

I.M.E.

Institute for Market Economics

Freedom & Prosperity

2010 Annual Report

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A Few Words from the CEO

The crisis had an enormous influence on the Bulgarian economy in 2010. The IME had additional opportunities to express its views - our public policy was influenced by lobbying efforts, requests for additional budgetary support and an increasing demand for special treatment, which led to further regulation and government spending. This situation, together with the difficulties and lack of resources available to citizens and businesses, combined with the rising cost of government intervention made the work of NGOs even more important.

In times of crisis, poor policies have an even greater impact on the survival of business and the prosperity of citizens.

In 2010 we:

- ✓ Consolidated our position as the most active economic think tank in Bulgaria
- ✓ Elevated the discussion on government expenditure and efficiency
- ✓ Actively participated in the pension debate
- ✓ Intensified our interaction with the youth
- ✓ Increased our effectiveness
- ✓ Attracted new supporters.

For years, the Institute had been developing a number of trademarks used to provoke debate and raise awareness on the extent and the inefficiency of state intervention. In 2010 we continued with these activities:

- ✓ Tax Freedom Day
- ✓ Economic freedom – Presenting the results from the annual world indexes in February (developed by the American “Heritage Foundation) and in September (developed by the Canadian “Fraser Institute”)
- ✓ Additional expenditures of the Bulgarian governments (review of approved additional appropriations)
- ✓ The highs and lows of the Bulgarian administration (review of the audit reports of the Bulgarian National Audit Office)
- ✓ The alternative budget with low taxes
- ✓ Review: “Bulgaria in the international rankings (measures of prosperity in Bulgaria)”
- ✓ Review of "Tax preferences" (overview of all active tax benefits and пропуснатите за бюджета ползи).

This represents just a fraction of our work in 2010. This is the visible activity of the IME. What is not visible are the hundreds of hours spent observing the economic policies pursued by the Bulgarian administration - continuous monitoring of the government, ministries, parliament committees, municipalities and other bodies of central and local government.

This is what we will continue to do in 2011. But we will be more active, more successful and together with more supporters of the ideas of freedom and prosperity.

Svetla Kostadinova

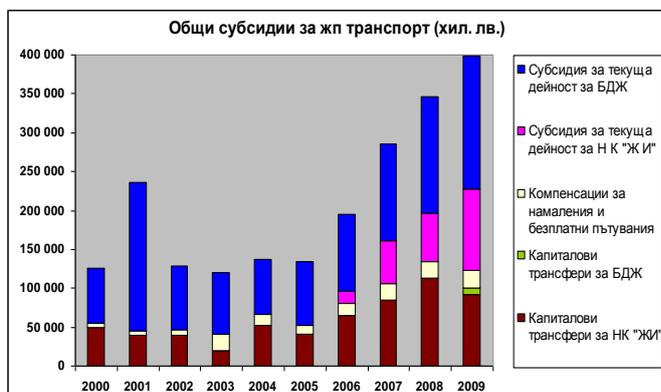
April 2011

Analysis

The institute published several in-depth analysis on various public policy related subjects.

"Off the Rails (a short review of railroad transport in Bulgaria 2000 – 2009)"

February 2010



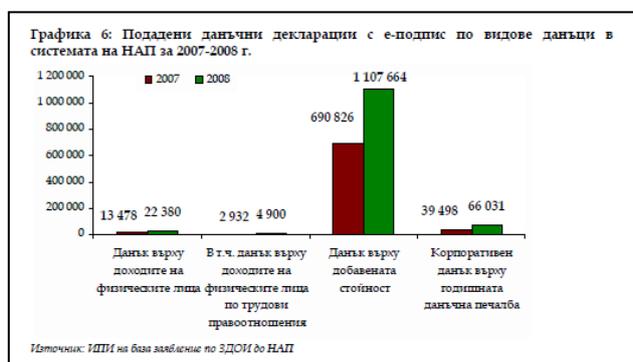
During the period considered (from 2000 to 2009) the state has pumped more than 2.1 billion leva in railway transport, the amount for 2009 alone being estimated to nearly 400 million leva, or 0.6% of the GDP of the country.

Our analysis reveals an urgent need for reforms in the sector. The current government has put forward proposals for some changes – a partial change in ownership of the cargo division of BSR, a management reform aimed at achieving relatively higher yields, as well as offering new services in line with market demand. It is possible that these changes lead to increased

efficiency and profitability of the enterprises, but at the same time they are unlikely to significantly reduce government spending on rail transport. The analysis makes specific recommendations to achieve efficiency in railway transport.

"E-signature in Bulgaria: Another Way of Cutting Spending"

March 2010



The onset of the economic crisis, presented governments with a variety of budget-related difficulties, which have accentuated the need to optimize operations and to increase the efficiency of administration.

A 2009 OECD study covering 22 countries showed that 16 of them have included e-government as one approach for dealing with the effects of the crisis.

Despite the adopted directives, programs, strategies and special institutional security, a fully functioning e-government is still not present.

