for Victims of Crimes (JUSTICE FOR WOMEN)	–	14
EC – Anti-Trafficking Stakeholders and Economic Sectors Networking, Cooperation to Combat the Business of Human Trafficking Chain (NET-COMBAT-THB CHAIN)	–	27
EC – Strategic Assessment for Law and Police Cooperation (SAT-LAW)	13	30
EC – Offenders with Psycho-Social and Intellectual Disabilities: Identification, Assessment of Needs and Equal Treatment (OPSIDIANET)	–	67
EEA and Norway Grants– Implementing Shared Anti-Corruption and Good Governance Solutions in Southeast Europe: Innovative Practices and Public-Private Partnerships (R2G4P)	156	–

EC – Efficient Risk-Based Inspection of Freight Crossing Borders without Disrupting Business (ENTRANCE)	124	–
EC – Supporting Consumer Co-Ownership in Renewable Energies (SCORE)	30	92
EC – Inclusive Dialogues towards an Operational Concept of Energy Citizenship to Support the Energy Union (DIALOGUES)	52	–
EC – IT Tools and Methods for Managing Migration Flows (ITFLOWS)	54	–
EC – Civil Society for Good Governance and Anti-Corruption in Southeast Europe: Capacity Building for Monitoring, Advocacy and Awareness Raising (SELDI)	40	57
EC – Judicial Strategy against all Forms of Violent Extremism in Prison (J-SAFE)	–	33
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH – South East Europe Energy Transition Dialogue (EUKI)	41	86
GIZ – Distributional Impact of Carbon Pricing in Central and Eastern Europe (EUKI Carbon Pricing)	23	–
EC – Radicalisation, Secularism and the Governance of Religion: Bringing Together European and Asian Perspectives (GREASE)	41	128
GIZ – Consumer Engagement in Building Renovation and Renewable Energy Cooperatives for Grassroot Climate Action (EUKI Congregate)	70	–
EC – Real Value of Energy Efficiency (REFEREE)	77	–
EC – Integrated Community, Probation, and Prison Services Radicalisation Prevention Approach (INTEGRA)	–	19
EC – European Integrated Infrastructure for Social Mining and Big Data Analytics (SoBigData-PlusPlus)	43	–
Center for International Private Enterprise (CIPE) – Balkans Regional: Empowering Business as a Cross-Border Reform Champion (Constructive Capital Macedonia)	86	–
U.S. Department of State – Countering Weapons of Mass Destruction Hybrid Threats in Bulgaria through Strengthening Nonproliferation Norms and Institutions	25	–
EEA – Development of a Monitoring Methodology and Conducting a National Monitoring of Policy and Institutional Practice in Relation to Domestic and Gender-Based Violence in Bulgaria (GENDI)	25	–

EC – Developing Common Minimum Standards for Legal Arms Registers and Improving Information Exchange among EU Member States, Southeast Europe, Ukraine and Moldova (REGISYNC)	27	–
EC – Cybercrime Victimization Barometer – Piloting a Model for a Comparative Business Survey on Cybercrime Victimization in the EU and Conceptualising a Digital Reporting Tool (CYBBAR)	23	–
EC – Building Resilience for Safeguarding Political Debates in EU Southeast Frontiers (FENCE)	3	–
EC – Towards a More Responsive Victim-Centered Approach of the Criminal Justice System (RE-JUST)	29	29
EC – Contexts of Extremism in MENA and Balkan Societies (CONNEKT)	140	97
EC – Assessing the Risk of Social Isolation of Suspects and Accused: The Impact of the Media (ARISA 2)	68	36
EC – Methodology for Assessing States’ Capacity for Countering the Hostile Misuse of CBRN Knowledge and Materials (MASC-CBRN)	88	60
EC – Challenging Anti-Gypsyism by Roma Empowerment for Countering Disinformation and Fake News in Bulgaria (Care for Truth)	2	31
EC – Alternative Pre-Trial Detention Measures: Judicial Awareness and Cooperation towards the Realisation of Common Standards (PRE-TRIAD)	13	32
ECF – Assessing Chinese Economic Influence in Central and South East Europe (Project No G-2004-60312)	110	35
Open Information Partnership (OIP) – Enhancing the Communication on the Topics of Disinformation and Russian Economic Influence in SEE	11	–
Other projects	29	317
<b>Total revenues from grants financing</b>	<b>2,374</b>	<b>2,289</b>
Revenue from unconditional donations	56	7
Other revenues	204	17
<b>Total revenues</b>	<b>2,634</b>	<b>2,313</b>

### 13. Revenues from services and other activities

(all amounts in BGN thousand)

	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Revenue</b>		
Sale of services	816	606
Revenue from unconditional donations	1	1
<b>Total revenue</b>	<u><u>817</u></u>	<u><u>607</u></u>

### 14. Cost of sales and administrative expenses

(all amounts in BGN thousand)

	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Cost of sales	2,319	2,150
Administrative expenses	669	606
<b>Total expenses</b>	<u><u>2,988</u></u>	<u><u>2,756</u></u>

(all amounts in BGN thousand)

	<b>For the year ending:</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Cost of sales, administrative and other expenses include:</b>		
Expenses for materials	14	14
Hired services	860	857
Depreciation and amortisation	36	52
Salaries and wages	1,763	1,562
Social securities	247	226
Other expenses	68	45
<b>Total expenses</b>	<u><u>2,988</u></u>	<u><u>2,756</u></u>

## 15. Finance costs, net

(all amounts in BGN thousand)

	For the year ending:	
	31 December 2021	31 December 2020
<b>Finance costs, net</b>		
Interest income	–	7
<b>Interest, net</b>	–	7
Foreign exchange income	20	–
Foreign exchange expense	(6)	(9)
<b>Foreign exchange, net</b>	<u>14</u>	<u>(9)</u>
Other financial income	4	–
Other financial expenses	(7)	(3)
<b>Other financial, net</b>	<u>(3)</u>	<u>(3)</u>
<b>Finance costs, net</b>	<u><u>11</u></u>	<u><u>(5)</u></u>

## 16. Income tax

The major components of income tax expense for the year ended 31 December 2020 and the period ended 31 December 2021 are:

(all amounts in BGN thousand)	As of 31 December 2021	As of 31 December 2020
Current tax	34	19
<b>Income expense</b>	<u><u>34</u></u>	<u><u>19</u></u>

The official rate stated in the Corporate Tax Law for 2021 was set to 10% (2020:10%). Deferred taxes are calculated on all temporary differences under the balance method using this effective tax rate.

### *Movement in deferred tax*

(all amounts in BGN thousand)	Balance as of 1 January 2021	Movement	Balance as of 31 December 2021
Property, plant and equipment	–	–	–
Trade payables	–	–	–
Net deferred tax asset/liability	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

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:

(all amounts in BGN thousand)

Related party	Transactions during the year	January – December		31 December		31 December	
		2021	2020	2021	2020	2021	2020
		<i>Transactions</i>		<i>Receivables</i>		<i>Payables</i>	
Applied Research and Communications Fund	Rental contract	81	81	-	-	-	-
ARC Consulting EOOD	Consulting services/ Rental contract	-4	19	-	-	-	-
Bulgarian Association for Policy Evaluation	Loan agreement	40	-	182	142	-	-
		<b>117</b>	<b>100</b>	<b>182</b>	<b>142</b>	<b>-</b>	<b>-</b>

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:

	2021	2020
Governing Board and Executive Directors	340	287

## 18. Events after the balance sheet date

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

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