



Integrated Country Strategy

Bulgaria

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1. Chief of Mission Priorities

Bulgaria continues to struggle to achieve all the characteristics of a free-market democracy. The development of democratic institutions is behind the EU norm, and corruption continues to hamper economic development. Bulgaria's gaps may, however, create opportunities for the Mission to assist and influence. Our principal goal is to ensure that Bulgaria continues to develop its institutions so it can evolve into a more prosperous democratic state and a more capable partner of the United States.

The coalition government headed by Prime Minister Boyko Borissov, his third, has taken some steps to reform the justice system and strengthen the rule of law, but progress has fallen short of expectations. The country remains under the European Commission's Cooperation and Verification Mechanism (CVM) and outside the Schengen group, as well as outside the Eurozone. Convictions in high-profile organized crime and corruption cases are few; corruption and other complex cases move very slowly through the justice system.

Continued progress on rule of law will depend upon the commitment of Bulgarian authorities to tackle corruption and to implement much-needed reforms. The prosecution service and the independent judiciary must also take steps to ensure that justice is implemented fairly, quickly, and in a non-partisan manner. Media ownership should be more transparent, and journalists should have the freedom to hold institutions accountable. We have added a Regional Legal Advisor and will continue our work with relevant institutions in order to share our knowledge and experience and to press for specific steps, such as high-level prosecutions, better self-regulation in the judiciary, and a more sensible distribution of caseload and resources among various courts.

Bulgaria continues to be a transit state for drug smuggling, a source and destination country for human trafficking, and an incubator for cybercrime and ATM skimming. The Government of Bulgaria (GOB) recognizes these problems and our law enforcement cooperation continues to pay off through the disruption of criminal networks. Our counterterrorism cooperation is excellent. In light of the ongoing migrant and refugee crisis in Europe, as well as the threat of foreign fighters transiting to and from the Middle East, the continued development of Bulgarian law enforcement and counterterrorism capacities is necessary so Bulgaria can successfully balance the need to protect its (and Europe's) borders with the human rights of legitimate

refugees.

Bulgaria is a small but willing NATO ally. The GOB has a credible plan to modernize its military forces but needs to implement that plan and commit resources to it. U.S. training and partnership remain key elements in this transformation and will be especially necessary as Bulgaria modernizes its air force and reduces its dependency on Russian weapon systems. Our goal is to see a Bulgarian military that is interoperable with its NATO partners, capable of defending itself, and able to deploy to and sustain international peacekeeping or stability operations.

We are fortunate to have a bilateral Defense Cooperation Agreement (DCA) with Bulgaria that regulates the status of U.S. Forces in Bulgaria, allows for our use of four joint facilities, provides for bilateral and multilateral exercises, and facilitates the movement and temporary stationing of aircraft and vessels. We rely on the DCA to demonstrate the operational capabilities of NATO allies in the Black Sea region. In the future, we could use this arrangement to increase our cooperation in modernizing the Bulgarian Armed Forces.

Bulgaria is still a poor country with weak economic infrastructure. Frustration with unfulfilled economic expectations, corruption, and rising energy prices have caused unrest in the past. The country needs to increase trade and attract foreign investment to thrive. Working in its favor are its natural resources, productive agricultural land, skilled and educated workforce, location at the crossroads between Europe and Asia, and a relatively low cost of doing business. It also has an unpredictable and nontransparent business climate. The country has not yet found the formula to overcome its deficits and capitalize on its advantages to attract significant foreign investment and enjoy sustained economic growth.

Bulgaria must also secure and diversify its energy supply. We are contributing to this by urging the GOB to seek new sources, especially for natural gas and nuclear fuel, and to ensure transparency in all energy contracts. There are ample opportunities for U.S. investors and exporters on the Bulgarian market, but the government must take steps to ensure that Bulgaria is seen as an attractive location for foreign investment, where rules are consistent, transparent, and uniformly enforced.

Younger Bulgarians often have more positive feelings toward the U.S. and EU, and we continue to enhance our engagement with Bulgarian youth, including through our USG program alumni

network. Cultural and educational contacts are very important to our work, and Bulgarians tell us they want more of them. Our Summer Work Travel program is a key tool for facilitating the exchange of ideas between Americans and Bulgarians, as well as for helping Bulgarians to understand us better.

The rest of the population is aging and/or underemployed. Those segments are susceptible to outside influence and so are difficult to reach. But they are of sufficient numbers that we cannot ignore them. We need to find creative ways to reach out to all Bulgarians, regardless of age, class, religion, or ethnicity.