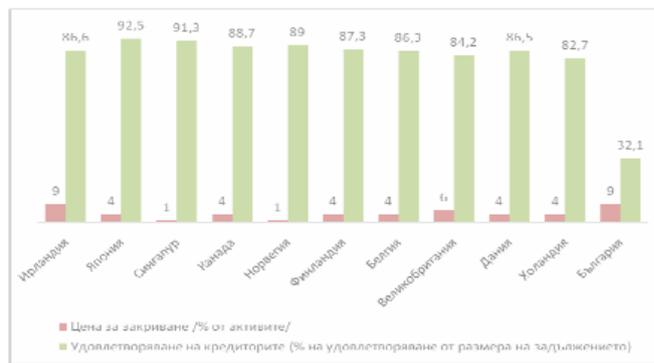
The entire research can be found [here](#).

"Closing Business" (a review of the procedure of closing down businesses in Bulgaria)

March 2010

In its report, "Doing Business 2010" the World Bank defines the economic crisis as the most appropriate time to reform laws related to the closure of business. Assuming appropriate and consistent with the peculiarities of the economic environment legislation is provided, many companies can be saved from bankruptcy thus preserving jobs and ensuring a favorable environment for attracting foreign investment.

Графика 2: Цена за закриване на бизнес и степен на удовлетворяване на кредиторите



Източник: Световна банка, Правене на бизнес 2010

In Bulgaria, however, the procedure for closing a business remains extremely cumbersome. The data itself is conclusive enough – it usually takes an average of three years until a company can be declared bankrupt, following current procedure.

It is obvious that there is a need for a serious reform in regulation, as the system simply does not work.

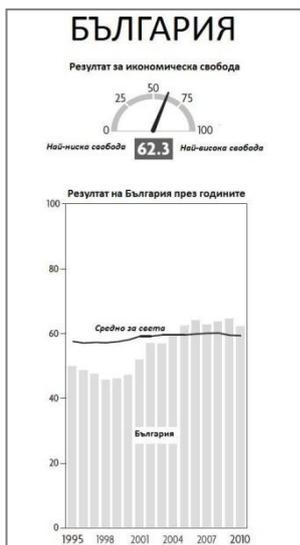
Another proof of its ineffectiveness is the fact that almost nobody uses it because it is heavy, long and expensive.

The entire research can be found [here](#).

Press-releases

In addition to in-depth analysis, the Intitute for Market Economics has send four press releases to the media, in order to draw attention to important current issues.

„World Economic Freedom Index 2010” - Heritage Foundation and Wall Street Journal January 2010



For a consecutive year the IME promoted the annual **World Economic Freedom Index Report 2010**, released by the American "Heritage" foundation and the "Wall Street Journal".

According to the 16th edition of the "Index of Economic Freedom" the level of economic freedom around the world has decreased slightly. One of the main reasons is that many governments have unsuccessfully been trying to prevent recession by increasing government spending.

Bulgaria has suffered a **serious setback in terms of economic freedom**, as our overall result **decreased by 2.3 points** from the previous year. This has also affected our ranking - this year we occupy 75th place - just behind Italy. It should be pointed out that the 2010 Index uses data collected up to June 2009, which coincides with the period before the last election. The last months of the rule of the

coalition government have reduced our economic freedom.

More information on the subject can be found [here](#).

Media coverage:

Newspapers:

- ✓ Dnevnik newspaper
- ✓ Sega newspaper
- ✓ Monitor newspaper
- ✓ Pari newspaper
- ✓ Mediapool.bg
- ✓ Investor.bg
- ✓ Dir.bg
- ✓ Stroitelstvo.info
- ✓ Europe.bg
- ✓ DarikFinance.bg
- ✓ Lev.bg
- ✓ Econ.bg

Open Letter for a Balanced Government Budget

On January 28th, 2010 several economists published an opinion regarding the discussed idea of a healthy budget deficit. Here is an outtake of the letter:

"In recent days the president has become an advocate of the creeping rehabilitation of the" virtues "of budget deficits. It seems that the Prime Minister and the Government also saw the political pros of this idea and are willing to mitigate their fiscal policy.

Such populist positions have always easily found support in our society. And they have always led to severe economic consequences. In today's conditions, they directly undermine the stability of the currency board, the last one being the only meaningful consensus decision in Bulgarian economic policy for decades. Every Bulgarian citizen benefits from maintaining a balanced budget.

[...]

A balanced budget is the only way for achieving high budget responsibility, attracting investment and economic growth in Bulgaria"

The letter was signed by Vladimir Karolev, Lachezar Bogdanov, Georgi Ganev, Georgi Angelov, Svetla Kostadinova, Petar Ganev, Georgi Stoev and Roumen Avramov. It was published in the newspaper "24 Hours" on January 28th, 2010.

