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# BULGARIA

In 2014, the Bulgarian media played an active role in an intense political year marked by two elections campaigns, the resignation of Prime Minister Plamen Oresharski's Socialist led-government in July, and lengthy negotiations to a new cabinet. Unlike the elections of 2013, the mainstream media did not attempt to manipulate the voting process and instead provided citizens with pluralistic and reliable information about the political processes.

The collapse of one of the largest Bulgarian banks, Corporate Commercial Bank, led to significant shifts in the media landscape, as the bank was involved with the direct and indirect financing of a media empire including two television channels, a number of newspapers, and online publications. The advertising market, together with the Bulgarian economy as a whole, has continued to stagnate, bringing the majority of media outlets to the brink of financial collapse. The advertising market itself lacks transparency, with corporate and government funding becoming the major source of revenue, which is eroding the financial independence of media. Moreover, the two largest commercial television stations in Bulgaria, bTV and Nova TV, entered into a bitter war over pricing and ratings, damaging the advertising market across the board.

Aggression against journalists has become more commonplace in 2014 with a number of reporters from different outlets suffering threats, harassment by public figures and institutions, or violent attacks. In a hostile takeover bid, a private security company attacked and briefly took the premises of TV7. The journalists stood their ground and managed to keep control of the station. Their former colleague, also the head of the Bulgaria without Censorship party and a current Member of European Parliament, is believed to be behind the attack. However, the media and artistic community organized massive protests and succeeded in forcing the resignation of a controversial figure recently appointed as the head of parliament's Committee on Media.

Finally, with Russia's annexation of Crimea, the Ukrainian crisis and the "information war" between Russia and the EU has led to the appearance of numerous aggressively pro-Russian websites in Bulgaria and to active trolling with openly anti-European content on social media.

The most visible media-related developments in 2014 are the rapid growth of a viable new and social media landscape, increased citizen activism online, and the professional sustainability of some of the leading mainstream broadcast media, which still provide news to most Bulgarians.

Bulgaria's overall MSI score remained nearly unchanged. Importantly there was a visible, if modest, improvement in the legal and social environment for free speech and access to public information. This improvement was offset by small drops in score of the other four objectives.

# BULGARIA at a glance

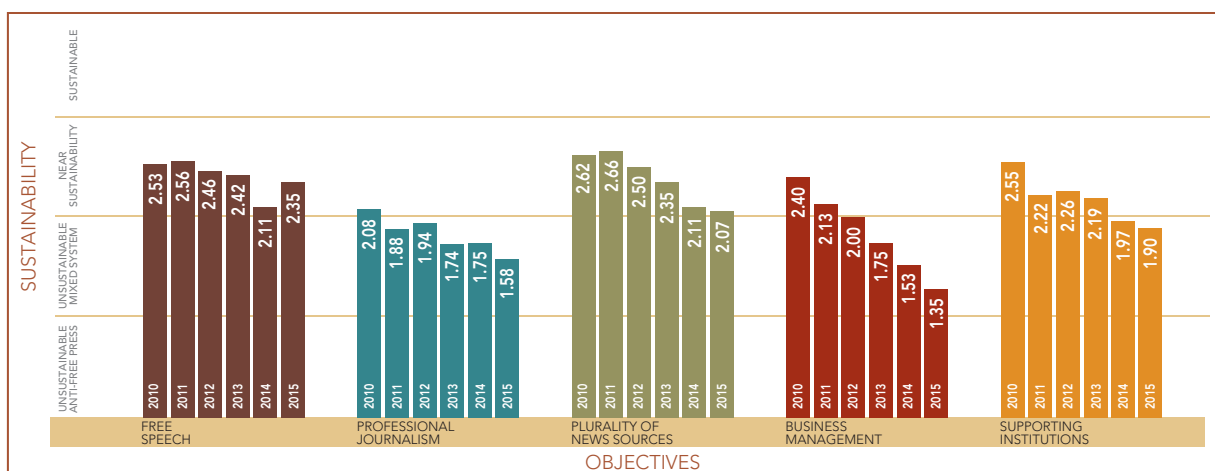
## GENERAL

- > Population: 6,924,716 (July 2014 est. *CIA World Factbook*)
- > Capital city: Sofia
- > Ethnic groups (% of population): Bulgarian 76.9%, Turkish 8%, Roma 4.4%, other 0.7% (including Russian, Armenian, and Vlach), other (unknown) 10% (2011 est. *CIA World Factbook*)
- > Religions (% of population): Eastern Orthodox 59.4%, Muslim 7.8%, other (including Catholic, Protestant, Armenian Apostolic Orthodox, and Jewish) 1.7%, none 3.7%, unspecified 27.4% (2011 est. *CIA World Factbook*)
- > Languages: Bulgarian (official) 76.8%, Turkish 8.2%, Roma 3.8%, other 0.7%, unspecified 10.5% (2011 est. *CIA World Factbook*)
- > GNI (2013-Atlas): \$53.46 billion (World Bank Development Indicators, 2014)
- > GNI per capita (2013-PPP): \$15,210 (World Bank Development Indicators, 2014)
- > Literacy rate: 98.4%; male 98.7%, female 98% (2011 est. *CIA World Factbook*)
- > President or top authority: President Rosen Plevneliev (since January 22, 2012)

