



## CASE STUDY: Funding the fight against corruption in Romania and Bulgaria

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## Introduction

Alexandru Milanescu has no easy task at hand. As the head of the Civil Society Support Fund (CSSF), it is his responsibility to evaluate various proposals for projects that would use grants from U.S. funders in order to fight fraud and improve accountability of public institutions. Alexandru has worked extensively on the issue of corruption in some of the most significant nongovernmental organizations in the field, including the Open Society Institute and Transparency International. Additionally, he served as a representative of civil society at the National Integrity Council, a representative body overseeing the activity of the National Integrity Agency, which is an autonomous administrative authority that verifies and sanctions cases of conflicts of interests and unjustified wealth.

Corruption is a major concern of the international community in Romania and Bulgaria, which are seen as some of the most corrupt countries in Europe. The President of Bulgaria has been accused of being elected with mafia support and European Union (EU) funds have gone missing, prompting the EU to withdraw hundreds of millions of euros in structural funds and other subsidies. Romania has also suffered from high-profile corruption cases that resulted in the resignation of former Prime Minister Adrian Năstase based on yet unproved corruption charges. The EU welcomed Romania and Bulgaria into the union knowing that their governmental structures were riddled with corruption and put in place certain safeguards to insure continuation of efforts to clean up the judiciary and public administration. The EU has kept a close eye on developments in the youngest and most problematic EU members, carefully monitoring developments and imposing sanctions when necessary. The two countries are a perennial cause of concern for EU officials, and statistics portray a gloomy reality. According to Transparency International's (TI) Corruption Perceptions Index (CPI), Romania and Bulgaria are the most corrupt EU members and the situation in Bulgaria has worsened considerably in the last year, dropping from 4.1 to 3.6 on a scale of 0-10. Romania scores 3.8, demonstrating a mere 0.1 point improvement since 2007.<sup>1</sup>

More striking than the statistics are the stories of personal tragedy that result from the through-going corruption of many aspects of Romanian and Bulgarian society. One anticorruption activist, who had not bribed doctors prior to the birth of her first child (as expected as a matter of course in the nominally free state hospitals) ended up spending three months in the hospital as a result of the dangerous complications she and the baby suffered due to health care she believes was withheld. She did not take the same risk with her second child, and had a smooth hospital experience.<sup>2</sup> Another activist at Transparency International's baby was born with brain damage due to the doctor's negligence, again due to insufficient bribes.<sup>3</sup> These kinds of stories make it easier to understand why forms of corruption continue to be embedded in society despite the best intentions of those fighting it.

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<sup>1</sup> Transparency International Corruptions Perceptions Index (CPI) 2008. Press Release from September 23, 2008 in Berlin.

It is important to note, however, that the CPI measures the *perceptions* of corruption by the public, not the actual *occurrence* of corruption, which is nearly impossible to measure. Therefore, the *perception* of corruption can rise with, for example, an increase in media attention even if the actual occurrence of corruption remains the same.

<sup>2</sup> American Chamber of Commerce – Sofia. Interview 15 January 2009.

<sup>3</sup> Bilefsky, Dan. "In Romania, bribery is a health problem." *New York Times*. 3 November 2008. [www.nytimes.com](http://www.nytimes.com)

For the sake of improving the lives of Romanians and Bulgarians, as well as improving international perception of their respective countries, Alexandru is determined to disburse the CSSF's grant money wisely but is also aware of the complexities involved in the fight against corruption.

Corruption as systemic as it is in these Balkan countries is difficult to address and there is no single model to follow in fighting it. Nevertheless, Alexandru and his colleagues in the international community can identify some strategies that may contribute positively to the fight against corruption: increasing public awareness of the phenomenon of corruption; training of investigative journalists to uncover corruption cases; decreasing bureaucratic "red tape" in publicly provided services, such as the granting of licenses or issuing of passports; encouraging compliance with international treaties and standards; reforming the judicial system and increasing its independence; and strengthening legislation. The key to mitigating corruption is initiating a change in mentality of the population – but how does one change the mentality of an entire country?

Still, complacency is not an option. While some people believe that a future, Western-oriented generation will be less corrupt, Romania and Bulgaria cannot simply wait for a younger, democratic, and cosmopolitan Europhile generation to emerge, because if the young generation is taught and mentored by the older one, it may adopt its ways. In the words of a representative from the Access to Information Program (AIP), "even young people who work in institutions with undemocratic leaders start to copy this corrupt behavior."<sup>4</sup> In fact, Freedom House uses the phrase "young wolves" to refer to the new generation that uses institutional structures as political tools.<sup>5</sup>

Furthermore, Alexandru is painfully aware that the success of any potential program is largely dependent on the political will of Romanian and Bulgarian politicians, not EU bureaucrats or civil society activists. Alexandru must work within the existing (and possibly corrupt) system and cadre of bureaucrats, or try to change the system altogether. He knows that previous programs that have engaged in excessive finger-pointing have been unsuccessful because their access to politicians and media is eventually cut off. The most feasible program will be the one that can produce the most positive results in an efficient, sustainable, and cost-effective way.