IME Published the Fourth Annual "International Property Right Index" Report

February 2010

The IME is the local partner of the IPRI 2010, which evaluates the protection of intellectual and physical property rights in 125 countries worldwide, representing 97% of global GDP. This year, 62 international organizations partnered with the "Property Rights" Alliance, Washington and the Hernando de Soto Fellowship program, to create the fourth annual IPRI report.

Media coverage:

- ✓ Sega newspaper
- ✓ Profit.bg
- ✓ Econ.bg
- ✓ Cross IA
- ✓ Bulgaria News
- ✓ Insurance.bg

Although protection of property rights in **Bulgaria** has been improving steadily since 2007, the most problematic areas remain the same - an ineffective judiciary system, corruption, lack of proper intellectual property protection and copyright piracy. However, the country has made progress in areas such as political stability, facilitating the registration of ownership and easier access to credit. Thus, in Index 2010 Bulgaria **ranked 59th** with an overall score of 5.2 points out of 10.

Strong and effective protection of property rights has once again been proven to be linked to national prosperity and rapid recovery, especially in times of global financial and economic crisis. The 125 countries included in the 2010 International Property Right Index survey present a clear picture of the importance of ownership and its relation to the growth, investment and economic stability in each country.

The entire research can be found [here](#).

„Tax Freedom Day 2010“

January 2010

Following a long established tradition, at the start of every year and after the official ballot and entry into force of the state budget, the IME calculates the so called Tax Freedom Day.

According to our calculations Bulgarian people stopped working for their government and began working for themselves at 8:23 PM on Tuesday, **June 1st**, 2010. In 2010 Bulgarians had to work for **five months** in order to

pay various taxes and duties, ie to fill the states' coffers. In recent years the so-called "**Tax Freedom Day**" always occurred at the end of May, but in 2010 it jumped over to June.

Despite the reduction of some of direct taxes in recent years, reallocation in Bulgaria is still relatively high - **over 40% of GDP**. It is funded by various forms of taxation. The state does not burden us only through direct taxes - such as income tax, or garbage fee. The bigger part of budget revenues comes from social security contributions and consumption taxes (VAT, excise, customs). Bulgarians work longest precisely in order to fill in VAT revenues – 39 days, followed by securities – 29 days and excise – 26 days. Direct taxes are paid relatively faster, for instance it takes us 11 days to pay our income taxes and 10 days to pay our corporate taxes.

Media coverage:

- ✓ Dnevnik newspaper
- ✓ Pari newspaper
- ✓ Standard newspaper
- ✓ Klasa newspaper
- ✓ Sega newspaper
- ✓ Mediapool
- ✓ Investor.bg

The Tax Freedom Day provides an answer to the question: "What is the price that citizens pay for their state?" This day is an indicator of the state's role and the degree to which it is involved in the redistribution in the economy. The later in the year that day comes, the larger the role of the government and consequently - the degree of taxation of businesses and citizens in the country.

Economic Freedom Around the World

September 2010

For the tenth consecutive year the IME, being the local partner of the Canadian Fraser Institute, published the results of the latest edition of their World Economic Freedom Index.

According to the "World Economic Freedom: Report 2011" Bulgaria ranks **36th in the world**.

The report presents the economic picture in 2008 (the latest year for which official data is available for all countries). The big changes in ranking for Bulgaria are due to the revaluation of the "size of government" indicator. The collaboration between IME's team and authors of the study led to a reassessment of the indicators related to state-owned enterprises and the amount of public investment. This re-evaluation improved the results and ranking of our country. Following the changes Bulgaria was rated 7.31 and ranked 36th, as opposed to last year, when we occupied the 41st place with a rating of 7.30.

Press Conferences

Budget Policy for Economic Growth

May 28th, 2010

The press conference took place in the midst of the debate surrounding the revision of the 2010 state budget and gave IME's team the opportunity to present their view on the matter. Petar Ganev, Svetla Kostadinova and Dr. Richard Rahn all took part in the BTA conference, during which Dr. Rahn endorsed the call for sound budgetary policy.

Several days later, the IME submitted an official statement in parliament. Throughout the debate, including the conference and the statement itself, the IME argued that the budget should not go beyond its limits. For this purpose, we proposed streamlining of government spending and concrete reforms.

The presentation from the press conference can be found [here](#).

Media coverage:

- ✓ Monitor newspaper
- ✓ Sega newspaper
- ✓ 24 Chasa newspaper
- ✓ Standart newspaper
- ✓ PRO.BG
- ✓ Novinar newspaper
- ✓ Pari newspaper
- ✓ Mediapool
- ✓ Dir.bg
- ✓ Dnevnik newspaper
- ✓ bTV
- ✓ Nova TV
- ✓ BNT
- ✓ BNR
- ✓ Darik radio

Reforms Rather Than Raising Social Insurance

October 6th, 2010

The position of the independent council on pension reform in regard to the deposition of reforms and the increase of social security was presented on a press conference held by the BTA.

Special attention was paid to the necessity of carrying out reforms, rather than



increasing taxes, providing explanations as to why their increase is not a solution to current problems, why the deficit of the NSI did not disappear and which deficit is the important one.