## MEDIA-SPECIFIC

- > Number of active print outlets, radio stations, television stations: Print: 307 newspapers; Radio Stations: 83; Television Stations: 103 (National Statistics Institute 2014)
- > Newspaper circulation statistics: Total annual circulation: 324,310,000 (National Statistics Institute 2014)
- > Broadcast ratings: Top three television stations: bTV, NOVA, BNT1
- > News agencies: Bulgarian Telegraph Agency (state), BGNES (private), Focus Information Agency (private)
- > Annual advertising revenue in media sector: \$180 million (Bulgarian Association of Communication Agencies, 2013)
- > Internet Usage: 53.7% of the population (National Statistics Institute, 2014)

## MEDIA SUSTAINABILITY INDEX: BULGARIA



## MEDIA SUSTAINABILITY INDEX 2015: OVERALL AVERAGE SCORES



### CHANGE SINCE 2014

▲ (increase greater than .10) □ (little or no change) ▼ (.10 decrease greater than .10)

**Unsustainable, Anti-Free Press (0-1):** Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

**Unsustainable Mixed System (1-2):** Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

**Near Sustainability (2-3):** Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

**Sustainable (3-4):** Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

Scores for all years may be found online at [http://www.irex.org/system/files/EE\\_msiscorers.xls](http://www.irex.org/system/files/EE_msiscorers.xls)

## OBJECTIVE 1: FREEDOM OF SPEECH

Bulgaria Objective Score: 2.35

Indicators measuring the legal and social norms protecting and promoting free speech and access to public information are traditionally among the highest rated segments of the Media Sustainability Index in Bulgaria. In 2014, this is one of two objectives scoring above a 2.00; however problems with the fair implementation of the relatively good regulatory framework persist.

“Freedom of speech is guaranteed in the Constitution and the broadcast law additionally guarantees that freedom through specific texts. The legal framework is harmonized with the EU requirements,” said media expert Ivo Draganov. “Bulgaria is an example of a relatively good legislative framework that works badly. In theory, all legislative attributes are in place, but in practice they are ‘disemboweled’ by business interests and network influences. Everything can be put in question; everything can be doubled and put in question—ethical codes, ethical commissions, journalist reputations. For these reasons the legislative framework can be given a high score, but its implementation—not,” said BNT host Boyko Vassilev.

Media analyst Nicolette Daskalova noted a positive legislative change that happened in 2014—the new rules

“The problem is that there isn’t a high social sensitivity toward the work of journalists. Partially this is also a matter of context—quite often the media owners and the journalists use the term ‘media-baseball bat,’ meaning that the media is being used to destroy competitors, compromise the opponents of people in power,” according to Draganov.

for media coverage in election campaigns, which provide for fairer representation of candidates. The new Electoral Code removed earlier provisions limiting the right of the media to cover the campaign free of charge and according to their own editorial policy and established unified and equal pricing for paid media coverage of the political parties and candidates.

The licensing process is seen as very clear and well defined in the broadcast law. Still there are serious doubts about political bias in the election of members to the Council for Electronic Media, the national regulatory authority. “New appointments to the Council are imminent and we are about to see people positioning themselves with the political parties and public officials in high places,” media expert Draganov said.

From the perspective of small local broadcasters another problem with the licensing process is that it continues to lead to concentration. “Too few local broadcasters have managed to survive; there is no supportive environment for them. The market is distributed among several big players and the local media are pushed in a corner. The ongoing debate around creating opportunities for operators in the small markets has produced no result so far. This has seriously distorted the diversity of the media,” Radio Sevlievo owner and manager Vesselin Vassilev said.

Many of the panelists expressed concerns about increasing pressure and the rising number of crimes against journalists. “There is freedom of expression, but not so much freedom of the media,” media law expert Nelly Ognianova remarked.

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## LEGAL AND SOCIAL NORMS PROTECT AND PROMOTE FREE SPEECH AND ACCESS TO PUBLIC INFORMATION.

### FREE-SPEECH INDICATORS:

- > Legal and social protections of free speech exist and are enforced.
- > Licensing or registration of media protects a public interest and is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against media professionals, citizen reporters, and media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > The law protects the editorial independence of state of public media.
- > Libel is a civil law issue; public officials are held to higher standards, and offended parties must prove falsity and malice.
- > Public information is easily available; right of access to information is equally enforced for all media, journalists, and citizens.
- > Media outlets’ access to and use of local and international news and news sources is not restricted by law.
- > Entry into the journalism profession is free and government imposes no licensing, restrictions, or special rights for journalists.