The competition for funding can be tough. Many sources of funding for transparency-promoting and anticorruption projects in Romania and Bulgaria dried up when the countries entered the EU, because the international community now considers the countries to be under the purview of the EU. Neither country has a history of a strong civil society presence, because nongovernmental organizations were repressed, banned, and virtually nonexistent during the communist era. The organizations are pressed for funding but are sometimes unwilling to seek it from domestic organizations because they do not want the affiliation, influence, or pressures of domestic political forces.

Bearing the decision criteria in mind, he receives proposals for anticorruption programs and must evaluate five finalists for three awards:

- (1) **An international anticorruption network:** The end result of this proposal, executed by the Open Society Foundation, would be the creation of a network for the sharing of anticorruption information, best practices, and capacity-building processes between key elements of anticorruption constituencies in Romania and Bulgaria. The Open Society Institute was created in 1993 by investor George Soros,

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<sup>4</sup> Access to Information Program. Interview 16 January 2009.

<sup>5</sup> Freedom House. Interview 14 January 2009.

and provides grants to its affiliates to support government accountability and transparency as well as citizen participation in democracy.

(2) **A public-private coalition against corruption:** This project would bring together government officials and business leaders with the shared goal of combating corruption by promoting public awareness on corruption practices, building democratic institutions, and monitoring anticorruption legislation. The proposal is the inspiration of the Bulgarian Business Leaders' Forum, formed in 1998 by a coalition of 12 multinational companies and NGOs to promote socially responsible business practices which benefit business and society and help achieve social, economic, and environmentally sustainable development.

(3) **Community-level fight against corruption in education:** This localized, small-scale project would target one tangible form of corruption where people's interests are directly affected. It would hold seminars to inform parents of their rights with respect to their children's education with the goal of getting the entire community colluding to stop paying for grades or "extra" instruction. Also sponsored by the Open Society Foundation, it represents an alternative strategy proposed by the powerful organization.

(4) **Economic legislation:** Led by the Romanian Center for Economic Policies (RCEP) and Bulgaria's Institute for Market Economics (IME), this project is aimed at reducing the hidden economy, improving the business environment, and creating fiscal mechanisms to reduce corruption. RCEP seeks to develop a climate for dialogue on economic policy by analyzing, evaluating, and facilitating implementation of economic policies. One of its areas of research focus is study of corruption and its impact on the business environment. The IME is Bulgaria's first and oldest independent policy think tank and a strong advocate of market-based reforms.

(5) **Journalist training:** The Center for Independent Journalism and the Access to Information Program will team up to provide specialized journalist training, assist in navigation and utilization of both countries' right to information acts, and promote independent online reporting. The Center for Independent Journalism, based in New York, established its Bucharest office in 1994. Since then it has provided specialized training for journalists; organized debates and seminars; advocated for the freedom of expression and independence of the media; and acted as a consultant for the business side of news media. The Access to Information Program was established in 1996 by a network of journalists, lawyers, sociologists, and economists dedicated to promoting the right to information. They facilitate the implementation of the clause in the constitution that guarantees the right to information.

During deliberation, Alexandru aims to take into account the factors that contribute to corruption in Romania and Bulgaria as well as all that has been to try and mitigate it. First, he considers the ubiquitous nature of corruption in the public sphere, followed by the complex corruption situations in each country, reflecting on the role of judiciary corruption, political corruption, the role of the media, and, in the case of Bulgaria, the status of organized crime. Next, he considers the impact that corruption has on the economic and political landscape in both countries. He looks at international attention to the corruption issue, focusing on the EU accession process, because the conditionality and external pressure during the process arguably created the conditions under which positive reforms were taken in the anticorruption arena. He looks at how the EU has sought to maintain its

leverage post-accession, namely through safeguard clauses and the Cooperation and Verification Mechanism. In order to minimize duplication of efforts, he reviews previous and existing civil society anticorruption initiatives. Finally, with his background research done, he returns to the proposals and begins weighing their strengths and weaknesses carefully.

### **Nature of Corruption in Romania and Bulgaria**

Though most Romanians and Bulgarians assert that corruption has been a part of Balkan culture for centuries, decades of communist rule certainly contributed to the current climate of corruption. Communism left behind a legacy of excessive bureaucracy, low state capacity to provide public goods, weak capacity of independent monitoring and watchdog agencies, a monopoly of the state over the economy and other sectors, and a culture of political patronage and low levels of civic involvement.<sup>6</sup> Corruption in both countries is systemic and structural. Ioana Avadani, Executive Director of the Center for Independent Journalism, commented: “Corruption is a *symptom* of a non-functional society, not a *cause*.”<sup>7</sup> Its existence has been acknowledged both by external organizations as well as various levels of government and nongovernmental organizations. On the other hand, some say that corruption in Romania and Bulgaria has become an “obsession” of the international community and is construed too broadly; Ivan Krastev, the head of the Center for Liberal Studies, was quoted as saying that “corruption is for people everything that went wrong with transition.”<sup>8</sup> Nevertheless, most observers agree that corruption remains a serious constraint on the development and success of both countries’ economies and society.

