



**PRIVATE JUDICIAL ENFORCEMENT IN BULGARIA
15 YEARS OF EFFICIENCY IN THE NAME OF SOCIETY AND THE LAW**



*Georgi Dichev, Chairperson
of the Chamber of Private Enforcement Agents*



Dear Colleagues, Partners, Friends

Fifteen years ago, with the introduction of private enforcement in Bulgaria, our judicial system showed that successful reforms are possible. Today we can confidently say that after a strong start, **the reform has brought both efficiency and sustainability**. There is currently no institution to deny the role of private law enforcement. Moreover, the creditors give it a definite assessment, preferring it to the public enforcement.

I remember that when private enforcement was still a bill, few "enlightened" experts and politicians understood that **it was indeed the state that needed the PEA**. The reasons were obvious - the striking deficit of justice in society, the hundreds of thousands of court decisions "on paper", the swirling unregulated and forceful collection of debts.

Together we changed this picture for the better. For 15 years, we have gone through different stages. More than once we reached at a crossroads - to be successful, to work for ourselves, to develop our law offices or to be something more than that. We have chosen to become an institution, not "a debt collector". **And so, we took over the public function that the state needed**. We have invested efforts in improving the system, we have taken over the long-year receivables of the courts, we work with the municipalities, individuals and employees find with us the fulfilment of their cases for alimony and salaries. We have regulated intercompany indebtedness, and business continues to trust us because we are not traders, but partners. For 15 years, our tariffs have not increased, on the contrary - they have been reduced. Only our responsibilities and control over the profession have grown.

We have faced populism, pressure and denial. But so far there is no institution in the country that would deny that, unless it were for PEAs, the system of enforcement of court decisions is put at risk. **We showed our highest responsibility during 2020** – such a difficult year for the entire world - at the very beginning of COVID - we reacted professionally to the crisis and were among the first to propose the suspension of some enforcement actions to relieve debtors of the severe social and economic crisis.

Long before the crisis the Chamber of Private Enforcement Agents started a debate on the introduction of out-of-court debt collection in our country, like elsewhere globally. In this voluntary enforcement procedure, **we have seen the solution to a serious problem - the staggering increase in debt in the collection of small debts in court.** This year, the proposal landed on the National Assembly agenda, but received no support.

In fact, the legislator deprived litigators of a cheaper and faster way to settle receivables and refused to unload the already busy courts. For us, the Chamber of Private Enforcement Agents members, the rejection of voluntary enforcement is unfounded and we will insist on revising it.

Finally, on the eve of our 15th anniversary, I want to say something that we have all felt and known for a long time - **the concept of 'private', which forms our name, does not correspond to the real role and functions of our profession.**

Dear Bulgarian Colleagues, while in Serbia, for example, profession was named „public“ while they still created the enforcement legislation, here in Bulgaria, you deserved this name!

**Happy anniversary, fellow PEAs, working
for the benefit of society and our country!**



ANNIVERSARY-DEDICATED EVENTS

04 December 2020, International Online Conference "**15 years of the Chamber of Private Enforcement Agents**".

Topics:

Debt Recovery

The establishment of facts

Electronic auctions

Enforcement in pandemic times

Participants: BCPEA Chairperson Georgi Dichev, Minister of Justice Desislava Ahladova, President of the International Union of Enforcement Officers Mark Schmitz, First Deputy President of International Union of Enforcement Officers Mathieu Chardonay, its Secretary Jos Uitdehaag. Dovile Satkauskiene, General Secretary of European Union of Judicial Officers

On the occasion of the 15th anniversary of the Chamber of Private Enforcement Agents, a **Fund for Support of Law Students** was established. The fund is financed by the Chamber of Private Enforcement Agents and by voluntary donations from its members. The initial capital of the fund is set at BGN 10,000, own funds of the BCPEA.

A competition for law students for an essay on the topic: "**Judicial Enforcement - Present and Future**". Three cash prizes are drawn for the top three awarded works.

The beginning of a long-term initiative for **digitization of legal information resources** in the field of enforcement and the creation of a virtual library on enforcement with funds from the Chamber of Private Enforcement Agents.