**“The law guarantees the editorial independence of the public media, but in order for it to materialize there’s a need for high personal dignity and intolerance towards political and corporate serfdom and an ethos of public service that puts public interest above the personal one,” Draganov argued.**

The Central Bank and the Financial Supervision Commission (FSC) have on several occasions used provisions in the banking law to pressure the media at-large and have imposed heavy administrative sanctions against some media outlets for articles calling into question the stability of some financial institutions. Draganov noted his concern over “the trend to persecute journalists for ‘spreading panic’ in society and the authorities’ claim that critical publications by some reporters have alarmed citizens, prompting them to withdraw their deposits from the banks.” Draganov added, “A month later it turned out that the reporters were right when they were warning [citizens] about the banks—two of them have gone bankrupt and four or five more are in a critical condition. Unfortunately the reaction by some politicians in this case only proves their close relationship with oligarchs, which is a minus for the work of the journalists.” His concern was echoed by Darik Radio journalist Iliia Valkov, who explained, “There are cases of administrative pressure against the media from institutions like the Bulgarian National Bank and the FSC related to the bank crisis.” However he added, “These do not distort the overall picture of legal guarantees for freedom of speech.”

Legal expert Dimo Gospodinov added, “Public institutions use parallel means to exert pressure on the media—instead of the civil or criminal cases they use the Law on Credit Institutions and the Law on Protection of Competition to put pressure on journalists over their articles and analyses.”

According to blogger Ivan Bedrov, the police, investigators, and prosecutors are among the other institutions exercising pressure over journalists for their reporting. He added that they have on several cases called in journalists for questioning, apparently to harass them at someone’s request. Daskalova also expressed concerns about increased pressure on journalists to reveal their sources.

Many of the participants noted the violent attempt to take over TV 7 staged by its former journalist-turned-politician, who sent in armed private security guards in a hostile

takeover bid. TV 7 is considered to be a part of the media group funded by the bankrupt CCB. After losing its sponsor, TV 7 and its sister channel NEWS7 adopted an independent editorial policy and have been struggling since to survive in a very small advertising market. TV 7 has aired critical programs against their former colleague, Nikolay Barekov, who created the Bulgaria without Censorship political party and managed to secure seats both in the European and Bulgarian Parliament.

Many panelists shared their concern about the growing number of physical assaults against journalists reporting from danger zones or conducting investigative reporting. Recent examples of assaults include Rossen Tzvetkov from bTV who was investigating a criminal ring aimed at defrauding people through false phone calls, Maria Tzantzarova, also from bTV, who was investigating payments for participation in pro-government rallies, and Ljubo Ognianov from TV 7 who was investigating drug dealers. “Fortunately the crimes against journalists in Bulgaria are not as frequent and as violent as in some other countries, but the investigations of the cases of burnt cars or bombs exploding in the homes of journalists have so far been unsuccessful,” said Bedrov. His comment was echoed by Svetla Petrova, who explained, “The perpetrators of several criminal acts against journalists remain undiscovered.”

Another hotly discussed issue is the funding and editorial policy of the public media, Bulgarian National Television (BNT) and Bulgarian National Radio (BNR). BNT host Boyko Vassilev explained that public media “fulfill or at least strive to fulfill what the public wants from them. But the opposite is not true. Society does not fulfill its obligations towards them. BNT is the most underfinanced public TV station in Europe...an example of that as the budget restrictions imposed on it by the Oresharski government.”

“The law guarantees the editorial independence of the public media, but in order for it to materialize there’s a need for high personal dignity and intolerance towards political and corporate serfdom and an ethos of public service that puts public interest above the personal one,” Draganov argued.

Some of the participants expressed concerns about the state of management of the public media and especially of BNR. Among the problems, according to Nelly Ognianova, are the lack of transparency in decision-making, the interference in the editorial policy of BNR during the bank crisis, and the “dramatic shortage of funding.”

“Tension in the Bulgarian National Radio is escalating. There are many programs that were taken off the air under suspicious circumstances,” move.bg legal officer, Dimo Gospodinov noted. His concern was shared by many other panelists including Daskalova, who pointed out that the

problems with the management of BNR have a negative impact on its editorial content.

As far as libel and defamation is concerned, the established practice for politicians or businessmen is to file significant damage claims against media outlets and journalists. Even if not successful, these cases are seen as an example of harassment. Some of the high profile libel cases against media include that of an owner of a bank against e-vestnik, a small independent news-site, and the wife of a former prime minister against Bivol, a site for investigative journalism. Verdicts have yet to be rendered in both cases, which commenced in 2014.

Media expert Draganov looks at libel and defamation from a different perspective. “The real problem is with the so called ‘custom-made’ publications, where libel and defamation are disguised as ‘investigative journalism,’” he said. In his opinion such reporting weakens the case for removing libel and defamation from the criminal code.

Journalist Svetla Petrova remarked that a positive development was seen in the implementation of freedom of information legislation. “There is a positive trend in the increased usage of the legal tools to obtain public information and protect freedom of speech,” she said.