Ironically, since effective public administration was a key criteria for EU accession in 2007, EU membership has the potential to create opportunities for some categories of corruption. The economic benefits of membership present opportunities for corrupt elements within Romania and Bulgaria to further enrich themselves. An increase in funds, combined with a state structure that remains inadequate to combat corrupt dealing, furtherer enriches corrupt networks that link government and business, creating or strengthening economic cartels.<sup>9</sup> Alexandru recalled a Romanian case in which local mayors were caught requesting an approximately €5,000 bribe in order to submit requests for EU agricultural funds (an official duty which befalls their position). Additionally, some members of the Access to Information Program told Alexandru that they read that a former chief of a project funded by EU PHARE funds for regional development was running a project to train people in anticorruption efforts - - and charging €1,000 for one hour of lessons!<sup>10</sup> Some EU standards were implemented before taking into consideration the particular conditions of Romania and Bulgaria. For example, it is common practice in Europe and elsewhere that judges be given life tenure to shield them from political pressures. The same was implemented in Romania before all the corrupt judges were removed, effectively institutionalizing the corruption!<sup>11</sup>

Corruption is so much a part of life in Romania and Bulgaria that it is not always recognized as improper by the population or by officials. In fact, corruption was not a technical term in the Romanian legal

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<sup>6</sup> See *The Weakness of Civil Society in Post-Communist Europe* by Marc M. Howard.

<sup>7</sup> Ioana Avadani, Executive Director of the Center for Independent Journalism. Interview 14 January 2009.

<sup>8</sup> Center for Liberal Studies. Interview 16 January 2009.

<sup>9</sup> *Anti-Corruption Reforms in Bulgaria: Key Results and Risks*. Center for the Study of Democracy (Sofia: Center for the Study of Democracy, 2007).

<sup>10</sup> Access to Information Program. Interview 16 January 2009.

<sup>11</sup> Laura Stefan. Interview 13 January 2009.

system until Law 78 of 2000, which finally defined it. Even so, corruption is widely regarded as an “infraction,” not a “crime,” which is defined in Romania as an event that directly hurts someone, leaving “blood on the floor.” Because they are perceived as “infractions,” cases of corruption are not always approached in a serious way. Alexandru thinks that the population as well as the officials often do not understand the abstraction of corruption as a crime that affects the whole society. Types of corruption are by their nature hard to disentangle and are in many ways inextricable. Nevertheless, some of the most prominent types of corruption in the Balkans are outlined below.

### **The Public Sphere**

The public sphere in Romania and Bulgaria is plagued with commonly accepted practices of bribery. Bribery in schools, clinics, and other publicly-funded institutions is endemic. Anecdotal evidence suggests that in Romania, the estimated payments for receiving passing grades on university exams could be obtained for approximately €100. Parents pay their children’s teachers bribes to provide “extra” instruction, which should actually be included in the standard curriculum. Following a long tradition, many people pay or give “gifts” to public doctors in order to ensure they and their loved ones receive good medical treatment. People pay bribes to the police to avoid tickets. The Bulgarian health system in particular seems to be a magnet for corrupt behavior – some news sources even track prices for black market blood.<sup>12</sup> Data from 2007 placed doctors, police, and customs officers at the top of the list in terms of risk for petty corruption. They were followed by magistrates, ministry officials, the fiscal administration, mayors, and municipal councilors.<sup>13</sup> To a certain extent, Alexandru agrees with Ioana Avadani that the presence of petty corruption is not surprising; high-level corruption takes resources out of the system, and low-level (petty) corruption, for those who can afford it, largely serves to compensate for the lack of resources.<sup>14</sup>

## **Romania**

### **Judiciary Corruption**

Specific examples of corruption are most evident within the Romanian judicial system, and corruption among judges is particularly serious in a judicial system that lacks jurors. Alexandru knows the saying well: “it is cheaper to buy a judge than to hire a lawyer.” Complaints that the judiciary fails to adequately address cases of corruption are common. Specifically, there have been numerous claims that the judiciary has repeatedly failed to elevate cases of corruption to appropriate levels of prosecution, especially those involving high-profile individuals or members of government. In addition, it is considered “common knowledge” that information regarding such high-level cases is often intentionally leaked to the press in a way that prevents the execution of an effective prosecution.<sup>15</sup> Alexandru has heard that the judiciary has failed to fully comprehend its role in the fight against corruption in Romania, and that “the sentences applied by courts in corruption cases do not have a dissuasive effect and fail to fulfill their preventive function.”<sup>16</sup> Cases are frequently dismissed for administrative and procedural reasons and sent back to the prosecutors instead of being properly tried. For example, Alexandru was informed about a case rejected by a judge on the grounds that it cited monetary figures in euros instead of

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<sup>12</sup> Carvajal, Doreen and Stephen Castle. “Mob Muscles its Way into Politics in Bulgaria.” *The New York Times*. 15 October 2008.