The press conference was attended by Georgi Angelov, Svetla Kostadinova, Petar Ganev, Lachezar Bogdanov and Vladimir Karolev.

The presentations from the press conference can be found [here](#).

Media coverage:

- ✓ Europe TV
- ✓ TV7
- ✓ EBF TV
- ✓ Dnevnik newspaper
- ✓ 24 Chasa newspaper
- ✓ Trud newspaper
- ✓ Pari newspaper
- ✓ Mediapool.bg
- ✓ Investor.bg
- ✓ Radio Plovdiv
- ✓ Radio K2
- ✓ Deutsche Welle

Alternative State Budget 2011

October 18th, 2010

For the eighth consecutive year the Institute for Market Economics (IME) develops an alternative state budget under the assumption of lower taxes, fiscal discipline and preserving opportunities for growth and prosperity. The press conference was attended by Krassen Stanchev, Svetla Kostadinova, Peter Ganev.

A summary of the alternative budget was sent to all MPs and parliamentary committees. During the press conference IME supported the proposal of the economists from the Macro Watch initiative regarding the introduction of a fiscal board, which should legally establish a reasonable budget balance and curb populist waste of public funds.

The presentations from the press conference can be found [here](#).

Media coverage:

- ✓ BNT
- ✓ bTV
- ✓ Nova TV
- ✓ PRO.BG
- ✓ MSAT
- ✓ Europe TV
- ✓ TV7
- ✓ Dnevnik newspaper
- ✓ 24 Chasa newspaper
- ✓ Trud newspaper
- ✓ Pari newspaper
- ✓ Standart newspaper
- ✓ Sega newspaper
- ✓ Novinar newspaper
- ✓ Mediapool.bg
- ✓ Investor.bg

Common Sense Economics - Faster Reforms for Higher Income

November 16th, 2010



The Institute for Market Economics and the "Friedrich Naumann" Freedom Foundation organized a press conference to present the second edition of "Review of Bulgaria's place in international rankings"

At the press conference we presented concrete

measures for higher growth and higher employment in Bulgaria.

The press conference was attended by Svetla Kostadinova, Zornitsa Slavova and Peter Ganev from the IME, together with Peter-Andreas Bohman, project

Media coverage:

- ✓ bTV
- ✓ Nova TV
- ✓ Europe TV
- ✓ TV7
- ✓ Dnevnik newspaper
- ✓ Standart newspaper
- ✓ Sega newspaper
- ✓ Pari newspaper
- ✓ Klasa newspaper
- ✓ Investor.BG
- ✓ Trud newspaper
- ✓ Mediapool
- ✓ Darik radio
- ✓ Novinar newspaper

manager for Southeast Europe and Asparuh Panov from "Friedrich Naumann" Freedom Foundation.

The presentations from the press conference can be found [here](#).

How Will Central and Eastern Europe Grow? Lessons for Integrated Europe

December 6th, 2010



The IME and the BMA organized a presentation of the latest publication by BRUEGEL and the Vienna Institute for International Economic Studies (WIIW). Zsolt Darvas presented the main assumptions of the authors of the report, and Georgi Ganev submitted his comments on the publication.

Zsolt Darvas's presentation can be found [here](#).

Georgi Ganev's presentation can be found [here](#).

Media coverage of the IME

Throughout 2010 the Institute continued its regular weekly bulletin "Economic Policy Review" – we published a total of 49 editions. Many of the articles were republished by the press and electronic media. The newsletter remains the primary method of communication and dissemination of the ideas of the IME and the articles it includes often result in invitations to our economists to take part in TV and radio broadcasts.

In addition to their work on the weekly newsletter, the IME economists published articles in the media. Here are some of them:

- ✓ Two original articles in the first issue of *Forbes Bulgaria*
- ✓ 23 original articles in the "24 hours" newspaper
- ✓ 26 articles republished by the "Daily" newspaper
- ✓ 10 interviews for bTV
- ✓ 12 interviews for BNT

In 2010 the IME team had a total of over [350 media appearances](#).

IME's Special Initiatives in 2010

Provoked by the lack of real debate and actual reforms we began five special initiatives.

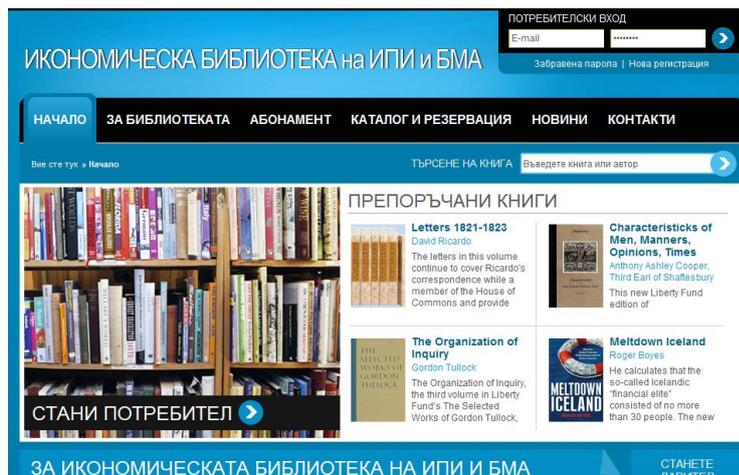
I. Independent Council on Pension Reform