Access to and use of international and domestic news sources remains unfettered. As in the past it is one of Bulgaria’s strongest indicators in Objective 1. Likewise, aspiring journalists may enter the job market freely.

## OBJECTIVE 2: PROFESSIONAL JOURNALISM

Bulgaria Objective Score: 1.58

“Even though crimes against journalists exist in Bulgaria, I think the more dangerous crimes are the ones committed by journalists with respect to society. Many print media today have been turned into blunt instruments of the will of their owners creating an unprecedented single layer and single voice media environment in Bulgaria,” stated BNT host Boyko Vassilev. Draganov went onto to cite the example of *The Banker* newspaper, which had nominated one banker four times as “banker of the year,” misleading the public into depositing money into his bank, despite warnings from other newspapers since 2009 regarding financial health of the bank. Comments such as these explain why Bulgaria’s score for Objective 2 is as poor as it is—one would think that a country that joined the EU several years ago would score much better—and why the score fell moderately again this year.

According to Vassilev, “2014 proved that any reputation can be destroyed as long as the media-accuser keeps shouting

“The quality of journalism keeps falling. Indeed there are a few media outlets struggling to adhere to professional standards, but the environment is determined by those who don’t,” explained journalist Yassen Boyadjiev.

loudly enough. The mechanism of public reprisal through the media has grown to huge dimensions—the ‘news’ starts from a fake site, then gets quoted by a tabloid, from where it reaches a more respectable publication and becomes a public fact.”

Panelists noted that there are different media “camps”—some media observe ethical standards, but many do not, so a mathematical average does not tell the whole story. “The quality of journalism keeps falling. Indeed there are a few media outlets struggling to adhere to professional standards, but the environment is determined by those who don’t,” explained journalist Yassen Boyadjiev.

“Many topics are being discussed with bias, important facts and circumstances are deliberately omitted. These are not really lies, but rather attempts to misguide the audience in its judgment of the events,” Draganov added. For example, topics of a political or business nature are reported on with bias. Vassilev noted, “The small market can’t be the only explanation” for poor quality in journalism, as other markets

### JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

#### PROFESSIONAL JOURNALISM INDICATORS:

- > Reporting is fair, objective, and well-sourced.
- > Journalists follow recognized and accepted ethical standards.
- > Journalists and editors do not practice self-censorship.
- > Journalists cover key events and issues.
- > Pay levels for journalists and other media professionals are sufficiently high to discourage corruption and retain qualified personnel within the media profession.
- > Entertainment programming does not eclipse news and information programming.
- > Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- > Quality niche reporting and programming exist (investigative, economics/business, local, political).

**“All the journalists claim that they represent reality objectively, but there’s often the impression that facts are replaced by unverified claims and important events are being ignored at the expense of less important ones,” Draganov posited.**

in the Balkans cultivate journalists who produce much higher quality work.

A serious concern for all the panelists is the continuing crisis in self-regulation. The two rivaling publishers’ unions have now established two ethical commissions working with different ethical codes, which undermine the value and independence of self-regulation. There are no principle differences in terms of the content of the ethical codes; the two unions are formed around the two major conglomerates. “The ethical standards are better observed in the public media—still” Ognianova explained.

“The management of the majority of media outlets does not need professional journalists with high ethical standards because they produce externally paid content packaged in cheap clichés and fast-food tabloid and sensationalist forms and formats,” noted Mediapool manager Stoyana Georgieva.

Svetla Petrova added, “Quite a few of the people working in the media have changed their job with no warning to the public and there is an endemic growth of cases where political, corporate, or some other PR is being represented as journalism for which journalists get illegal remuneration. From this perspective we can talk about the complete failure of ethical standards in media.” Replacing editorial content with “undercover” public relations material is a general problem shared by everyone. “Unfortunately there are always people willing to run errands for their owners, that’s why so many of the best journalists are out of jobs, and work for small cable TV stations or write blogs, but have lost their positions in big TV stations,” Draganov explained.

The most notable decline was in the area of self-censorship. Many of the panelists believe this—and the low wages journalists receive—is related to the fact that many media outlets are too dependent on the government or corporate subsidies and do not dare cross lines with too much critical coverage. According to Draganov, outside of the capital Sofia, “News outlets depend on advertising from a few local businesspeople who are usually very closely connected to

the local authorities. A higher degree of criticism may lead to bankruptcy.”

Due to editorial control exercised by the media owners, media outlets only partially cover news events. This underscores the attitude of the media toward the “sacred cows”—there is inadequate coverage of big advertisers including banks, mobile operators, and the government.

“All the journalists claim that they represent reality objectively, but there’s often the impression that facts are replaced by unverified claims and important events are being ignored at the expense of less important ones,” Draganov posited. Many panelists discussed the lack of expertise within the profession covering important topics such as the EU and the judicial system.

All panelists regret the on-going trends towards tabloidization of the media and the minimization of in-depth reporting. Another persistent problem is the speed with which some media outlets follow the winners in election campaigns and switch their editorial affiliations as the change of power becomes imminent.