Russia exerts influence on Bulgarian society in many ways that seek to undermine the country's Euro-Atlantic connections. Large segments of the media lean toward Russian perspectives, natural gas supplies are a point of leverage, and Moscow has sway over political parties. This influence erodes traction for U.S. policies and programs.

Making progress on all of these priorities is essential because they are key to the maturing of Bulgarian institutions, our relationship with important elements in Bulgarian society, and the country's capacity to partner with us on a range of strategic issues.

2. Mission Goals and Framework

Mission Goal 1: Strengthen governance, transparency and rule of law to foster democratic norms, economic development and security stability.

Mission Objective 1.1: Increase the effectiveness and fairness of Bulgaria's justice system, thereby improving rule of law.

Mission Objective 1.2: Encourage and support reforms that will enhance the Bulgarian government's accountability to its citizens and residents.

Mission Goal 2: NATO ally Bulgaria and becomes a stronger provider of regional security.

Mission Objective 2.1: Develop Bulgarian capabilities so that Bulgaria matures as a NATO Ally and becomes a regional leader.

Mission Objective 2.2: Bulgaria modernizes its armed forces to reduce Russian dependencies and fulfill its NATO obligations.

Mission Goal 3: Promote economic prosperity and energy independence to increase the country's security, competitiveness, and investment and trade opportunities for U.S. companies.

Mission Objective 3.1: Encourage Bulgaria to develop a competitive and more sustainable economy to increase FDI, facilitate U.S. businesses' development in key growth sectors and reduce interference from oligarchs and unnecessary state intervention.

Mission Objective 3.2: Press Bulgaria to make tangible progress on the country's energy diversification efforts to increase security.

Mission Goal 4: Highlight shared Euro-Atlantic values and build partnerships to maintain Bulgaria's western orientation.

Mission Objective 4.1: Build resilience among the Bulgarian public against the impact of Kremlin-backed malign influence, motivating Bulgarians to reject those narratives.

Mission Objective 4.2: Grow the Embassy's engagement so that more Bulgarians embrace democratic values and support the U.S.-Bulgarian bilateral partnership.

Management Objective 1: Implement a program of professional development and workplace improvements to attract, retain, and further develop a high quality, professional local work force.

Management Objective 2: Implement upgrades to enhance facilities and infrastructure.

3. Mission Objectives

Mission Goal 1 Strengthen governance, transparency and rule of law to foster democratic norms, economic development and security stability.

Description and Linkages: Bulgaria continues to face challenges to its development as a fully democratic, open-market country. Continued weakness in the rule of law, including corruption, systemic influence of non-state actors over government institutions, and erosion of media independence, undermine democratic institutions and challenge the country's ability to adequately address transnational crime and other negative external influence. Bolstering Bulgaria's ability to implement law enforcement plans and procedures, coupled with reforms demonstrating the country's commitment to eroding the culture of impunity, will help to create conditions for our mutual security and prosperity as well as build confidence of the Bulgarian people in the country's positive future.

Mission Objective 1.1: Support Bulgaria's efforts to increase the effectiveness and fairness of its justice system, thereby improving rule of law.

Justification: Bulgaria is confronted with pressing regional issues, such as third-state provocations, illicit trafficking networks, and transnational organized crime, but weak rule of law contributes to instability, robs citizens of their rights, and has significant security and economic implications. Structural flaws in the civil and criminal justice realms, lack of political will to make reforms or pursue corruption and organized crime, and limited technical capacity perpetuate the influence of oligarchs over key government decisions and result in poor public perceptions of the justice sector and loss of revenues due to fraud and negligence. We will focus on legislative and judicial reform, strategic planning, and providing tools to fight corruption and organized crime.

Weaknesses in the Bulgarian security apparatus and Russian influence make Bulgaria more vulnerable to a variety of threats and impede our capacity to collaborate effectively. We will focus on enhancing Bulgaria's counter-terrorism capabilities and encouraging the adoption of the necessary legal framework, including the implementation of information sharing plans and procedures that will help keep our countries safe.

Mission Objective 1.2 Encourage and support reforms that will enhance the Bulgarian government's accountability to its citizens and residents.