<sup>13</sup> *Anti-Corruption Reforms in Bulgaria* (CSD).

<sup>14</sup> Ioana Avadani, Executive Director of the Center for Independent Journalism. Interview 14 January 2009.

<sup>15</sup> De Pauw, W. Expert Report on the Fight against Corruption / Cooperation and Verification Mechanism. 12-15 November 2007.

<sup>16</sup> EC Progress Reports of June 26, 2007. [http://ec.europa.eu/dgs/secretariat\\_general/cvm/progress\\_reports\\_en.htm](http://ec.europa.eu/dgs/secretariat_general/cvm/progress_reports_en.htm).

lei, the Romanian currency.<sup>17</sup> In response to accusations, the Ministry of Justice cites that it is simply responding to the poor quality of evidence brought against offenders. This defense has been criticized by both the EU and other external organizations.<sup>18</sup> Finger-pointing between the judiciary and the prosecution make it difficult to determine exactly who is at fault. Neither side is without merit and both require further reforms.

Another criticism aimed at the judiciary's apparent tolerance for corruption has been leveled at both the government and the Ministry of Justice for their attempts to dismantle some of the most effective national structures that aid in the fight against corruption. In April 2007 (shortly after EU accession), the Minister of Justice Monica Macovei (who was highly respected in Brussels for her tough stance on corruption and is still respected by groups and individuals working on corruption in Romania) was removed from office. Shortly thereafter, the Ministry, under newly-appointed Minister Chiuariu, attempted to dismantle the National Anticorruption Department (DNA). The DNA investigates and prosecutes corruption-related offenses that cause material damage of more than €200,000 or whose value of the involved amounts or goods is greater than €10,000. Its creation, which was the result of EU incentives, was largely regarded as the single most successful Romanian effort in the fight against corruption. However, Alexandru has said that the DNA was set up with the assumption that it would not work.<sup>19</sup> The lack of a single high-profile conviction based on a case built by the DNA puts its efficacy in question, but it nevertheless was a positive step in the fight against corruption by revealing the reality to the public. Still, quickly after accession, it was submitted to political pressures:

“Year after year, from 2002 to the eve of Accession in 2006, the DNA was held up by Romania to the EC (and EU-member states) as the country's shining example of its determination and seriousness in fighting high-level corruption. Hardly has the ink on the Accession Treaty dried up, or attempts are made to dismantle and disarm this organization.”<sup>20</sup>

Arguments have also been made that the timing of such initiatives is no coincidence: it was just at the point at which both Macovei and the DNA had begun to make real progress on specific corruption issues that they came under attack. The DNA was led by Daniel Morar, who was awarded the distinction of “Inspiration of the Year” by the European Voice, an *Economist*-owned newspaper that reports on EU institutions. Morar has been accused by the local press of being incapable of following procedures correctly, lacking transparency, and using his position to prosecute the political enemies of the current President, Traian Basescu (particularly when he re-opened the file of former prime minister Adrian Nastase). However, many local NGOs suggest that this information is fed to the press by the government, which is tired of being under fire by Morar. The official reasons for replacing Macovei were that the new government needed a new cabinet and therefore had to replace her with Chiuariu.<sup>21</sup> The post-accession timing of such initiatives is also telling. A recent probe on the part of the Superior Council of Magistracy (CSM) – Romania's top magistracy body – found that the Minister of Justice has in fact been placing political pressure upon the DNA.<sup>22</sup> DNA members have told Alexandru that

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<sup>17</sup> Cristina Guseth, Director of Freedom House in Romania. Interview 13 January 2009.

<sup>18</sup> As stated specifically by De Pauw in his 2007 report, “This is a remarkable statement indeed. One would hope that, in applying justice as it should be applied, evidence is either sufficient, in which case the defendant can be convicted, or it is not, in which case the defendant must be acquitted. Convicting the defendant ‘a little bit’ because the evidence is not really convincing, is a rather frightening approach to the rule of law, and in any case in complete contradiction with the basic principles of a fair trial. Hopefully the Minister of Justice is mistaken in this respect, because if he is not, Romanian judiciary has far worse problems than lenient sentencing in corruption cases.”

<sup>19</sup> Laura Stefan. Interview 12 January 2009.

<sup>20</sup> De Pauw 2007 report.

<sup>21</sup> “Romania: Government Shuffle and EU Disapproval.” 2 April 2007.

[http://www.stratfor.com/romania\\_government\\_shuffle\\_and\\_eu\\_disapproval](http://www.stratfor.com/romania_government_shuffle_and_eu_disapproval).

<sup>22</sup> “Romania: War between Justice Minister, DNA.” 9 November 2007. <http://www.seeuropa.net/?q=node/12159>

their biggest obstacle is that the main political forces are not behind the anticorruption fight. The political forces construe the meanings of “human rights” too broadly, requiring prosecutors to inform lawyers of the major political parties as to what they are investigating and sometimes insisting on the presence of lawyers when the prosecutors speak to the witnesses. Their frustration is evident on their faces.

