

BULGARIA'S LATEST SNAP ELECTIONS PRODUCE YET ANOTHER HUNG PARLIAMENT

Key takeaways from the country's fourth election in 18 months & possible forward scenarios

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Bulgaria's third consecutive snap parliamentary elections in just 18 months have once again produced a hung parliament, with a set of ideologically diverse parties crossing the threshold for admittance to the Bulgarian National Assembly.

Held on 2nd October, the election saw the electoral comeback of the centre-right GERB party of longtime former PM Boyko Borissov, which overtook its main election rival, the centrist We Continue the Change (PP) movement of fellow ex-PM Kiril Petkov. However, with GERB securing only 25% of the popular vote, Borissov's party will rely on partners to form a functioning government and the path towards a working coalition looks a difficult one.

With multiple other incoming parliamentary parties divided along geopolitical, ideological and policy grounds, yet another snap parliamentary vote could follow if neither Borissov's GERB nor the Petkov-led PP is able to garner enough support for a parliamentary majority. Equally possible, however, is the appointment of a technocratic government, as public pressure mounts on the key protagonists to find a path towards some form of political stability.

Below, Aretera provides further insight into Bulgaria's post-election political landscape and the implications of the latest re-rerun elections.

This memo will cover:

-  the election results and their impact on Bulgarian politics,
-  major changes in the Bulgarian political landscape,
-  the prospects of a new government & additional post-election scenarios.
-  implications for international businesses.

ANOTHER HUNG PARLIAMENT

Bulgaria's latest snap parliamentary elections on 2nd October – the fourth consecutive parliamentary election in just 18 months and the latest chapter in an ongoing period of political instability and short-lived governments – have produced another hung parliament. The lowest voter turnout in the country's democratic history also points to election fatigue among the Bulgarian population¹.

Consistent with pre-election polls, the centre-right GERB party of former Prime Minister Boyko Borissov is the projected winner of the election, securing 25.3% of the vote. Borissov's party overtook the centrist We Continue the Change (PP) party (20%) of the most recently elected PM Kiril Petkov, GERB's main electoral rival.

Five other parties have also made it into parliament: the Turkish ethnic Movement for Rights and Freedoms (DPS) is running third with 13.6%, followed by the far-right, pro-Kremlin and anti-vaccination Revival (10.2%), the Bulgarian Socialist Party (9.3%), pro-EU Democratic Bulgaria coalition (7.4%) and the recently founded Bulgarian Rise party of former caretaker Prime Minister Stefan Yanev (4.6%).

With 99.9% of the votes counted, the populist There is Such a Nation (ITN) party of singer Slavii Trifonov is running just below the 4% electoral threshold. Expected to be announced by 6th October, the final results will determine whether Trifonov's party will enter parliament.

AN ELECTORAL COMEBACK

The election results signal a significant comeback for the centre-right GERB. Except for a brief interruption in 2017, Borissov's party governed Bulgaria between 2009 and 2021, however the party was tarnished by a series of corruption scandals that have significantly reduced its popularity and chances for re-election in recent years.

While GERB came first in the last constitutionally scheduled parliamentary elections in April 2021, Borissov's longtime rule as PM came to an end as those elections produced a multi-party parliament and all other parties refused Borissov's coalition overtures. Strong ideological differences and deep divisions between newly founded and "establishment" parties then led to the July 2021 snap elections, in which ITN unexpectedly finished first, overtaking GERB as the most popular party.

Trifonov's movement, however, also failed to secure a governing coalition with other parties last summer, resulting in a huge loss of support and yet another snap election last November. This third election of 2021 saw the rapid emergence of the centrist We Continue the Change (PP) party. Led by former caretaker Economy Minister Kiril Petkov, the PP rode to power on a surge of support for its anti-corruption agenda.

Last December, the PP formed a coalition with the longtime GERB rival Bulgarian Socialist Party (BSP for Bulgaria), the liberal-centrist Democratic Bulgaria coalition and Trifonov's ITN. However, this coalition proved to be short-lived; a number of policy disagreements and ITN's withdrawal from the coalition in June led to its collapse², the formation of the country's current (caretaker) government – led by Galab Donev³ – and the latest snap parliamentary vote held on Sunday.