THE BEGINNING

2005: Searching... *professional class motivated by efficiency and speed*

The reform with the introduction of private enforcement in Bulgaria was implemented on the eve of Bulgaria's accession to the EU, when the enforcement system was the subject of numerous criticisms. The total number of pending enforcement cases as of 2004 exceeded 375,000, and the collectibles amounted to nearly BGN 1.7 billion.

According to data of the Bulgarian Chamber of Commerce, intercompany indebtedness at the end of 2002 reached BGN 7 billion. In addition, the aim of bill authors was to limit parallel and "unregulated" methods of debt collection.

The Private Enforcement Act was promulgated in September 2005. Immediately after its adoption on 26 November 2005, the Chamber of Private Enforcement Agents was established. The first 85 PEAs stepped into the newly created profession from the system of public enforcement. A few months later, the first competition was held to select another 84 PEAs who took the oath and started working by the end of 2006.

The authors speak:

Prof. Lyuben Kornezov (1947-2019): Life demands it!

Together with a group of MPs we introduced this bill for private enforcement. Life demands it. For 15 years the public law enforcement was not functioning. Individuals and companies have been suing for years. And when they even win cases and convict those who have to pay them, in fact, court decisions are not enforced. We currently have 380,000 enforcement cases, and collectibles worth BGN 1,774 billion for individuals and businesses. Both this amount and these cases increase with every other year...



2020: OUR PROFESSION IN FIGURES

Number of PEAs:

195 law offices employing over 2,000 people

Amounts collected:

Amounts collected in the period 2006-2020: BGN 12 billion

Amounts paid:

Amounts paid into the state budget: BGN 1.2 billion

Annual cases:

Annual cases filed in favour of the state: 50,000

Achievements:



The World Bank ranked the law enforcement reform and the introduction of Private Enforcement Agents in Bulgaria as one of the top 10 most successful reforms in the world in 2006.



Every year, PEAs reimburses BGN 150 million to individuals for unpaid salaries, alimony, rents, unpaid loans and other amounts under contracts, compensation to road accident victims and serious criminal offenses



At the moment, private enforcement definitely remains the preferred method of enforcement by creditors



3 X 5:

HIGHLIGHTS ON THE CHAMBER ACTIVITIES

2006-2010:

Structuring. Successful start of the reform in dialogue with business and public administration

1

PEAs created over 1,000 new jobs in their law offices. PEAs **won the trust of creditors and initiated 420,000 cases**, completed work on over 113,000 of them and collected receivables for BGN 1,690 billion in favour of banks, companies, individuals and institutions

2

Concluded first **agreements for collection of receivables** with municipal administrations, including the largest - Sofia Municipality

3

The BCPEA created **Public Sales Register**, which provides transparency of auctions and information for a wide range of users

4

The first agreements with institutions for electronic access of **PEAs to various services** were implemented

5

Adopted **Rules of Ethics** of the profession

2011-2015:

Strengthening the public role of PEAs.
Development of successful partnerships

1

PEAs initiated 933,000 new cases and completed work on 328,000 of them, the amount collected reached BGN 4,860 billion, the amount of funds paid into the state budget increased and they reached BGN 150 million annually. **In 2013 2. 11 new PEAs joined the profession. After a competition in 2015 43 new colleagues took the oath and started working in 2016**

2

The Central Register of Debtors was established, with which the Chamber of PEAs provided access to up-to-date information on the initiated enforcement cases, an electronic system for statistics of PEAs was introduced and monitoring control over all offices was carried out.

3

Cooperation **agreements were concluded with the Supreme Judicial Council**, the Financial Supervision Commission, the Electronic Media Council, the Forestry Agency, the State Agency for Meteorological and Technical Supervision and other institutions for assigning their receivables for collection by PEAs

4

A **national awareness campaign on the rights of debtors** was conducted with the initiatives Open Day and free consultations by PEAs for individuals

5

The BCPEA has started a process on a legislative initiative for changes in the Civil Procedure Code with proposals to the Ministry of Justice



2016 - 2020

New Challenges Legislative proactivity. Digitization The social role of PEAs in the COVID -19 crisis.