Justification: Rule of law-related shortcomings and the weakness of democratic institutions make the Bulgarian state largely unaccountable to its citizens. Widespread corruption means resources are not effectively used in the public's interest, while offenders, especially at high levels in government, are not held accountable. This has caused the public to lose faith that the government works for the benefit of the people, and has nurtured a culture in which expectations of justice are low. We will push Bulgarian leaders to act decisively and chip away at this culture of impunity. We must also encourage the GOB to respect the human rights of all its citizens and adhere to its bilateral and international obligations. We will advocate for increased tolerance and inclusion strategies targeting marginalized groups such as the Roma, Muslims, persons with disabilities, and the LGBT community. We will also work to ensure a freer and fairer media landscape in Bulgaria, which will contribute to government accountability.

Mission Goal 2 Enable Bulgaria as an ally and regional security provider.

Description and Linkages: The Balkan Peninsula presents increasing challenges to the security and stability of Bulgaria and our NATO allies. Refugee flows, third-party influencers and changing circumstances in Bulgaria's immediate neighbors create conditions that can make the country a more important partner. Bulgaria's leadership seeks to play as stronger leadership roles but it has not fully adopted sufficient measures to exercise that leadership. Embassy efforts to assist in enhancing technical and human capital will improve the country's capacity to partner with us in addressing regional and Alliance challenges.

Mission Objective 2.1: Develop Bulgarian capabilities so that Bulgaria matures as a NATO Ally and becomes a regional leader.

Justification: Russia's invasion and occupation of Eastern Ukraine and Crimea has tangibly degraded the security situation in the Black Sea, while the conflict in Iraq and Syria further undermined the region's security and stability. We will work with Bulgaria, a NATO ally, to counter these security threats and to serve as a stabilizing force in the

Balkans and on NATO's Southeastern flank. To that end, we will encourage and support Bulgaria's efforts to modernize its security forces.

Mission Objective 2.2: Bulgaria modernizes its armed forces to reduce Russian dependencies and fulfill its NATO obligations.

Justification: Over 90% of Bulgaria's current military equipment is Russian-origin, and the Bulgarians have pledged to reduce this in their Capstone Strategic Defense Document. Additionally, their Wales summit pledge to increase Defense Spending to 2% of GDP by 2024 offers a long term plan to modernize and reduce their dependency on such equipment. Bulgaria must also reappportion spending, since approximately 80% of MOD funds go to cover personnel costs, 15% to operations and only 5% to investment. We will encourage Bulgaria to shift this ratio over time to 50% personnel, 30% operations and 20% for investment and modernization.

Mission Goal 3 Promote economic prosperity and energy independence to increase the country's security, competitiveness, and investment and trade opportunities for U.S. companies.

Description and Linkages: Bulgaria's economy is showing signs of strength in some areas but still requires some development and diversification. Despite a well-educated work force and low costs, growth is hampered by antiquated policies, energy dependencies, and an uneven business environment. Some entrenched interests work against needed structural reforms that would also attract U.S. and other foreign direct investment. Greater investment and growth would reduce or stop brain-drain and increase public support for pro-market reform and Euro-Atlantic integration.

Mission Objective 3.1: Encourage Bulgaria to develop a competitive and more sustainable economy to increase FDI, facilitate U.S. businesses' development in key growth sectors and reduce interference from oligarchs and unnecessary state intervention.

Justification: Bulgaria's legal and regulatory framework continues to develop in line with EU norms, albeit slowly. However, threat of state capture, undue influence on the

regulatory process, and overall opacity of government institutions and the justice system undermine both the investment climate and the energy sector.

Mission Objective 3.2: Press Bulgaria to make tangible progress on the country's energy diversification efforts to increase national security.

Justification: Bulgaria continues to be completely dependent on Russia for natural gas, oil, nuclear fuel supplies, and for spent nuclear fuel reprocessing and storage. Projects that would help lessen that dependence have been hampered by regulatory hurdles, insufficient political will, or outright corruption. Gas links offering non-Russian-sourced gas, such as the interconnector Greece-Bulgaria, have progressed very slowly. Meanwhile, gas links offering more options for Russian gas transit are swiftly progressing. Competition on the national gas market is virtually non-existent despite political rhetoric about market liberalization. Bulgaria's parastatal electric company is virtually bankrupt as a result of bad governance, and reform is desperately needed to address deep structural problems on the electricity market. Ultimately, Bulgaria's energy dependence on a single third country is a key vulnerability to the country's security. Exploiting this vulnerability threatens the country's pro-Western alliances and European Union solidarity.

Mission Goal 4 Highlight shared Euro-Atlantic values and build partnerships to maintain Bulgaria's western orientation.

