

KEY TAKEAWAYS FROM BULGARIA'S LATEST SNAP ELECTIONS

Six parties enter parliament as political uncertainty continues

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The centre-right GERB-SDS party of longtime ex-Prime Minister Boyko Borissov has won the largest number of votes in Bulgaria's latest snap parliamentary elections (held on 2nd April), defeating its main electoral rival, the reformist We Continue the Change-Democratic Bulgaria (PP-DB). Bulgaria's next parliament will also include four other parties: the pro-Kremlin Revival, the ethnic Turkish DPS, the centre-left BSP for Bulgaria and the populist There is Such a Nation (ITN).

Among the winners of this latest election are GERB, Revival and the ITN. GERB managed to maintain its core voter base, while the We Continue the Change party of reformist ex-PM Kiril Petkov failed to overtake Borissov's party, despite running on a joint ticket with the Democratic Bulgaria bloc. Revival overtook the DPS as the third largest party, while ITN returns to parliament having fallen out last October. Low turnout, growing election fatigue and recent changes to the election system also contributed to the election results.

The latest snap election – the fifth consecutive electoral contest since April 2021 – will potentially result in yet another, most likely to be held in parallel with the upcoming local elections in September. If parliamentary parties fail to agree on a new governing majority, the country will likely continue to be run by the Caretaker Government of Prime Minister Galab Donev.

Below, Aretera provides further insight into Bulgaria's political landscape and the implications of Sunday's election.

This memo will cover:

-  key takeaways from the latest snap elections,
-  an overview of the country's unwanted cycle of snap elections,
-  the prospects of a new government & additional scenarios,
-  implications for investors.

POST-ELECTION LANDSCAPE

On 2nd April, Bulgarian voters went to the polls to elect the 240 members of the country's National Assembly for a four-year legislative term in a much-anticipated snap parliamentary vote – the fifth consecutive parliamentary election in just two years. The election was called after Bulgaria's latest snap elections held last October failed to produce a functioning parliamentary majority.

With 100% of the votes counted, the centre-right GERB-SDS party of former longtime Prime Minister Boyko Borissov came in first, securing 26.5% of the vote and defeating its main electoral rival, the centrist We Continue the Change-Democratic Bulgaria alliance (PP-DB), which received 24.5%. The far-right and pro-Kremlin Revival came in third with 14.2%, followed by the ethnic Turkish DPS (13.7%), the centre-left BSP for Bulgaria (9%) and the populist ITN movement (4.1%).

ELECTION RESULTS

Party/Alliance	Popular Vote – October 2022 (%)	Popular Vote – March 2023 (%)
Citizens for the European Development of Bulgaria – GERB-SDS (centre-right, pro-EU)	24.5	26.51
We Continue the Change & Democratic Bulgaria – PP-DB (electoral coalition, reformist, pro-EU)	ran separately (PP: 19.5, DB: 7.2)	24.54
Revival – Vazrazhdane (nationalist, pro-Kremlin, anti-vaccination)	9.83	14.15
Movement for Rights and Freedoms – DPS (ethnic Turkish, centrist)	13.3	13.7
Bulgarian Socialist Party – BSP for Bulgaria (centre-left coalition)	9	8.95
There Is Such a Nation – ITN (populist, anti-establishment)	3.71	4.11
Bulgarian Rise (Russia-leaning, led by former caretaker PM Stefan Yanev)	4.47	3.08
The Left (multi-party coalition, left-wing, Russia-leaning)	ran separately	2.24

(Source: CEC of Bulgaria, Final Results Expected on 6th April, Electoral Threshold: 4%, Turnout: 40.63%)

KEY TAKEAWAYS

Among the relative winners of the election are Borissov's GERB, the pro-Kremlin Revival and the populist ITN. GERB, which came in first during the previous snap election last October and polled neck-in-neck with its main rival ahead of this vote, maintained its core support, while the PP failed to overtake GERB despite joining forces with the fellow centrist Democratic Bulgaria bloc. Revival overtook the DPS as the third largest party, while ITN secured a return to parliament after falling out last October. The BSP scored its lowest ever result, however has kept most its voters, unlike the Bulgarian Rise party of ex-caretaker PM Stefan Yanev, which failed to pass the 4% threshold to enter parliament. Low turnout, growing election fatigue and recent changes to the election system also contributed to the results.