A common complaint is that the justice system has trouble implementing laws even when the laws are in place. This has been blamed partly on the Napoleonic code in use whereby new laws have been piled on without refining the old laws, making it difficult to interpret the law and easy to use old laws as loopholes to get out of tough accusations. Lawyers are even able to find contradictions within the law itself.

With recently completed parliamentary elections in Romania, and the victory of the Social Democratic Party (PSD), there has been speculation that reform of the judicial system will not be blocked in the coming years. However, this is not a universally accepted view: while the PSD ran as an anticorruption party in 2004 leading up to EU accession, they have been accused by many of having profited too much from corruption to have an economic and political motivation to combat it. Furthermore, even if they are committed to fighting corruption, the “victory” of the PSD did not solidify their hold on the government, as they received 33% of the vote (just 1% more than the Democrat-Liberal Party (PDL) of President Traian Basescu). As a result, the PSD has formed a coalition with the PDL. Also, using his constitutional rights, President Basescu has named the leader of the PDL, Emil Boc, as Prime Minister. The impact of the election on judicial reform and the fight against corruption will reveal itself over the course of the rule of the next administration.

### **Political Corruption**

Political corruption in Romania is not uncommon. High-level government officials have been implicated in bribery schemes. Government officials are known not only to take bribes in order to facilitate government action, but also to give bribes in order to ensure political support or votes. The Parliament has been noticeably hesitant to support investigations into such corruption. Because of parliamentary immunity, parliamentary approval is required to conduct investigations of bribery against most cabinet officials, who are members of parliament in Romania’s mixed parliamentary/presidential system. This requirement is allegedly in place to prevent the use of corruption investigations as a political tool to weed out opponents.

Specific examples of bribery and hesitancy of the Parliament to investigate allegations include the case of former Prime Minister Adrian Nastase (2000-2004), who was accused of having solicited bribes from businesses, threatening to terminate their government contracts if they refused to pay, and awarding contracts without a bidding process. In his most infamous accusation, Nastase allegedly awarded a contract to the Bechtel Corporation to build a motorway without a competitive bidding process.<sup>23</sup> In his defense, he cited national security concerns and the necessity to begin construction quickly at the request of the financiers. A parliamentary committee, however, exonerated Nastase of the charges. In August 2008, the Parliament rejected the request to initiate additional investigations. The Parliament has also rejected requests to initiate investigations against Miron Mitrea, transport minister in Nastase's government, based on claims of government immunity. A lobby group, the Initiative for a Clean Justice, has argued that these examples demonstrate that

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It should be noted that the DNA has also criticized the CSM for having withheld portions of the probe from the public which would more seriously implicate Minister Chiuariu for intervention into DNA’s activities.

<sup>23</sup> Sullivan, Kevin. “Out of the Darkness.” *The Washington Post*. 12 March 2006. [www.WashingtonPost.com](http://www.WashingtonPost.com)

“we are witnessing the transformation of parliamentarians into judges and of the judicial committee into an extraordinary court.”<sup>24</sup>

Alexandru has heard various NGOs speculate that part of the problem is the fact that parliamentarians are granted immunity from many forms of prosecution and few parliamentarians are willing to lift that immunity in order to prosecute people like Nastase for fear that their own immunity might be jeopardized in the future. Parliamentary immunity is not just a benefit of holding elected office – for many, it is believed to be the primary motivation for running for Parliament in the first place.

### **The Role of Romanian Media**

Romanian media tends to offer information of subpar quality, according to the Media Monitoring Agency, and many of the biggest media company owners are allied with one political party or another. The media focused on corruption leading up to accession but has retreated significantly since then. It is often used by government officials under attack for corruption as a means to divert attention. Officials under investigation have been accused of feeding the media stories about their accusers being puppets of the opposition or being corrupt themselves. In a 2004 study, the Media Monitoring Agency found an inverse relationship between the amount of state-sponsored advertising in a newspaper and the amount of articles in that newspaper about corruption.<sup>25</sup> This kind of correlation casts serious doubt on the independence of the media from political forces. Former Minister of Agriculture Decebel Traian Remes was caught by hidden cameras accepting a €15,000 bribe as well as gifts including brandy and sausages. The government’s reaction was to accuse the media of invading the people’s privacy, diverting the attention from the bribe to the manner in which the media uncovered it. The Media Monitoring Agency and others suggest that stories like this one reveal the difficulties of doing investigative reporting on corruption in Romania. They also report a lack of training in investigative journalism, which NGOs such as the Center for Independent Journalism are attempting to compensate for, even though large media owners are reluctant to pay for such services or to allow their reporters to apply what they have learned.<sup>26</sup> Journalists who seek to uncover the truth are not safe from attack; there have been many instances of violent attacks against journalists researching news stories or those filming documentaries.<sup>27</sup>

## **Bulgaria**

### **Political Corruption**

Despite international attention to the issue and the EU accession process, data from the Center for the Study of Democracy (CSD) indicate that organized corruption on the part of concentrated networks of companies and political leaders is growing.<sup>28</sup> A lack of transparency does not help with such perceptions. The Access to Information Program (AIP) found that very few public institutions make their records public and fewer still (only about 14%) put those records on the internet or in other easily accessible formats.

