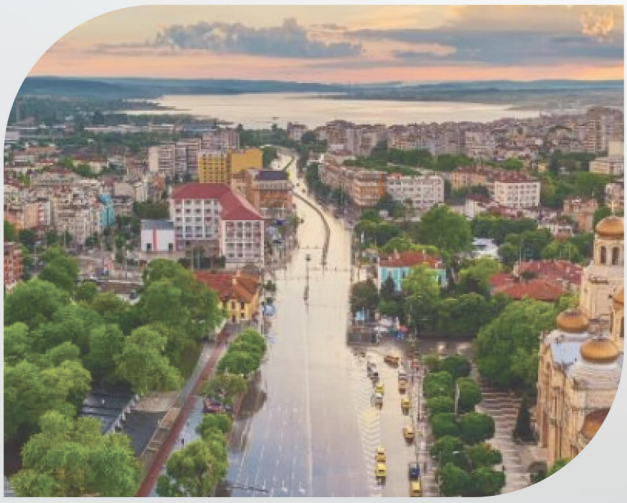


BULGARIA



HIGHLIGHTS

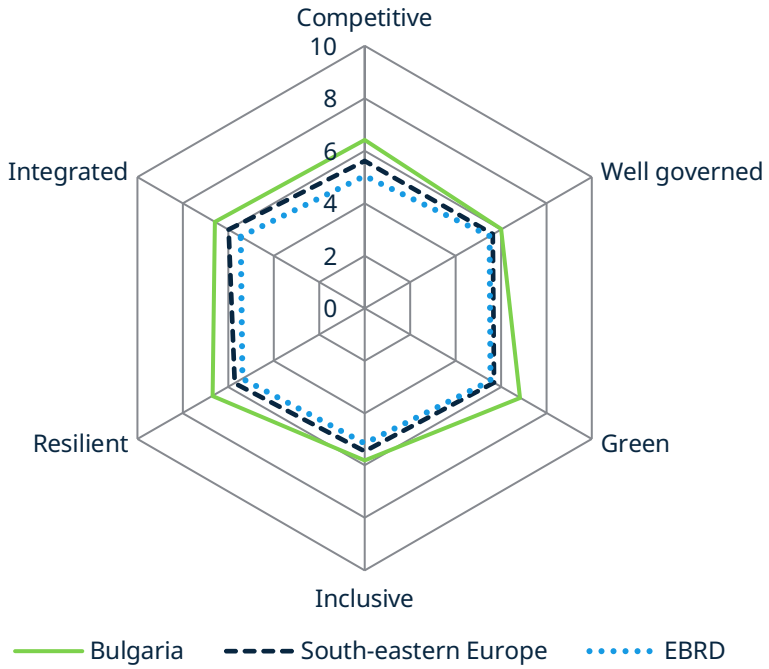
- **Economic growth remained robust in the first half of 2026.** Following real gross domestic product (GDP) growth of 3.1 per cent in 2025, growth in the first half of 2026 was supported by investment and still-resilient household consumption, despite a slowdown in wage growth by mid-year.
- **The new government presented its programme up to 2030.** Marking a move towards greater political stability, the new governing majority will prioritise gradual fiscal consolidation, and anti-corruption, judicial and energy-sector reforms, alongside the expansion of gas and nuclear capacity and higher defence spending.
- **Progress was made on Recovery and Resilience Plan (RRP) requirements.** By the end of August 2026 Bulgaria had fulfilled 71 per cent of its RRP milestones and targets, and received €4.3 billion of the €6.17 billion available in Recovery and Resilience Facility (RRF) funding from the European Commission. Recent reforms include separating out coal assets from Bulgarian Energy Holding (BEH) into a new entity, adopting public transport legislation and amending water-sector legislation.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Implement fiscal consolidation.** After the European Union (EU) made Bulgaria subject to an Excessive Deficit Procedure in July 2026, the country met its deadline to present corrective measures by 15 October 2026, aiming to bring the budget deficit below 3.0 per cent of GDP by 2029. The government plans to reduce the deficit to 4.3 per cent of GDP in 2027.
- **Promote more private-sector participation in public investment.** Because of its more constrained fiscal space, the government should explore and prepare projects under public-private partnership structures.
- **Advance state-owned enterprise governance, especially in the energy sector.** Following the separation of coal assets from BEH into a separate entity, the government should ensure that the new companies are operationally viable and can be decarbonised.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Fiscal consolidation under the EU Excessive Deficit Procedure

- Adopted in July 2026, the state budget targets a cash deficit of 5.7 per cent of GDP in 2026, compared with an estimated no-policy-change deficit of 7.4 per cent.

1 From the fourth quarter of 2025 to October 2026.

- Consolidation measures include a 10 per cent reduction in administrative expenditure, the suspension of automatic public-sector salary increases, a freeze on the minimum wage and selected social benefits, higher tobacco excise duties and gambling taxation, and a 30 per cent increase in road vignette charges. In 2027, a 33 per cent windfall tax will be applied to profits in sectors including banking, insurance, retail and telecoms, and is expected to yield around 0.7 per cent of GDP.

Anti-corruption and judicial accountability reform

- Adopted in May 2026, the reform re-establishes an independent five-member Anti-Corruption Commission responsible for asset verification, conflict-of-interest checks and corruption investigations involving public officials.
- Complementary judicial reforms adopted in June 2026 strengthen the transparency and integrity of appointments to the Supreme Judicial Council and its Inspectorate, while enhancing oversight of corruption investigations and taking steps to clarify the Prosecutor General's accountability framework.

National Decarbonisation Fund

- The National Decarbonisation Fund was created through amendments to the Energy Efficiency Act in November 2025. It replaces the Energy Efficiency and Renewable Energy Sources Fund and serves as the main financing mechanism for improving energy efficiency and supporting renewable energy investment in Bulgaria's building stock.
- The fund may combine funding from public, EU, international financial institution and private sources in the form of loans, guarantees and grant components, while providing project preparation and technical assistance through a one-stop-shop model aimed at mobilising investment beyond one-off subsidy programmes.

Framework to target energy poverty

- An ordinance adopted in April 2026 sets out how energy-poor households and vulnerable electricity consumers will be identified. Some will qualify automatically for energy-poor status, while other eligible households will be able to apply for support.
- The ordinance enables data to be shared among the responsible public institutions. It also creates the administrative basis for replacing universal price subsidies with more targeted protection for vulnerable consumers ahead of the liberalisation of the household electricity market, which currently has no approved timeline.

Supplementary pension multi-fund model

- Adopted in March 2026 and effective from January 2027, the reform replaces the uniform investment portfolio used by second-pillar pension funds with dynamic, balanced and conservative sub-funds, allowing investment risk to be differentiated according to contributors' age and proximity to retirement.
- It also strengthens the capital, governance, staffing and supervisory requirements applied to pension companies.

Public procurement planning reform

- Reforms adopted in July 2026 require every contracting authority to prepare and publish on Bulgaria's central electronic procurement platform, by 30 November each year, an indicative timetable of contracts and framework agreements planned for the following year and to disclose subsequent changes.
- The reforms aim to improve procurement planning and increase bidder participation, thereby reducing reliance on negotiated procedures and single-bid contracts. Non-compliant contracting authorities are subject to financial penalties.