¹ Final turnout figure is yet to be determined, but early estimates are 2.59 million, the lowest for 30yrs

² See [here](#) for Aretera's overview of the collapse of the Petkov Government from June 2022

³ See [here](#) for Aretera's overview of the Donev Government from August 2022

Alongside GERB, other 'winners' of the latest election are the pro-Kremlin Revival, which nearly doubled its public support, and the recently formed, Moscow-leaning Bulgarian Rise party of ex-caretaker PM Stefan Yanev, who led two caretaker governments between May & November 2021. Public support for Petkov's We Continue the Change was severely hit by the government's performance during the energy crisis, while the populist ITN's withdrawal from the Petkov Government in June has proved devastating for the party.

ELECTION RESULTS COUNT

Party/Alliance	Popular Vote – December 2021 (%)	Popular Vote – October 2022 (%)	Projected MP Seats
Citizens for the European Development of Bulgaria – GERB-SDS (centre-right, pro-EU)	22.4	25.3	67
We Continue the Change – PP (centrist-reformist, pro-EU)	25.3	20.2	53
Movement for Rights and Freedoms – DPS (ethnic Turkish, centrist)	12.8	13.6	36
Revival – Vazrazhdane (nationalist, pro-Kremlin, anti-vaccination)	4.9	10.2	27
Bulgarian Socialist Party – BSP for Bulgaria (centre-left coalition)	10.1	9.3	25
Democratic Bulgaria – DB (liberal, anti-corruption, three-party coalition)	6.3	7.4	20
Bulgarian Rise (Russia-leaning, centre-left)	did not run	4.6	12
There Is Such a Nation – ITN (big-tent, populist, anti-establishment)	9.4	3.8	0
Total			240

(Source: Central Election Commission of Bulgaria, with 99.9% of the votes counted, 4 October 2022)

LOOKING AHEAD

According to our baseline scenario, the hung parliament produced by Sunday's snap election will likely result in a fifth consecutive snap parliamentary vote that will likely take place in early 2023. Equally possible, however, is the appointment of a technocratic government, since most of the incoming parliamentary parties, while unable to agree on policy and ideological grounds, have stated how badly the country needs a stable government to navigate through the upcoming economic, political and security challenges.

While the Borissov-led GERB came first in the polls, it remains a long way from securing an absolute majority in parliament. Differences between the various parties in the incoming Bulgarian legislation remain, with a number of parties having already ruled out a coalition with Borissov's party.

Under the Bulgarian constitution, elections are followed by a maximum of three mandates to form a government. In case of a failure by GERB to form a majority, the mandate will go to Petkov's PP and then to the DPS. GERB is likely to reach out to the DPS first, given the party's history of unofficially supporting Borissov-led governments.

Some commentators have suggested GERB may look to involve its traditional rival BSP and/or even the fellow pro-Western Democratic Bulgaria in coalition talks, however both parties have already ruled out any chance of joining a GERB-led government.

Theoretically, Borissov, who has a history of inviting the far-right into governing coalitions, could choose to take another direction and secure a majority by involving the nationalist Revival, while Petkov's We Continue the Change (if given the chance) would likely aim to restore its previous coalition. In all cases, relations with Russia could be a destabilizing factor as both Petkov's and Borissov's potential line-ups would necessarily include pro-Kremlin parties. An alternative scenario is a minority government, however this would also include risks for instability.

Due to Europe's energy crisis, the unfolding economic downturn, soaring inflation and other impacts of Russia's war against Ukraine, however, public pressure is mounting on the various parties to produce a functioning cabinet to prepare Bulgaria for tackling the current economic difficulties. This has led to discussions about a technocratic government as a compromise solution if attempts to form political coalitions fail. Under this scenario, parties nearer the political centre are expected to put aside their differences and agree on a largely non-political government consisting of policy experts and professionals.

Should all three mandates to form either a political or a technocratic cabinet prove unsuccessful, Bulgaria will likely continue to be run by Galab Donev's caretaker government, which was appointed by Bulgarian President Rumen Radev in August following the collapse of the Petkov Cabinet. As in the case of the 2021 snap election cycle, the country's interim cabinet will emerge as a key stakeholder for international businesses operating in Bulgaria. Subsequently, failure to produce a government would also elevate the status of President Radev, who remains fiercely opposed to GERB and holds the constitutional power to lead the country in the lack of a democratically elected government.

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