2010 was declared as the year in which, after extensive public consultation, a reform of the pension system was supposed to be initiated, with regard to the large deficit and the low level of the pensions in the country. Unfortunately, neither was the discussion public, nor was there any immediate information on the available options for the government to consider from when undertaking the pension reform. In line with this situation, IME and several other economists decided to establish an Independent Council on Pension Reform, to make concrete proposals for pension reform that will provide incentives, alternatives and a choice to employees regarding their retirement. Here's what the council did in the first year of its existence.

- ✓ **February 17th** – We announced the creation of an alternative pension council as a reaction to the deposition of pension reform in Bulgaria.
- ✓ **April 12th** – We published “Personal Accounts, Rather Than Promises” (the Council’s vision of a real pension reform)
- ✓ **July 22nd** – The Council’s position on the different proposals for reform being discussed
- ✓ **October 13th** – Press conference “Reforms, Rather Than Raising Social Insurance”
- ✓ **November 5th** – Publication: „The Pay-As-You-Go Pension System in Bulgaria”

Council members include Svetla Kostadinova, Petar Ganev, Desislava Nikolova, Georgi Ganev, Georgi Angelov, Georgi Stoev, Lachezar Bogdanov and Vladimir Karolev.

II. IME and BMA’s Economic Library



The purpose of IME and BMA’s Economic Library is to become a preferred destination for meetings and discussions for people who want to have access to a diverse economic literature.

The selection of books is done periodically by a **selection committee**, which is a joint team of experts from the IME and the BMA. The whole project was started with the generous support of the “America for Bulgaria Foundation”

More than 290 books were purchased since the beginning of the project, and

an additional 130 books were received as donations from publishers and individuals. By adding the books donated by the IME fund, the total number at the end of 2010 exceeds 4,600 books.

In addition to providing books, the activities of the library are complemented by:

- public lectures
- a weekly bulletin containing recently acquired books
- a monthly bulletin regarding the books written by a given author or based on a given topic

The official opening of the Economic library was in early June 2010 and brought together current and future readers and lovers of literature.



Public Lectures



Valery Dimitrov presented the works of Ludwig von Mises (November 30th, 2010)



Petar Ganev presented the works of Garret Garret (December 15th, 2010)

III. Club of Economic Journalists



At the end of 2010 IME and BMA launched their latest project, announcing the establishment of the **Club of Economic Journalists**. The aim is to create a network of economic journalists and economists, which would spur the exchange of experience and knowledge, in order to provoke in-depth debate on important economic issues of public policy.

Club members have access to IME and BMA events (lectures, conferences, discussions, etc..) and are allowed to freely borrow books from the Economic Library.

The club is the second joint initiative of IME and BMA, supported by foundation “**America for Bulgaria**”.

Seven separate seminars, each lasting half a day have been scheduled for 2011. These will all be focused on a particular public policies and will include two different speakers.

IV. IME Students Club Meetings



The Students Club once again presented interesting speakers, provoking heated debates among students and directing the focus of the IME team towards a more academical and at the same time wide-public orientated approach to public issues.



January 27th, 2010 – Emil Hursev - „Welfare State!?”



March 18th, 2010 – Dr. Tom Palmer - „The Roots of the Crisis in the USA”



March 30th, 2010 – Ivan Iskrov - „Bulgaria and the Euro”



April 29th, 2010 – Ivo Prokopiev - „The Three partite Committee, the Anti-Crisis Debate and the Employers Vision of Economic Growth "



May 27th, 2010 – Dr. Richard Rahn – “How the Transition in the 90’s began, What Were the Alternatives, and What’s to be Done Now?”



October 20th, 2010 r. - Milen Velchev - - "Budget, Reforms and Public Discussion"

V. Campaign “The Expenditures of the Bulgarian State”

In early 2010, IME launched a campaign called "The Expenditures of the Bulgarian State." The institute has always focused on government spending, but for the first time our efforts towards less state intervention were structured and united in a campaign. The campaign is funded entirely by individual donations, which is the clearest sign that we are working in the right direction.

2010 was key for government spending, since the budget was already officially off limits - an excessive deficit in 2009 and an anticipated revision of the 2010 budget. All of this put the spotlight on state spending and the debates for government cuts.

IME’s campaign included research, events, charts and a number of articles in the institutes own publications, as well as the press.

Data

In 2010, the IME put in a lot of effort in achieving transparency, namely the presence of as much data on government spending as possible. The IME recently published detailed data on government expenditure in the consolidated fiscal framework – [spending by functions, groups and activities for the period 2000 – 2009](#). Such a breakdown of government spending has never before been available to the public.