“The financial restrictions on the media and the downsizing of editorial staff have a negative impact on the ability of the media to cover a wider variety of topics and problems in society” Iliia Valkov explained. Journalists receive slightly above the average (teachers are below the average), yet salaries have decreased in some media outlets since the last year.

Part of the explanation for the falling standards in journalism can also be seen in the level and the expectations of the audience, Draganov postulated. “The level of the audience is horribly low. 49 percent of the viewers have only an elementary education and are only interested in entertainment of the lowest quality.” Boyko Vassilev added, “The low quality is a kind of censorship: what you can’t kill with pressure you kill with indifference.” “Entertainment doesn’t simply prevail in the programming—it penetrates news and current affair programs as well,” Svetla Petrova claimed.

Traditionally the highest indicator score in this objective is awarded to the quality of the facilities and equipment available for gathering, producing, and distributing news. Due to developments in technology, the falling prices of equipment, and the availability of fast yet affordable Internet in Bulgaria, the efficacy of newsgathering has increased even during hard economic times.

“The expertise of beat reporters is falling sharply,” Svetla Petrova said. “Whole specialized beats are missing. The big TV stations don’t have a single business program, as a result the viewers have no idea what’s going on in the Bulgarian

economy. The international beat is also marginalized and pushed to a corner. Serious analysis is non-existent. High language is rather an exception," Boyko Vassilev added. Their views were shared by OFFNews editor Vladimir Yontchev: "Specialized journalism is almost non-existent. The few existing beat reporters are remnants of the media 10 to 15 years ago. In many sectors there are no beat reporters at all. This is compensated by superficial, entertaining, and artificially scandalous publications."

### OBJECTIVE 3: PLURALITY OF NEWS

Bulgaria Objective Score: 2.07

Overall, this objective measuring the availability of multiple news sources providing citizens with reliable and objective news scored about the same as last year. As in previous years, indicator 6, measuring transparency in media ownership, was the most troublesome. Another highly problematic area of the objective is the broad gap between the news agenda of the media and the broad spectrum of social interests the media are expected to cover.

A clearer division between pro-government and anti-government media, especially newspapers and online editions, emerged in 2014. As different owners side with different political and corporate structures there is a variety of viewpoints among the media, but not always within one media outlet. As Yontchev explained, "There is pluralism

#### MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE, OBJECTIVE NEWS.

##### PLURALITY OF NEWS SOURCES INDICATORS:

- > Plurality of public and private news sources (e.g., print, broadcast, Internet, mobile) exist and offer multiple viewpoints.
- > Citizens' access to domestic or international media is not restricted by law, economics, or other means.
- > State or public media reflect the views of the political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for media outlets.
- > Private media produce their own news.
- > Transparency of media ownership allows consumers to judge the objectivity of news; media ownership is not concentrated in a few conglomerates.
- > A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources
- > The media provide news coverage and information about local, national, and international issues.

**"The news agenda of the media has nothing in common with the daily agenda of the citizens," said Ognianova.**

among the media, but pluralism of opinion within one media outlet is a rare exception."

Ownership bias is one explanation suggested by the panelists for the gap between the items covered by the news and the topics representing the greatest interest of citizens. Topics such as employment, education, social issues, health, and culture are marginalized at the expense of party politics, intrigue, and scandal. "The news agenda of the media has nothing in common with the daily agenda of the citizens," said Ognianova.

Outright political ownership is not uncommon. Two political parties represented in the newly elected Parliament are directly related to television channels. The nationalist Ataka party has been in Bulgarian political life for more than 10 years with significant early support from the strong nationalist regional television station SKAT. The Ataka and SKAT alliance fell apart, leading to the launch of a new television channel by Ataka and the launch of a new political party by SKAT. Ataka supported the coalition which ruled Bulgaria until June 2014, the new political party of SKAT, the Patriotic Front, is now a member of the new ruling coalition.

As the revenue from expected sales does not cover transport expenses, print publications are no longer delivered to smaller towns and villages in the countryside, these areas also experience the worst Internet penetration resulting in their isolation to information not available on television.

Among the positive developments within this objective according to the panelists is the growing number of news apps that are becoming a growing business, compensating for the decline in traditional media readership and the slow penetration of Internet in the rural areas.

One of the exceptions to the trend in selective coverage is the public media. "The public media are financially dependent on the whims of the government, but manage to find a good balance in presenting all points of view" Draganov noted.

The independent news agencies that are expected to gather and distribute news for media outlets are currently in crisis. The state news agency BTA is surviving the financial crisis, but its services are not affordable for many of the independent media outlets.



According to the panelists, the ability of private media to produce their own news is not limited by any regulations; however, many private outlets are producing less of their own content due to financial limitations.