SHORT-TERM SCENARIOS

In line with our pre-election forecast¹, Aretera's baseline scenario assumes that Bulgaria will head for a sixth consecutive election during the summer or in September. The PP-DB bloc is fiercely opposing a coalition with Borissov's GERB due to the ex-PM's tarnished reputation over multiple corruption scandals and his opposition to judicial reform. Given the divide between the two largest and otherwise firmly pro-EU/NATO blocs, as well as those between other parliamentary parties, chances for a governing coalition remain low.

Under the Bulgarian constitution, the election will be followed by a maximum three attempts to form a government. As the election's winner, GERB will receive the first mandate, however it is widely expected to fail, as are the two next formations. This creates the possibility of yet another snap election, most likely to be held in September when Bulgaria will organize local elections, as well as the reappointment of the country's incumbent caretaker government.

Less likely scenarios include a minority government and a technocratic cabinet. With Bulgarian facing a number of significant challenges, pressure is mounting on the next parliament to produce a functioning majority. Public pressure to form a democratically elected government might lead to an informal governing majority which would support a technocratic and/or minority cabinet consisting of jointly appointed but largely non-partisan figures. At the same time, such a government would face severe stability concerns.

AN UNWANTED ELECTORAL CYCLE

Bulgaria's underlying political instability comes after a series of inconclusive parliamentary elections since 2021, none of which were able to produce a governing coalition. The last snap parliamentary elections² produced another hung parliament with seven ideologically and politically diverse parties. GERB came in first during the last election (25.3%), overtaking We Continue the Change (20%), in addition to the DPS, Revival, the BSP, Democratic Bulgaria and the Bulgarian Rise.

While both Borissov's GERB and the Petkov-led PP tried to secure a functioning governing majority in parliament, neither succeeded, nor did the third-placed BSP. Bulgarian President Rumen Radev subsequently called snap parliamentary elections scheduled for last Sunday, dissolved parliament in February and reappointed the country's caretaker government. This unwanted electoral cycle is likely to continue if no party is able to garner a parliamentary majority in the following weeks.

IMPLICATIONS FOR INVESTORS

In case of three unsuccessful attempts to form a government, Bulgarian President Rumen Radev will appoint the country's next caretaker government, which will likely mean the reappointment of the Caretaker Cabinet of Prime Minister Galab Donev, most likely with minor personnel changes. Since the last constitutionally called elections in April 2021, four caretaker governments have led Bulgaria, with acting PM Donev leading the last two. Caretaker cabinets, including the two consecutive Donev Governments, were appointed with limited powers, however these cabinets have acted as de facto "normal" governments, confronting the country's challenges and presenting new policy initiatives. As in the case of previous caretaker governments, the country's next acting cabinet will likely be informally influenced by President Radev.

¹ See [here](#) for Aretera's pre-election forecast from March 2022

² See [here](#) for Aretera's overview of Bulgaria's latest snap elections from October 2022

Bulgaria's most pressing challenges include aspirations to join the Eurozone, the country's implementation of its EU recovery plan under the bloc's post-pandemic recovery scheme, as well as the widespread impact of Russia's war against Ukraine. The country already missed its original deadline to join the Eurozone from 1st January 2024 since parliament failed to pass the necessary laws due to its dissolution in February. The Donev Government now hopes for a maximum delay of six months in comparison with the country's original plans. In addition, the country's EU recovery plan (NRRP) may have to be renegotiated with EU institutions.

Geopolitical divides are also becoming more visible. While the majority of votes were cast for otherwise pro-EU parties, the openly pro-Kremlin Revival scored its best ever result and united the previously fragmented far-right vote. Simultaneously, President Radev is increasingly against arming Ukraine against Russia, so is the Donev Government, which is currently in a conflict with Russian energy giant Gazprom over the cost of Russian gas delivered to Bulgaria in April 2022. Russia cut gas supplies to Sofia last year, with Bulgaria now aiming to diversify its energy imports.

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*If you would like to schedule a discussion of this paper, please contact:
Lilyana Zagorcheva, Regional Director for Bulgaria & the Balkans at l.zagorcheva@areterapa.com*



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