The data regarding additional spending - [additionally approved appropriations for the period 2000 - 2009](#) also sparked a wide interest, as the so structured data had not previously been easily available in an understandable format.

At the end of 2010, thanks to the efforts of the IME, the current consolidated fiscal program for 2011 was published for the first time in Bulgaria. The consolidated budget is the one that is truly important for the state's finances, but in spite of that it had never been published in the current format. Instead it was published together with the submission of the budget in parliament, but never after the inevitable changes by the committees and the plenary. More information on the topic can be found in the articles "[Consolidated Fiscal Secret](#)" and "[The MF Published the Consolidated Program](#)". The IME's application for access to public information to the Ministry of Finance, which eventually led to the publication is available [here](#).

Analysis

In the first year of the campaign the IME team published several analysis.

- ✓ The most recent analysis is "[The Successes and Failures of Bulgarian Governments](#)", which we published on **February 17th 2011**. It complements [the first study from 2008](#) with 153 additional audits and includes a total of 586 audits, covering a period of 12 years - from 1998 to 2009.
- ✓ The already regular study "[The Additional Spending of Bulgarian Governments 2000 - 2010](#)" was published on **December 9th 2010**. The study traces the additional spending over the past 10 years, whose amount reaches almost 10 billion over the period.
- ✓ "[Do the Measures Fit?](#)", published on **April 1st 2010**, represents the IME's take on the 60 government measures to support employment, households, businesses and the fiscal position. Our comments, especially those relating to the fiscal position, proved to be extremely accurate. In essence – *the cuts will not be enough, there will be no revenue from privatization and the sale of carbon emissions, the budget will cause excessive deficit* - it all happened
- ✓ "[Cuts are possible](#)" is a short note from **June 16th, 2010** containing concrete IME proposals for spending cuts at the turn of the year. It was addressed mainly to the MPs, who discussed the proposals to update the budget.
- ✓ "[Draft Budget 2011 - Review, Analysis and Recommendations](#)" contains the express comment of the IME in **September 2010**, which we for years have been providing immediately following the submission of the draft state budget by the Finance Minister in Parliament. Our main goal is keeping an informed and thorough debate on the basis of comprehensive data and commentary.

Articles

Throughout the whole year the IME team uses articles as a means of disseminating information and provoking debate on the topic.

Leading **articles**:

- ✓ [„Don't' Raise the Deficit"](#) (January 29th, 2010);
- ✓ [„The Fiscal Reserve – Size Does Matter"](#) (February 17th, 2010);
- ✓ [„You Can't Put Everyone's Head on the Block, While Going Through Their Pockets"](#) (April 30th, 2010);
- ✓ [„Forget About It"](#) (May 14th, 2010);
- ✓ [„The Express Train Estonia - Greece"](#) (June 11th, 2010);
- ✓ [„Everyone Is Cutting Spending, We Are Increasing the Deficit"](#) (June 18th, 2010);
- ✓ [„Excessive Deficit Procedure – General and Specific Situations"](#) (June 9th, 2010);

- ✓ [„We Have No Excuse, We Are Just Spending”](#) (July 16th, 2010);
- ✓ [„Budgetary Rules”](#) (October 1st, 2010);
- ✓ [„What Is Going on With the Railroad Transport”](#) (October 15th, 2010);

