

# BIA INDEX

Economic Policy Effectiveness  
of Bulgaria

**Focus 2025:** Reforms and Institutional Environment

*Executive Summary*



**BULGARIAN  
INDUSTRIAL  
ASSOCIATION**

SUPPORTING BULGARIAN BUSINESS SINCE 1980



***This report has been prepared using publicly available data. BIA is not responsible for, nor does it undertake to update, any findings or commentary should the source organizations subsequently revise their input data.***

***Each indicator reflects the latest available annual data as of December 31, 2025.***

***Proper citation of the source is mandatory when referencing the conclusions, data, or any parts of this report.***

*Bulgarian Industrial Association – Union of the Bulgarian Business (BIA)*

*June 2026*



*Amid accelerating global economic and technological transformations, Bulgaria has reached a critical juncture in its development. Moving forward, the quality of its economic policy and the effectiveness of its institutions will dictate the country's future competitiveness. Intensifying geo-economic competition, the dual green and digital transition, the rapid integration of artificial intelligence, and shifting global value chains are placing unprecedented demands on nations to elevate their productivity, technological capacity, and institutional efficiency.*

*As a member of the European Union, Bulgaria has significant opportunities to accelerate economic development through access to the European single market, investment mechanisms, and technological initiatives. However, nearly two decades after EU accession, the process of economic convergence remains slower than anticipated. Bulgaria continues to exhibit a gap in indicators tracking labour productivity, innovation capacity, digital readiness, and the quality of public administration.*

*In recent years, the Bulgarian economy has maintained relative macroeconomic stability, supported by competitive advantages such as a low tax burden and a strategic geographical location. At the same time, a number of structural weaknesses continue to constrain the potential for sustainable growth. These include insufficient institutional efficiency, delayed structural reforms, a heavy administrative framework, limited investment in research and development, alongside deepening demographic challenges and human resource deficits.*

*The Bulgarian economy continues to be characterized by relatively low value-added production and limited technological sophistication across a significant portion of its sectors. The gaps in connectivity between education, science, and business, alongside the measured pace of innovation and digital adoption, constrain the country's ability to ascend into higher-value segments of European and global value chains. Furthermore, regional disparities and the emigration of young professionals present ongoing challenges to long-term economic potential.*

*In this context, accelerating economic convergence demands not only short-term measures to stabilize the business environment, but also a consistent, long-term strategy to boost competitiveness. Achieving this requires a coordinated policy framework aimed at strengthening the institutional environment, accelerating digital transformation, stimulating innovation, driving industrial modernization, and developing human capital.*

*This analytical report aims not only to outline the primary challenges facing Bulgaria's economic policy and competitiveness, but also to offer actionable guidelines for strategic decisions and reforms. We at the Bulgarian Industrial Association are convinced that the country possesses the potential to accelerate its economic development and elevate its standing within the European Union, provided that consistent policies for institutional efficiency, innovation, and human capital development are implemented. Ultimately, it is the capacity to adapt to new economic and technological realities that will determine Bulgaria's place in the European economy in the coming decades.*

**Dobri Mitrev**

*Chair of the Managing Board  
Bulgarian Industrial Association - Union of the Bulgarian Business (BIA)*



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## CONTEXT AND KEY FINDINGS

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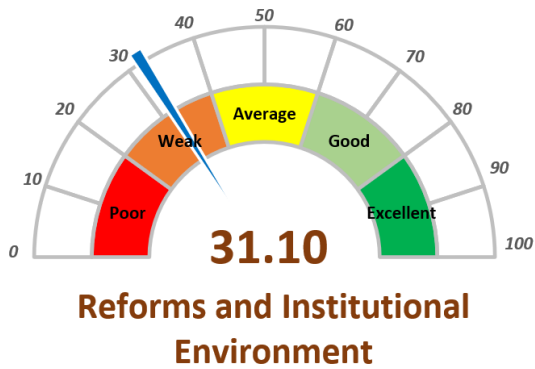
The **Bulgarian Industrial Association - Union of the Bulgarian Business (BIA)** presents its 'Economic Policy Effectiveness' index for the third consecutive year in 2026. It offers an analytical framework for identifying specific weaknesses in Bulgaria's economic policy, overcoming which can enhance national competitiveness and accelerate long-term growth. The convergence of countries that joined the EU around the same time as Bulgaria—including Romania, Estonia, Latvia, the Czech Republic, and Slovenia—has been significantly stronger. Countries such as the Czech Republic, Estonia, and Slovenia have even surpassed older EU member states, like Portugal and Greece, in GDP per capita. Furthermore, Croatia, which joined the EU after Bulgaria, managed to meet the criteria for the Eurozone and become its member in ten years, a step that took Bulgaria twice as long.