The case of Prime Minister Stanishev is an example of political elements enriching themselves through organized crime networks. In 2008, Prime Minister Stanishev was the target of major criticism when his Bulgarian Socialist Party (BSP) was found to have taken approximately €125,000 from an alleged criminal

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<sup>24</sup> “In Denial.” *The Economist*. 3 July 2008. [http://www.economist.com/world/europe/displaystory.cfm?story\\_id=11670671](http://www.economist.com/world/europe/displaystory.cfm?story_id=11670671).

<sup>25</sup> Media Monitoring Agency. Interview 13 January 2009.

<sup>26</sup> Ioana Avadani, Executive Director of the Center for Independent Journalism. Interview 14 January 2009.

<sup>27</sup> 2007 Report on Press Freedom in Romania. Media Monitoring Agency.

<sup>28</sup> *Anti-Corruption Reforms in Bulgaria* (CSD).

network under investigation by the EU's Antifraud Office (OLAF).<sup>29</sup> In addition to campaign contributions, corruption has also compromised the voting process itself. According to Iva Pushkarova, Executive Director of the Bulgarian Judges Association, criminal groups "trade votes freely on the streets, kill and threaten people with no shame."<sup>30</sup>

The State Agency for National Security (DANS or SANS) is the agency responsible for aiding the prosecution and investigative services in probing cases of organized crime, corruption, and money laundering. Prime Minister Sergei Stanishev has alleged that recent scandals surrounding DANS are in fact attempts to discredit it.<sup>31</sup> Meanwhile, his opponents allege that the agency is used as a tool by those in power, particularly when access to classified information was limited after a leak of information. Boyko Borisov, mayor of Sofia, said: "DANS is the real threat to national security."<sup>32</sup>

A CSD report noted that the management of state assets, along with public procurement and concession granting mechanisms, presented growing risks for political corruption. In addition, perceptions of corruption among the population were increasing.<sup>33</sup> This has impacted political behavior, as parties associated with corruption have seen declines in popularity, and more Bulgarians have become disillusioned with major parties and the political system as a whole.

### **Organized crime**

One significant difference between the cases of Romania and Bulgaria is the presence of organized crime in Bulgarian politics. Organized crime emerged in Bulgaria in a manner similar to that of other former communist countries. Massive dislocations and a contraction of the state apparatus left many out of work in the early 1990s, and incomplete economic reforms created opportunities for criminal activity and exploitation. Former members of the secret police, within their existing networks, organized illegal money-making schemes, while athletes, no longer supported by the state, formed private security forces. Violence and contract killings have been a major part of mafia activity. More than 125 contract killings have taken place since 1993, and most remain unsolved. Today, 75% percent of Bulgarian businesses employ security services, which surpasses the level of any other Eastern European country.<sup>34</sup>

While economic growth since 1997 has contributed to greater stability, it has also provided more opportunities for the criminal sector. Illegal activities remain quite lucrative, and the *Economist* estimates the "grey economy" at 20-30% of Bulgarian GDP. Much of the influx of EU aid has been diverted, and the belief that corruption and mafia activity is pervasive at high levels of government is widespread. The mafia has been able to penetrate the political establishment, remaining active in government and society. Atanas Atanasov, a Bulgarian MP and former counterintelligence chief, told reporters in October 2008 that "other countries have the mafia" – but in Bulgaria, "the mafia has the country."<sup>35</sup>

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<sup>29</sup> Carvajal, Doreen and Stephen Castle. "Bulgarian Prime Minister Vows to Reject Tainted Donations." *The New York Times*. 17 October 2008.

<sup>30</sup> "Mob Muscles its Way into Politics in Bulgaria."

<sup>31</sup> "Bulgaria PM Stands Firmly Behind DANS and Its Director." Sofia News Agency novinite.com. 3 October 2008.  
[http://www.novinite.com/view\\_news.php?id=97548](http://www.novinite.com/view_news.php?id=97548)

<sup>32</sup> "Sofia Mayor: Bulgaria National Security Agency Is Threat to National Security." Sofia News Agency novinite.com. 24 February 2009.  
[http://www.novinite.com/view\\_news.php?id=101484](http://www.novinite.com/view_news.php?id=101484)

<sup>33</sup> *Anti-Corruption Reforms in Bulgaria* (CSD).

<sup>34</sup> "Mob Muscles its Way into Politics in Bulgaria."

<sup>35</sup> "Mob Muscles its Way into Politics in Bulgaria."