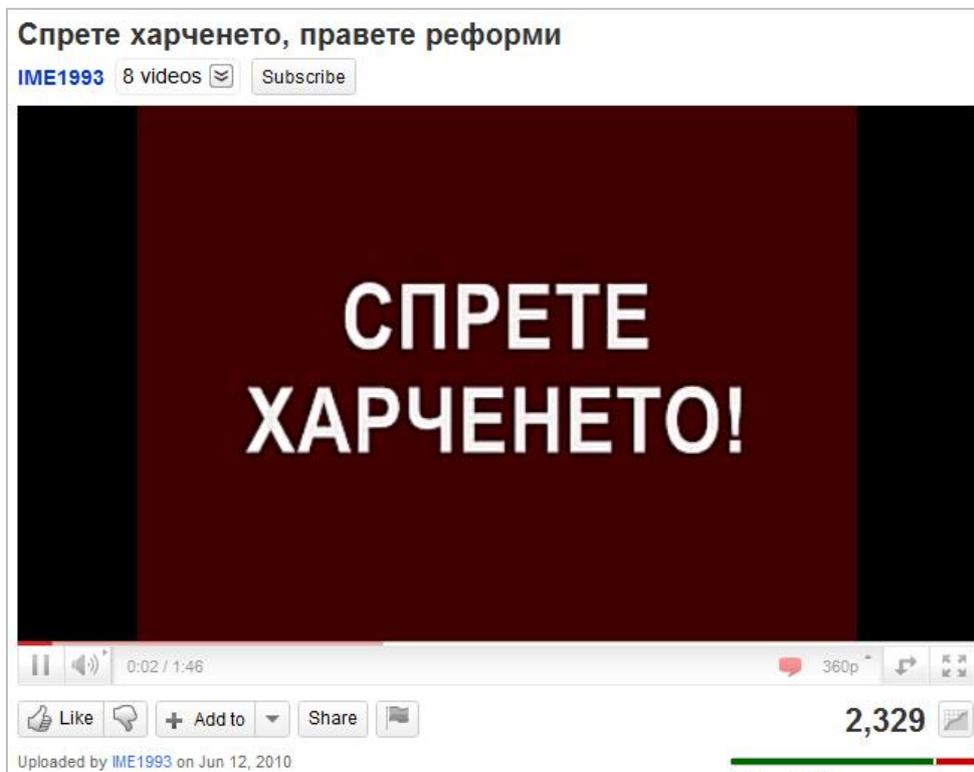
Charts

IME published several **charts** including a short commentary.

- ✓ [Chart: Costs and Cuts in the 10 Largest Ministries According to the Revision of the 2010 Budget](#), June 10th, 2010
- ✓ [Chart: Consolidated Expenditures on Local Basis \(January – April\); 2008, 2009 и 2010 г.](#), June 2nd, 2010

Video

On July 12th, 2010 we published a [short video](#), which promotes cutting budget spending.



Media Appearances

In 2010, the IME had over [350 media appearances](#), a big part of those being on issues related to state spending.

These are selected appearances on BNT and in the “24 Hours” newspaper.

- [„What Will Happen to Our Money Next Year and What Do the Budget Forecasts Look Like?”](#) – November 9th, 2010, BNT (Referendum)
- [„Alternative Budget 2011”](#) – October 18th, 2010, BNT
- [„Does the Cabinet Need Money or Reforms”](#) – October 18th, 2010, BNT
- [„What Can We Expect After the Budget Revision?”](#) – June 14th, 2010, BNT
- [„Tax Freedom Day”](#) – June 1st, 2010, BNT

- „[Richard Rahn and the IME Against the Reserve Contraction](#)” – May 28th, 2010, BNT
- „[The Economists Petar Ganev and Boyan Durankev On the Anti-crisis Measures](#)” – May 10th, 2010, BNT
- „[What Anti-crisis Measures Are Needed](#)” – March 19th, 2010, BNT
- „[We Will Cut Spending.. Starting on Monday, Seriously!](#)” – January 20th, 2011, “24 Hours”
- „[2011 : Tax Freedom Day is on May 5th](#)” – January 8th, 2011, “24 Hours”
- „[The IME Developed a Budget With Low Taxes and Decisive Reforms](#)” – October 18th, 2010, “24 Hours”
- „[The Hidden Debt of Pension Promises](#)” – August 23rd, 2010, “24 Hours”
- „[Agencies, Committees, Departments... There are More than 300 of Them and They Spend Too Much](#)” – June 28th, 2010, “24 Hours”
- „[A 12% Cut. But Only after Bonuses and a 20% Rise](#)” – March 16th, 2010, “24 Hours”
- „[Don't Raise the Deficit!](#)” – January 27th, 2010, “24 Hours”
- „[The State Has its Hand Deep in our Pockets. And What is it Giving us?](#)” – January 10th, 2010, “24 Hours”

IME's Training Program for 2010

In 2010 the IME conducted three training programs, during which Cveta Milenova, Sevdana Docheva, Ivaylo Tasev, Milen Zhelev, Tsvetelina Nenova, Alexander Ivanov, Zdravka Nikolova, Dimitar Popov, Dimitar Krumov, Martin Vladimirov, Philip Kolev, Lubomir Milenkov, Pavlin Lazarov, Dimitar Slavov and Mihail Kolev all held three-month internships.

Besides its regular internship program, the IME took part in the Empower internship program in the first year of its implementation.

Awards

Awards presented to the IME



On December 16th, 2010 the Bulgarian Association of Supplementary Pension Security Companies (BASPSC) presented the Institute for Market Economics with the 2010 BASPSC Award.

“ for outstanding activity, persistence, versatility and professionalism in the publication of up-to-date information, expert analysis, opinions and proposals relating to pensions and the pension reform in the "Economic Policy Review" bulletin”

The award is for:

- ✓ The "Economic Policy Review" bulletin
- ✓ The “Bulletin for Low Taxes”
- ✓ The “Pension Reform” section
- ✓ The Independent Council on Pension Reform

IME presented awards

The ceremony announcing the winners in the first competition for the award "Dikran N. Balabanyan" for the best essay titled "The entrepreneur as an inventor" was held on May 31st, 2010.

The competition involved 85 essays written by young people under the age of 30. The essays were judged by a panel consisting of: Martin Zaimov, Levon Hampartsumyan, Georgi Kirov, Svetla Stoeva, Nikolai Yarmov, Svetla Kostadinova and Peter Ganev. The ceremony was attended by more than 60 contestants, their friends and relatives.