The **BIA Index – Economic Policy Effectiveness** is based on a three-pillar concept: stimulating investment, implementing structural reforms, and ensuring responsible fiscal policies. This concept is central to economic policy coordination within the EU and underpins the European Council's recommendations to member states, including Bulgaria. The index serves as a composite measure of the current state of the Bulgarian economy, focusing on three key pillars: 'Investments and Innovation', 'Reforms and Institutional Environment', and 'Fiscal Policy Effectiveness'. These areas are fundamental to the economic progress and sustainable development of the country, each of which is an integral component of the broader economic development index. The analysis is based on selected official data and indicators covering each of the key areas. The combination of quantitative and qualitative data analysis allows for the identification of the main weaknesses and potential development opportunities. The primary objective of the index is to track structural trends and Bulgaria's comparative positioning through internationally comparable indicators with regular data availability. The index does not claim to establish a direct cause-and-effect relationship between individual policies and economic performance, but provides an analytical framework for monitoring key factors of competitiveness.

This approach allows for a comprehensive assessment of the effectiveness of the economic policies of the member states relative to each other, enabling a more in-depth comparison of key indicators (KPIs). Although each country makes independent decisions regarding the level and scope of its economic policy initiatives, the selection of objective measures allows for comparability between them and the analysis of a wide range of issues. The selected indicators measure the results achieved (output), as well as the resources invested (input) in the economic system.

The index has the potential to help formulate specific measures aimed at increasing the effectiveness of economic policy in Bulgaria—potentially supported through the state budget—while providing an opportunity for stakeholders to track progress and identify specific areas of strength and weakness in Bulgaria's economic policy.

*This executive summary presents the key results, conclusions and recommendations from the 2025 edition of the BIA Index – Economic Policy Effectiveness. The analysis covers the competitiveness of the Bulgarian economy, the institutional environment, and reform priorities.*



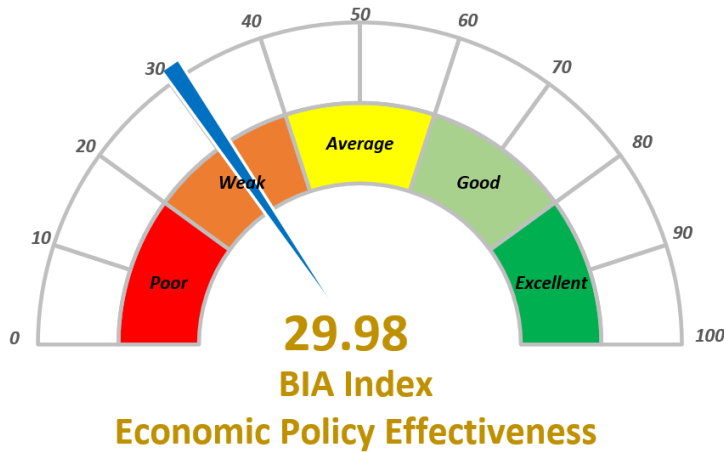
In the **Reforms and Institutional Environment** pillar, based on ten key indicators, Bulgaria ranks 25th among the 27 EU member states with a score of 31.10. This performance places the country in the middle of the Weak segment of the BIA Indexograph. Bulgaria's ranking remains unchanged from the previous year, when its score stood at 31.69.