1

A total of 905,000 new cases have been initiated, work on 470,000 has been completed, the amount collected by the PEA is BGN 4,50 billion

2

Proposals of the BCPEA to improve the enforcement process were adopted with changes in the Civil Procedure Code – including **introduced voluntary sales, the ban on attachment of allowances, pensions and benefits**, expanded the range of actions and PEA, which is subject to appeal

3

At the request of the BCPEA, Art. 81 of the Private Enforcement Agents Act, so that along with alimony, labour relations and transfers of children, **public state and municipal receivables are exempt from advance fees** and in all these cases (about 30% of all cases) the PEA finances the implementation.

4

A European Enforcement School was established, the participation of PEAs in the electronic exchange system RegiX started, the Register of Public Sales and the Central Register of Debtors were updated

5

In the crisis year 2020, the Chamber of Private Enforcement Agents itself **requested to limit the actions of PEAs with the Law on the State of Emergency** in order to protect the life, health and financial stability of individuals. PEAs were one of the few who supported the introduction of the absolute statute of limitations so that there are no perpetual debtors.

THE CHALLENGES FACING THE PROFESSION



Digitalisation of more enforcement processes



Proactivity on the part of the BCPEA for improvements in the enforcement system



Promotion and implementation of good enforcement practices in Europe, including the actual introduction of e-auctions, the return of voluntary sales, out-of-court debt collection and fact-finding



The impact of the global pandemic and the economic crisis it has caused on enforcement



Office care, protection and control on the profession

Mark Schmitz, President of the
International Union of Enforcement Officers:



Our profession is changing! Together we must secure its future

The Bulgarian Chamber of Private Enforcement Agents is celebrating its 15th Anniversary. To say that the Bulgarian Chamber is very dear to the heart of the UIHJ is an understatement. The UIHJ, and its experts, through numerous missions organised by European and International organisations and institutions, such as the Council of Europe, the European Commission, USAID, to name but a few, have been the direct witness since 2001 of the spectacular development of the profession of enforcement agent in Bulgaria.

We were very proud to be at your side, at the occasion of the Constitutive General Assembly of the Bulgarian Chamber of Private Enforcement Agents, at the Grand Hotel in Sofia, on 25 November 2005 in the presence of Georgi Petkanov,, Minister of Justice of Bulgaria. I can report that the general assembly started at precisely 11:00 and that at precisely 12:50 the 87 votes unanimously elected Georgi Dichev First President of the Chamber!

We immediately interviewed President Dichev, who said that the UIHJ always was the number 1 supporter of the creation of a liberal profession of enforcement agent in Bulgaria and was always there to help.

15 years may have passed, but Bulgaria never ceased to support in return the UIHJ and we are very thankful to our Bulgarian colleagues, and their President Georgi Dichev, for this unflinching support. At UIHJ, we know that we can always rely on Bulgaria.

We are actually living a global crisis.

Country after country, the situation in relation to the COVID-19 pandemic is not improving and we are in the middle of a second wave.

Shops, restaurants, and bars, barely open after the first wave, are closing their doors again in more and more countries.

We have been trying for months to move towards a new normal, but to no avail.



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It is obvious that the world will be another after the COVID-19!

The disruption caused by COVID-19 will lead to heavy global economic losses: bankruptcies, unemployment and over-indebtedness.

Nevertheless, the implementation of enforcement proceedings must remain human - and this is the card that enforcement officers must play. Socio-economic rights imply the obligation of the state to guarantee, respect and protect the various interests that are involved.

Social and economic developments in the wake of the COVID-19 crisis will require a different approach to enforcement systems, debt collection and also the profession of judicial officer. To achieve this, instruments such as mediation and debt rescheduling will certainly be preferred. It must be stressed that the judicial officer is the perfect actor to ensure a proper balance between the rights of the creditor and the rights of the debtor.

The judicial officer will never act blindly under the sole instructions of his client.

The enforcement of court decisions is a condition for the credibility of the judicial institution, the legislator and, a fortiori, the state.

The state must provide legal certainty to business investments and the development of economy.

And the judicial officer is one of the emblematic figures of legal certainty.

He plays an essential role in ensuring both the effectiveness and efficiency of the enforcement of court decisions.

But he's also the interface between the citizen and the judge.

Despite this crisis that we are currently experiencing, we must be aware of the evolution that the profession is going through almost for several years and in which the role of the judicial officer in relation with new technologies (I.A., blockchains, digital assets ,...) should be ensured.