Corruption is becoming increasingly concentrated among a shrinking number of companies, with growing payments connected to public procurement contracts.<sup>36</sup> Questionable business networks developed and expanded with the rest of the economy, becoming increasingly ambitious and influential. These groups “have moved from declining black markets for smuggled cigarettes and alcohol to legal investments in booming real estate.”<sup>37</sup> Seeking a share of the inflow of EU funds, they “are muscling into public office” – many criminals and corrupt businessmen have gone from trying to influence politicians to entering politics themselves.<sup>38</sup>

Organized crime in Bulgaria specifically exerts an influence on the borders, customs, and trade. One anecdote Alexandru heard involved 12,000 tons of imported sugar that “disappeared” from a Bulgarian port. Upon inquiry, the port officials responded that the sugar had been mistakenly left uncovered overnight and that the rain had washed it into the sea. Mirrored statistics have been used to force customs officials to admit to the problem of corruption. For example, if records show that a certain quantity of oil was exported to Greece from Bulgaria, but that only half of that quantity was imported into Greece, what happened to the rest of the oil? Corruption of this form creates blatant economic costs for Bulgaria’s population.

A large volume of cash transactions point to the pervasive problem of corruption. Stamen Tassev, Executive Director of the Bulgarian Business Leaders’ Forum and former Deputy Minister of Finance, suggests that the allowed level of cash payments should be lower so that more transactions have to be recorded rather than remain under-the-table.

Given the obvious harm that organized crime invokes on Bulgaria, Alexandru thinks that organized crime is an obvious target in the fight against corruption. These networks, however, are some of the least tangible targets and many countries worldwide have struggled for decades to break them. Efforts to fight organized crime rarely produce quick and concrete results.

### **Judiciary Corruption**

As in Romania, the Bulgarian judiciary is one of the key institutions cited by observers as an area in need of reform, and was a major cause of concern during the EU accession process. While attempts have been made to comply with EU standards, progress is generally seen as unsatisfactory. In particular, the judiciary is seen as weak in prosecuting organized crime in Bulgaria. A number of contract assassinations that have taken place in the past few years without a single conviction. High-profile corruption cases in Bulgaria are given less attention than they are due, and judges tend to send the cases back to prosecutors instead of moving them forward. The problems in the judiciary largely mirror those found in Romania.

Judges themselves often have direct criminal ties, and Iva Pushkarova, Executive Director of the Bulgarian Judges Association, said that these connections are essentially open secrets: “they have marriage connections or business ties with organized criminal bosses. They are neighbors. Usually organized crime bosses live in protected territory in compounds and [judges] live in the same area.”<sup>39</sup>

### **The Role of the Bulgarian Media**

Bulgaria has a large number of newspapers and journals, some independent and others affiliated with (or owned by) various political parties. The broadcast media, however, is far less diverse. There are only three

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<sup>36</sup> *Anti-Corruption Reforms in Bulgaria* (CSD).

<sup>37</sup> “Mob Muscles its Way into Politics in Bulgaria”

<sup>38</sup> “Mob Muscles its Way into Politics in Bulgaria”

<sup>39</sup> Carvajal, Doreen. “Trading Truth for Broken Bones in Bulgaria.” *International Herald Tribune*. 12 November 2008. <http://www.iht.com/articles/2008/11/12/europe/bulgaria.php>.

licensed national terrestrial broadcast television channels: one owned by the state and two owned by foreign companies. There is a state radio station and several privately owned stations. While there has not been outright official censorship, state appointments to media posts have been politicized. Journalists and activists who openly oppose corruption are frequent targets of intimidation and physical violence.<sup>40</sup> The Access to Information Program (AIP) told Alexandru that the SANS spied on journalists in the summer of 2008.<sup>41</sup> A Freedom of Information Act (FOIA) was passed in 2000 but only 31% of the population is aware of this act and officials still try to prevent the release of information about corruption at high levels on the grounds that certain documents contain “state secrets,” “personal data,” or “third party interest” information. Another tactic that is used to delay the access to information are simply slow (or nonexistent) responses. By law officials are required to respond to FOIA requests within 14 days but AIP has sometimes received responses as late as one year after making the request.<sup>42</sup> This not only hinders trials but also the work of investigative journalists, who require speedy access to information in order to make their living and effectively reveal stories. As in Romania, there is a lack of training in investigative journalism and NGOs like AIP are trying to fill this void through programs and videos regarding journalism in general and, more specifically, corruption and the FOIA procedures.

### **The Impact of Corruption**

Despite the costs associated with the corruption and bribery, Romania and Bulgaria experienced impressive growth rates in recent years (around 7–8% annually). Such prosperity, however, seems to be coming to a close. It is precisely due to the systemic corruption that the countries may end up being among the hardest hit in Europe as a result of the recent international economic downturn. EU and international enthusiasm for economic assistance to Romania and Bulgaria during the current financial crisis and global recession may be limited, given the likelihood that such funds will fall victim to corruption and mismanagement. At present, Romania and Bulgaria are forecasted to suffer the most within the EU.<sup>43</sup> Romania’s economy is forecasted to grow only 0.9% in 2009, and its banking structure appears to be one of the least stable in Eastern Europe. Such problems, combined with any hesitancy on the part of international financial institutions or the EU to provide assistance to Romania and Bulgaria as a result of their corruption, could leave the countries in a dire situation in the coming year.