In the **Investments and Innovation** pillar, based on nine key indicators, the country ranks second to last among EU member states with a score of 22.98. Bulgaria's position relative to the other countries places it at the lower end of the Weak segment. Notably, this represents a modest improvement from the previous year, when Bulgaria ranked dead last with a score of 20.35 on this pillar.



In the **Fiscal Policy Effectiveness** pillar, which is evaluated across six key indicators, Bulgaria ranks 25th in the EU with a score of 38.64. This places the country on the threshold between the 'Weak' and 'Average' segments of the BIA Indexograph. Although this score is nearly identical to the previous year (38.71), it marks a relative deterioration compared to other member states, as Bulgaria has dropped six positions from its former 19th-place ranking.



Bulgaria's overall score in the **BIA Index - Economic Policy Effectiveness**, encompassing all analysed indicators, stands at 29.98. This performance ranks the country dead last among the 27 EU member states, positioning it in the middle of the 'Weak' segment of the BIA Indexograph.

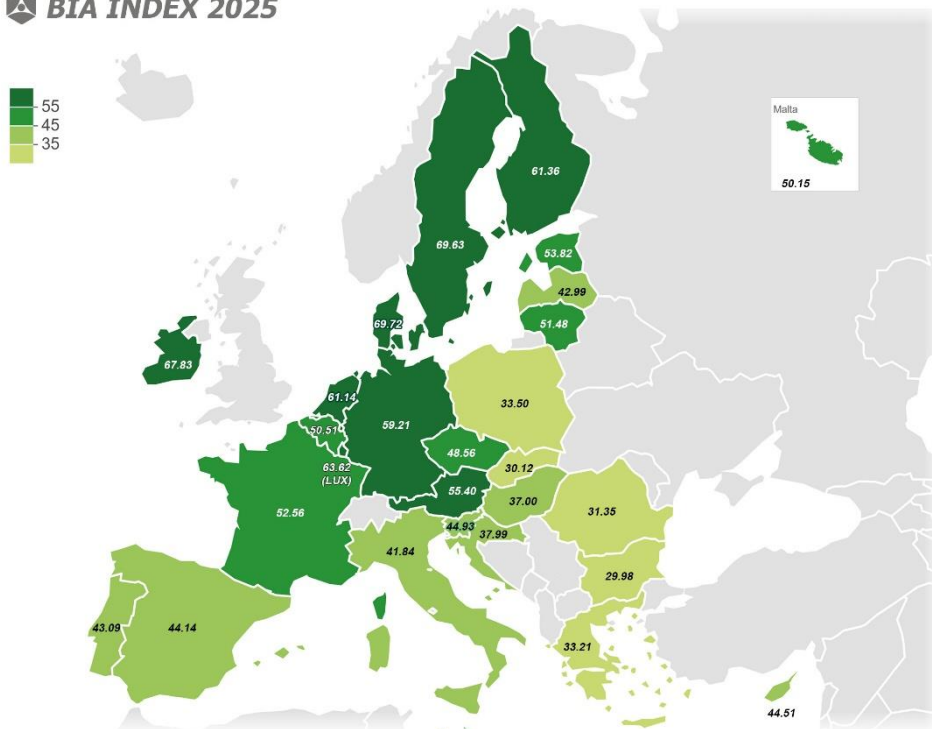
This bottom-ranking position remains unchanged from the previous year, when the country's overall score stood at 29.29.

*The scores are relative and reflect the positioning of the countries compared to the best and worst performing economies in the respective indicator at the time of calculation (100 points = maximum, 0 points = minimum).*

▲ COMPETITIVE ADVANTAGES	▼ STRUCTURAL CHALLENGES
✓ Low corporate tax burden	✗ Weak institutional efficiency
✓ Stable macroeconomic framework	✗ Low digital readiness of the public sector
✓ Strategic geographical location	✗ Unfavourable demographic trends
✓ Integration into the European single market	✗ Limited innovation activity

The analysis shows that Bulgaria retain certain competitive advantages, but at the same time the pace of its economic convergence towards the leading countries of Central and Eastern Europe remains slower than necessary.

**BIA INDEX 2025**



Despite the progress achieved over the last two decades, Bulgaria continues to lag behind on a number of indicators related to productivity, innovation capacity, quality of institutions, and digital transformation.