The law requires newspapers to publish data about their ownership in their first copies for each calendar year. However, in early January 2015 print media missed the legal deadline and did not reveal their ownership data for a second consecutive year. Ognianova said, "The policy to promote transparent media ownership has been a fiasco. The requirements of the Law on Legal Deposits are not being observed and no sanctions have been imposed against newspapers failing to declare ownership data." "There is no political will and no legitimate institutions to handle the problem regarding the transparency of ownership, especially within print and online media," Daskalova explained. "Transparency of media ownership has been the primary problem of Bulgarian media for many years. Everything written in the previous reports is true. Only the situation is more exposed now. The money given by the banker Tzvetan Vassilev<sup>1</sup> to some key media is an especially scandalous fact. Not only did they not return it, but replied with a volley of accusations in reply. This scandal received almost no coverage," Vassilev added.

Moreover, this issue is also reflected in the ability of media outlets to cover important events and topics. "There is a real danger that when put under external pressure, due to the unclear interests of the owners or because of professional incompetence, the media could miss, hide, or misinterpret important events and issues," Boyadjiev explained.

Some panelists also remarked that the impact of foreign investors in Bulgarian media is low. As Ognianova explained, "Foreign investors are important but too few," for example MTG owns NovaTV and Time Warner owns bTV.

Despite several donor-driven attempts, ethnic media is non-existent in Bulgaria. "There are hardly any journalists from the ethnic minorities. Those who write about the minorities are often threatened," according to Bedrov. "The two Roma television stations were too dependent on donor support and have gone bankrupt. Nationalist parties keep testing the government's resolve to keep Turkish language news in the program on Bulgarian National TV, with no success so far," Ognianova added.

A serious issue in media development in Bulgaria within this objective is the declining level of local journalism. "Let's remember that until seven to eight years ago, there were local cable television outlets and local newspapers even in smaller towns. Today even bigger cities like Rousse, Pleven,

Tarnovo, Targovishte, and Shumen don't have local radio. The Council for Electronic Media couldn't care less. All they care about are the big networks," asserted Vesselin Vassilev. "The regional media are slowly disappearing due to the financial crisis. This increases the role of public media outside Sofia" explained Ognianova. "The local correspondents networks are vanishing," added Vladimir Yontchev. "Media pluralism in the regions is at a very low level and local news remains unreported. Access to information is also regionally limited—it's less developed in the smaller towns and villages, which limits the access to diverse and independent information even on the existing Internet channels," noted Gospodinov.

According to Ilia Valkov, "The media works on a monotonous trail of current events focused on the government, the 'yellow cobblestones,'<sup>2</sup> and the politically scandalous. There is a lack of stories from the rest of the country, where the media only cover criminal cases and family drama."

#### OBJECTIVE 4: BUSINESS MANAGEMENT

Bulgaria Objective Score: 1.35

The Objective measuring the business environment is again the lowest scoring Objective in this year's MSI, showing a small decline even from the record low levels of last year. The most problematic areas include the unfair distribution of government funds for the media, the manipulative and unreliable data on broadcast ratings and circulation figures, as well as the overall lack of transparency in the advertising market.

"Most traditional media operate at a financial loss, which leads to compromises with editorial independence. With few exceptions, the big advertisers enjoy complete media support. As public institutions remain the biggest advertisers, any government regardless of its political affiliation receives media support," said Ivan Michalev, the sales manager of one of the big media conglomerates.

Panelists discussed the stagnation of the advertising market, which has resulted in smaller newsroom budgets. "The business model of newspapers is in crisis everywhere in the world. The effect in Bulgaria is of catastrophic dimensions because of the size of the market and the readiness of big business players to sustain their own media for their own advantage and to attack the competition. Many publications don't count that much on advertising and sales as they do

<sup>1</sup> CCB owner and manager Tzvetan Vassilev

<sup>2</sup> "Yellow cobblestones" symbolize the center of power, as the main Sofia boulevard connecting the House of Parliament with the buildings of the Government and the office of the President is covered with them.

on subsidies from the owner's other businesses," Vassilev said. "The continuing economic crisis and the shrinking advertising market make sustaining and survival of the majority of the media very problematic, which has an unavoidable effect on their independence and the quality of their content" Yassen Boyadjiev noted. Most media outlets are on the brink of financial collapse.

While figures about the size of the media market that can be trusted are not available, the majority of the panelists believe that it is shrinking. According to Draganov, the advertising market has shrunk by 45 percent since 2008. Advertising agencies are unable to sustain a well-functioning market because the economy has been in decline for several years and advertising is directly linked to consumption. According to his data the market was BGN 515 million (\$312 million) in 2008. In 2013 it was BGN 303 million (\$183.5 million).

One of the most notable events which influenced the development of the business environment for the media in Bulgaria in 2014 was the on-going price and ratings war between the two main commercial television stations, bTV and Nova. "This war shook the media market," Daskalova explained.