Description and Linkages: The general public in Bulgaria is split along generational lines. Older citizens have a nostalgia for what seems a simpler time before 1989 while young professionals know only the Western-influenced present circumstances. The former group is still large and votes actively but is subject to misinformation campaigns and can be swayed by unscrupulous media. The latter enjoys a more diverse media diet but can still hear its elders. Reinforcing the understanding and opinions of future economic and political leaders can help Bulgaria maintain and enhance the westward orientation likely to bring it greater wealth, peace and stability for generations to come.

Mission Objective 4.1: Build resilience among the Bulgarian public against the impact of disinformation, motivating Bulgarians to reject false narratives.

Justification: Disinformation and fake news campaigns inundate Bulgarians with messages designed to undercut commitment to NATO, EU membership, and Western democratic orientation. The Bulgarian public is generally unable to critically assess the veracity of news presented to them and is unaware that false narratives present a threat to Bulgaria's stability. Civil society and government actors who are aware of the threat often lack the training and resources to push back or counter disinformation.

Mission Objective 4.2: Grow the Embassy's engagement so that more Bulgarians embrace democratic values and support the U.S.-Bulgarian bilateral partnership.

Justification: Public support is essential to Embassy success in achieving policy priorities in Bulgaria and the region. Unfortunately, economic disparities, demographic challenges, and an active anti-Western propaganda campaign fuel discontent among Bulgarians. Polls indicate that Bulgarians – and increasingly Bulgaria's youth – by far have the most favorable perception of Russia and Russian policies of all EU and NATO member states. Programs and outreach initiatives that highlight our partnership and empower youth to affect positive change can influence public opinion and advance our goals in Bulgaria.

4. Management Objectives

Management Objective 1: Implement a program of professional development and workplace improvements to attract, retain, and further develop a high-quality, professional local work force.

Justification: Embassy Sofia has two enduring strengths that contribute to its efficient operations, strong customer service results, and good post morale: a well-maintained first-rate facility and talented, motivated local staff. The combination of these two factors have produced consistently high ICASS Customer Satisfaction scores, allowed program offices to rapidly expand their operations in the wake of a changing geopolitical climate, and even allowed Sofia to become a strong platform for regional and global initiatives such as: the Post Support Unit, which processes vouchers for Missions throughout the world; the EUR Regional Support Services office for position classification; and, continuing the EUR software application development group, which creates proprietary, unique solutions for EUR posts (e.g., electronic Merit-Based Compensation (eMBC) and awards calculation, Contacts database, Online Auctions, and the Arrivals and Departures System). Post has approved across-the-board pay raises for all local employees in each of the last three years, for an average increase of 12% over that period. These wage increases have raised the overall salary base to the 65th percentile vis-à-vis local comparators. Nevertheless, with an improving economy and tightening labor pool, Post has continued to observe some employees leaving the Embassy for better paying positions and career opportunities elsewhere. Many of our most experienced LES are reaching retirement age and Post will face significant challenges finding replacements with their capabilities as long as our wage levels remain non-competitive. Furthermore, HR has noted a decline in the number and quality of applicants as compared to previous years, which has also been noted by other employers as well as the local government. To address this issue, Post can complement increased remuneration by targeting a higher labor market position, maintaining a diverse benefits package, and instituting and updating professional development and wellness programs. These programs aim to make sure that the Embassy continues to be regarded as one of the best places to work in Bulgaria, thus helping with recruitment and retention. Professional development courses will also improve the skills of our existing employees, thereby improving their productivity and capacity.

Management Objective 2: Implement upgrades to enhance facilities and infrastructure.

Justification: The Embassy compound includes three primary buildings: the Chancery, the Warehouse, and the Marine Security Guard Quarters (MSGQ). The compound was built and occupied in 2004. These facilities are LEED Certified, and have been well-maintained during the past decade. The compound is in very good condition. However, there remain areas in which building systems efficiency can be improved and cost savings achieved, mostly by equipment upgrades and minor changes to processes and practices. Many of the building appliances and systems will be nearing the end of their nominal life cycle in the next 5-10 years, and Post must remain alert to perform maintenance and monitoring of these components to ensure optimal life cycle and replacement timing. Post also has 23 Government Owned (GO) Residences in our housing pool, which includes the Chief of Mission Residence (CMR). Over the next several years, Post will focus on the successful commissioning of the new CMR, and the proper decommissioning of the current CMR.