Ms. Shake Balabanyan, the wife of Mr. Dikran N. Balabanyan was a special guest.

The jury decided on the following ranking:

- ✓ **Elena Mihaylova**, 19 y., winner of the competition ([essay](#))
- ✓ **Jordan Dzambazov**, 24 y., first encouragement award ([essay](#))
- ✓ **Petar Petrov**, 24 y., second encouragement award ([essay](#))



The ceremony



Ignat Angelov (winner of the jury's personal award) and **Nikolai Yarmov**



Elena Mihaylova (first place) and **Martin Zaimov**



Levon Hampartsumyan, Jordan Stoev (first encouragement award) and **Krasen Stanchev**



Georgi Kirov and **Petar Petrov** (second encouragement award)



Yordanka Mironova and **Mirjana Tsvetanova** (winner of the jury's personal award)

IME in Internet

The Institute's presence on the Internet strengthened significantly in 2010. The website was visited over 186,525 times, thus achieving more than 419,367 page views. Compared to 2009, this is an increase of 15.87% and 7.14%, respectively.



Besides IME's web site, the team supports multiple Facebook pages.



Finances

The amount of the reported funding income for 2010 is 104 thousand leva.

Among the donors of the IME in 2010 there are individuals as well as companies. Most of the contributions were made to support the intrinsic activity of the IME - conducting advocacy campaigns aimed at increasing the transparency and efficiency of public spending, as well as the monitoring and evaluation of the way decisions are made for spending from the state budget. Among individual donors, the leading contributors are Mrs. Petya Kostadinova, Mr. Marin Pavlov, Mr. Nedyalko Terziev, Mr. Georgi Angelov, Mr. Konstantin Kostadinov and others. The total amount of individual donations for 2010 reached 13 884 leva

Besides private donations, IME received support from several entities that were in favor of the campaign "the Expenditures of the Bulgarian State" and IME and BMA's Economic Library. The total amount of corporate donations amounted to 44 647 leva for 2010.

All donations received have been spent strictly according to the donor's will, as all donors promptly and regularly received detailed information concerning the activities they supported.

Income from business activities amounted to 30 thousand leva. A major share in the expenditures for *regulated activities* is occupied by the cost of external services - 38 thousand leva, which include services related to the organization of seminars (renting rooms, equipment, etc.), costs for training NGO representatives from throughout the country, organizing meetings, book presentations, the publishing of printed materials, office renting, communications and postage, subscriptions, consulting services, etc. These expenditures are part of the implementation of ongoing projects with the following partners: Foundation Open Society Institute, American Foundation for Bulgaria, the Balkan Trust for Democracy, European Commission (Seventh Framework Programme).

In 2010, excluding the costs of external services and personnel costs (salary and benefits) amounting to 33 thousand leva, other expenses amounting to 28 thousand leva were recorded. These include travel costs, materials costs, depreciation of tangible and intangible assets.

The negative exchange rate valuations that have been reported for the calendar year amount to 3 thousand leva. These have resulted from the revaluation of available money funds, denominated in foreign currency and completion of financing upon its utilization. A major share in business expenditures is occupied by personnel costs (salary and benefits) - 102 thousand leva. The reported costs for external services in 2010 amounted to 57 thousand leva. These include: organization and holding of seminars , training, legal and consulting services, office rental, communications and postage, travel. The costs are mainly in the implementation of contracts with "Freedom Foundation Friedrich Naumann."

The 2010 financial result of the economic activity is negative in the amount of 141 thousand leva. As of December 31th, 2010 the Foundation has eight employees.

IME's Svetla Kostadinova and Petar Ganev took part in the annual European Resourse Bank Meeting

September 9th – 11th, 2010

Each year the IME takes part in the [annual meeting](#) of the European think tanks, which promote ideas of economic freedom. This year's meeting was hosted by the Taxpayer's Alliance in London.

The highlight of the meeting was the surprise visit of two special guests.



Baroness Margaret Thatcher



Baroness Margaret Thatcher



Dr. Arthur Laffer

You can support the IME's efforts towards more personal freedom, small and efficient administration and predictable business environment with a donation.

Invest in the IME

Investing in IME's efforts for more individual and economic freedom provides high returns.

We believe that You value your freedom and the opportunity to decide what is best for You.

These are the ideas that we protect and so we turn to You with an invitation to invest in the IME. In return for Your investment:

- We will continue pushing for faster reforms, leading to prosperity for all;
- We will observe, comment and offer reasonable solutions;
- We will always be present when there is a danger of inadequate decisions and policies or in other words, will defend the ideas You and we believe in.



- Campaign "[The Expenditures of Bulgarian Governments](#);
- [Pension Reform](#)



- [Tax Freedom Day](#);
- [Economic Freedom Index for Bulgaria](#);
- [Training Program](#);
- [IME's Students Club](#);
- [Bulletin for Low Taxes](#);
- [Alternative Budget with Low Taxes](#);
- [Economic Knowledge on the Internet](#)

For more information, please visit [IME's website](#).