One of the biggest concerns is the use of government funds to subsidize media and thus influence their editorial policy. The government, both on the national and on the local level, from European or Bulgarian budget resources, is becoming the major advertiser, which creates a precondition for losing editorial independence. "Media and advertisers become more and more dependent on the government because it distributes the multibillion budgets of the

#### **MEDIA ARE WELL-MANAGED ENTERPRISES, ALLOWING EDITORIAL INDEPENDENCE.**

##### **BUSINESS MANAGEMENT INDICATORS:**

- > Media outlets operate as efficient and self-sustaining enterprises.
- > Media receive revenue from a multitude of sources.
- > Advertising agencies and related industries support an advertising market.
- > Advertising revenue as a percentage of total revenue is in line with accepted standards.
- > Government subsidies and advertising are distributed fairly, governed by law, and neither subvert editorial independence nor distort the market.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor the product to the needs and interests of the audience.
- > Broadcast ratings, circulation figures, and Internet statistics are reliably and independently produced.

**"One of the effects of the war between the two broadcasters and the stagnating advertising market has been the fall in the price of advertising. Agencies and television stations offer attractive pricing in return for exclusive contracts. The battle is really big due to the shrinking advertising market and the fragmentation of the television market," explained Draganov.**

European funds. In the Bulgarian context it is irrelevant to discuss the effective management of the media as related to their professional independence," Georgieva added.

The so-called Operative Programs (programs funded by the EU Social and Cohesion Funds to support the development of Bulgaria) have sizeable communications budgets, which are distributed among the bigger media outlets. "These budgets open a 'media umbrella' above the head of the respective minister responsible for advertising," said Bedrov. "In the last few years the government has spent about BGN 20 million (\$12.2 million) of European funds to promote European programs in the media, but their manner of distribution among the media outlets is not transparent," said Draganov. The bulk of funding goes to the promotion of the programs themselves and not to specific projects funded by Europe, for example, program "competitiveness" or "administrative capacity." These are seven year framework programs funded by the EU in the respective areas.

The problem is even bigger for small local media. The past year witnessed the continuation of a trend with the millions of euro for advertising from European programming flowing into the hands of a few select media organizations. "The local media received nothing... Wasn't the idea to use this money to help the small media survive the crisis?" questioned Vassilev. In order to address this problem a number of media associations, journalists, and media outlets addressed the new government with a petition to apply clear and transparent criteria when it assigns public funds for communication campaigns. One of the suggested requirements is that media that do not declare their real ownership should not be eligible to apply for public communication funds. The new government has started discussing ways to introduce greater transparency in media ownership and may move towards drafting legislation in 2015.

“Sustaining independent media only from advertising in the condition of a deep economic and social crisis is practically impossible. The dubious mechanisms for distribution of public funds for the media are being used to influence their editorial independence,” Petrova concluded.

The war of the people meter systems includes two measuring companies, Mediaresearch, later acquired by Nielsen, and GARB. The two agencies have undergone international audits, but have contracts with the two main television stations, bTV and Nova, and give them conflicting ratings. One of the examples quoted was the audience measurement the night when the two channels aired the finals of their rival reality formats. GARB gave bTV’s *Survivor* a 41 percent share as opposed to 25.1 percent given to Nova’s *Big Brother*. However, Nielsen/Mediaresearch on the same night measured 31.3 percent for Nova and 26.5 for bTV.

“One of the effects of the war between the two broadcasters and the stagnating advertising market has been the fall in the price of advertising. Agencies and television stations offer attractive pricing in return for exclusive contracts. The battle is really big due to the shrinking advertising market and the fragmentation of the television market,” explained Draganov.

The lack of reliable broadcast rating measurement affects also the ability of media organizations to use market research to formulate strategic plans, enhance advertising revenue, and tailor the product to the needs and interests of the audience. Some of the panelists noted that traditional advertising as a whole is losing its effectiveness and is being rapidly replaced with product positioning, quite often not clearly and transparently marked and misleading for the viewers and readers.

## OBJECTIVE 5: SUPPORTING INSTITUTIONS

Bulgaria Objective Score: 1.90

There has been a significant decrease in the role supporting institutions play in furthering the professional interests of independent media in Bulgaria over the years. “There are numerous professional journalism unions [Union of Bulgarian Journalists, the Union of Journalists in Bulgaria Podkrepa, the Association of European Journalists], but they don’t always side with high quality and objective journalism. There is a trend of these unions being taken over by interest groups and political parties. Despite many attempts, journalism representation is in crisis,” Vassilev stated.

“The reason professional organizations and NGOs are not very effective in protecting the independence of the media is the oligarchic structure of government in Bulgaria. Too

many inconvenient journalists have been fired and have not been able to go back to their jobs. Personal and corporate integrity has no value in Bulgaria, they add no value to the business and no one cares about them,” Draganov explained.

“There is greater solidarity among publishers than among journalists,” according to Valkov, who pointed to the Association of Bulgarian Broadcasters, the Bulgarian Association of Cable Communications Operators, and two rival newspaper publishers unions that do represent industry interests. Not all panelists agreed that these are all strong organizations. “The situation with the publishers has also worsened: there are two publishers’ unions, one of which is dependent on the Dogan Holding empire and pretends to uphold established principles of the free media like the ethical code but uses them as a cover [to mask] brutal corruption and dependence,” Georgieva asserted.