## FOCUS 2025: REFORMS AND INSTITUTIONAL ENVIRONMENT

*The 2025 edition of BIA Index - Economic Policy Effectiveness focuses on and examines in greater detail the Reforms and Institutional Environment' pillar.*

The results for the 'Reforms and Institutional Environment' pillar show a highly polarized performance. Bulgaria achieves excellent results in its taxation environment, but lags significantly in the quality of institutions and public governance.

### KEY NUMBERS

▲ **96.15**

Corporate Tax Rate

🏆 2nd place in the EU

▲ **100.00**

Effective Average Tax Rate

🏆 1st place in the EU

▼ **0.00**

Rule of Law

27th place in the EU

▼ **0.00**

Government Effectiveness

27th place in the EU

▼ **0.00**

Digital Future Readiness

26th place in the EU

KPI	Score	Rank in EU	Result	Best Performer (score)	Worst Performer (score)
Corporate tax rate	96.15	2 / 27	Excellent	Hungary (100)	Malta (0)
Effective average tax rate	100.00	1 / 27	Excellent	Bulgaria (100)	Malta (0)
STEM graduates in higher education	30.84	19 / 27	Weak	Ireland (100)	Luxemburg (0)
Life expectancy	0.00	27 / 27	Poor	Italy / Sweden (100)	Bulgaria (0)
Healthcare expenditure as a percentage of GDP	37.07	17 / 27	Weak	Germany (100)	Luxemburg (0)
Digital future readiness	0.00	26 / 26*	Poor	Denmark (100)	Bulgaria (0)
E-government benchmark	46.78	20 / 27	Average	Malta (100)	Romania (0)
Rule of law	0.00	27 / 27	Poor	Finland (100)	Bulgaria (0)
Government effectiveness	0.00	27 / 27	Poor	Luxemburg (100)	Bulgaria (0)
Regulatory quality	0.13	26 / 27	Poor	Finland (100)	Croatia (0)







\* The Digital Future Readiness report does not cover Malta.



## CONCLUSIONS AND RECOMMENDATIONS FROM BIA INDEX

The analysis reveals a picture of the Bulgarian economy characterized by clear competitive advantages alongside persistent structural weaknesses that limit its full growth potential. Long-term competitiveness is becoming increasingly difficult to maintain solely through price advantages and lower production costs. In the context of accelerated technological advancements and rising international competition, sustainable economic growth demands higher productivity, better public governance, and more effective institutions.

Among the main structural challenges facing the Bulgarian economy are:

-  insufficient institutional efficiency;
-  low digital readiness of the public sector;
-  unfavourable demographic trends;
-  shortage of qualified labour force;
-  limited link between education, science and business;
-  insufficient rate of implementation of innovations and new technologies.

The results of the BIA Index show that improving the institutional environment remains one of the most important conditions for accelerating economic growth, attracting investment and increasing productivity.

### POLICY PRIORITIES

1

#### Improvement of institutional efficiency

Rule of law, quality of regulations, administration capacity

2

#### Human capital development

STEM education, workforce upskilling, education-business connection

3

#### Promotion of innovation and technological transformation

Innovation capacity, implementation of new technologies, R&D

4

#### Improvement of the investment environment


Predictability, transparency, reduction of administrative burden

5

#### Acceleration of digital transformation

Digitalization of public services, e-government

*Bulgaria possesses a number of competitive advantages that create a good foundation for economic development. However, to fully leverage these strengths, they must be urgently complemented by more effective institutions, higher productivity, better quality of the human capital, and an accelerated technological transformation.*



*The **Bulgarian Industrial Association – Union of the Bulgarian Business (BIA)** is nationally recognized employers' organization, a leading partner of the State within the social dialogue system at both national and international levels. In this capacity, BIA actively defends the interests of Bulgarian business by shaping the regulatory framework and improving administrative practices.*

*BIA is the only Bulgarian business organization, member of BusinessEurope – a confederal-type organization of the European business, through which it represents the interests of Bulgarian enterprises and employers at European level.*

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