One of the positive developments in the media sector noted by many of the panelists is the renaissance of citizen activism promoting free speech, independent media, and the freedom of expression. “The most encouraging fact is that there are quite a few nongovernmental and citizen organizations which are very active, consistent, and persistent in upholding professional values,” Petrova said. Among the NGOs providing strong support to journalists and media outlets panelists praised the Access to Information Program, the Association of European Journalists—Bulgaria, the Media Democracy Foundation, and the newly re-established Free Speech Syndicate. “Civil society in its non-professional part is more united over some priority reforms, which need to be introduced in the media,” Dimo Gospodinov posited. His organization was

### SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

#### SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of media owners and managers and provide member services.
- > Professional associations work to protect journalists’ rights and promote quality journalism.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs exist providing substantial practical experience.
- > Short-term training and in-service training institutions and programs allow journalists to upgrade skills or acquire new skills.
- > Sources of media equipment, newsprint, and printing facilities are apolitical, not monopolized, and not restricted.
- > Channels of media distribution (kiosks, transmitters, cable, Internet, mobile) are apolitical, not monopolized, and not restricted.
- > Information and communication technology infrastructure sufficiently meets the needs of media and citizens.

The situation with Internet penetration is unequivocal: while the country has one of the fastest Internet connections in Europe and the lowest prices for high speed Internet, this is largely limited to the bigger cities. According to Bedrov, however, Bulgaria lags behind the rest of the EU in terms of Internet penetration—only 55 percent of the population uses it on a daily basis.

active in supporting the pan-European Media Pluralism Citizen Initiative and has been lobbying for new and more transparent regulation of the relations between the government and media.

Not everyone was so optimistic about the role and relevance of media NGOs. “The NGOs are trying hard to compensate for the lack of journalism unions, but they either become marginalized, or come under fire from interest groups, or fall into their own quasi-ideological traps and fail to recognize their own allies within the media,” said Vassilev.

The majority of the panelists agreed that there are substantial shortcomings in the level of journalism education offered in Bulgaria. “Journalism education does not meet the requirements of the media practice,” Valkov noted. Many regret the decreasing number of donor-funded short term media training opportunities. “Educational programs are too expensive to sustain,” Vassilev added.

While indicators measuring the availability of media equipment and the quality of the information and communication technology needed for the development and distribution of media score high, there are some persistent problems with the channels of media distribution, especially among print media. A recently launched print media distribution network, Lafka, allegedly controlled by the Bulgarian media mogul and politician Delyan Peevski, has aggressively tackled markets in larger cities. The network has faced well-organized resistance from citizens and the media, and has triggered a massive social media boycott campaign.

Finally, panelists noted that the much-delayed broadcast digitalization process has brought disappointment. “Digitalization in Bulgaria has been a failure, and badly organized, with little implementation effort,” said Vassilev. Now that everyone is online, according to a panelist,

television stations do not see a reason to pay the high price of digital broadcasting and are giving up licenses for some of their channels. The situation with Internet penetration is unequivocal: while the country has one of the fastest Internet connections in Europe and the lowest prices for high speed Internet, this is largely limited to the bigger cities. According to Bedrov, however, Bulgaria lags behind the rest of the EU in terms of Internet penetration—only 55 percent of the population uses it on a daily basis.

## List of Panel Participants

**Nelly Ognianova**, professor of European media law, Sofia University; director, The Bulgarian Institute for Legal Development, Sofia

**Yassen Boyadzhiev**, chair, Free Speech Forum; editor, Mediapool.bg, Sofia

**Stoyana Georgieva**, editor-in-chief, Mediapool.bg, Sofia

**Dilyana Kirkovska**, chief expert, Council for Electronic Media, Monitoring Directorate, Sofia

**Ivan Michalev**, sales director, *Trud*, Sofia

**Vesselin Vassilev**, owner, Radio Sevlievo, Sevlievo

**Ivo Draganov**, journalism professor, New Bulgarian University and the National Academy for Theater and Film Arts, Sofia

**Boyko Vassilev**, journalist and director of current affairs programs, Bulgarian National Television, Sofia

**Nicoletta Daskalova**, media expert and lecturer, Media Democracy Foundation, Sofia

**Svetla Petrova**, anchor, *The Polygraph*, Bulgaria On Air TV, Sofia

**Iren Fileva**, program host, Bulgarian National Radio, Sofia

**Vladimir Yontchev**, journalist, OFFnews media portal, Sofia

**Ivan Bedrov**, blogger, Plovdiv

**Dimo Gospodinov**, media lawyer, MoveBG, Sofia

**Ilia Valkov**, sociologist and journalist, Darik Radio and Association of European Journalists, Sofia

## Moderator and Author

**Petko Georgiev**, journalist, producer, and media consultant, BTC ProMedia, Sofia

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