The political implications related to this economic downturn are also important. While recent governments have enjoyed the prosperity associated with the high levels of growth (and have not been hard pressed to make many painful decisions as regards economic management), the current situation may prove a rude awakening. A recession may expose the cost of the stalled (and backtracked) reforms, and the possibility that aid may not be enthusiastically forthcoming may increase the painful nature of this downturn. In addition, despite the recent prosperity, the corruption that is evident in the economic process has not been without its critics: “Certainly growth has boomed and foreign investment has been flooding in. Yet those same foreign investors lament the damage corruption does.”<sup>44</sup> Now that the boom has ended, and investors will be looking to

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<sup>40</sup> “Trading Truth for Broken Bones in Bulgaria”

<sup>41</sup> AIP. Interview 16 January 2009.

<sup>42</sup> AIP. Interview 16 January 2009.

<sup>43</sup> “Stopping the Rot.” *The Economist*. 27 November 2008. [http://www.economist.com/world/europe/displaystory.cfm?story\\_id=12705968](http://www.economist.com/world/europe/displaystory.cfm?story_id=12705968)

<sup>44</sup> “Corruption for and against.” *The Economist*. 7 August 2008.

[http://www.economist.com/world/europe/displaystory.cfm?story\\_id=11878193](http://www.economist.com/world/europe/displaystory.cfm?story_id=11878193)

minimize losses, criticism of stalled reforms and corruption may not only increase in frequency but also become sharper in rhetoric and demands alike.

It has been suggested that much of the current low-level bureaucratic corruption is due to teachers and bureaucrats compensating for inadequate salaries during previous decades. Some externally based organizations suggested that the economic downturn's likely negative impact on salaries may cause a corresponding resurgence of the more widespread and open low-level corruption which has been replaced in recent years by a more latent, and somewhat less frequent, form. Transportation infrastructure has not improved enough to help increase foreign business and trade in the long run and much of this is due to municipal level and national level corruption of public contracts intended for such projects. As the recession spreads, a lack of roads connecting Romania and Bulgaria to other sources of business may magnify the degree to which they are impacted by the economic downturn.

Corrupt practice may also lead to inefficient use of the EU aid that is available. As a result of the higher standards of transparency required by the EU, many organizations opt not to use the funds at all, given the additional scrutiny associated with such resources. As a result, Romania and Bulgaria underutilize their designated EU funds, particularly in the area of agriculture.

In both Romania and Bulgaria many feel that high-level corruption is the most in need of urgent attention. Ioana Avadani uses the expression "the fish rots from the head." However, as long as petty corruption continues, it will be hard for people on the street to feel ethically justified in condemning higher levels of corruption. This catch-22 situation in which many citizens find themselves is hard to resolve if the institutions are not reformed to provide better services. After all, Alexandru was asked, in a "prisoner's dilemma" setting, why should someone stop paying bribes to get things done if the institution is otherwise unwilling or unable, especially when everyone else requesting that service is likely to pay the bribe? Some civil society organizations, like the Center for the Study of Democracy, share this view. On another level, Alexandru noticed that the new affluence brought to a few people following 1989 has encouraged young people to seek consumer goods as status symbols and that young people are willing to resort to corruption to achieve these goals. Furthermore, many people reported that they felt the smaller levels of corruption were those most harshly punished while the feeling was that no one knew of a single high-level, high-profile indictment that had concluded with a sentence proportionate to the crime committed and to the amount of liability associated with public office. Without a clear sign that even these highly visible public officials cannot escape the law, the fish may well continue to rot. Public will is important and the passion with which some of civil society members speak to Alexandru about their frustration with corruption shows that some will for change is there in some sectors of society, but it is not yet sufficient to bring about concrete change.

While many agree that high-level corruption is the most pressing issue, they fear that any remaining incentive for Romania and Bulgaria to seriously combat national corruption has dissipated now that the process of accession has ended. The CEE Trust has echoed this concern. They feel that post-accession reports by the EU and NGOs have not been taken seriously by the governments.<sup>45</sup> In addition, there has been increased speculation that the recent improvement in Romania's rankings on the TI CPI can be attributed to the temporary and superficial improvements that were made during the country's attempt to satisfy EU accession criteria. With

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<sup>45</sup> Trust for Civil Society in Central and Eastern Europe. Interview 13 January 2009.

such conditionality no longer present, arguments have arisen that Romania will not only halt its improvement, but also backslide, as has Bulgaria.<sup>46</sup>

The combination of corruption, lack of political will, and a not fully independent or qualified media provides for a lethal combination and a vicious circle: Political will is necessary in order to achieve anything sustainable and meaningful in the field of anticorruption. To have the political will, the public must elect those dedicated to anticorruption. To know who these candidates are, the media is necessary. However, if the current political establishment has an influence on the media, the candidates dedicated to anticorruption will never have fair representation in the media. Alexandru knows that breaking this cycle would be an effective means of fighting corruption.

What is Alexandru to do? Entangled in the complexity of the issue, he turns to an analysis of the role external pressures have played in the fight against corruption.

### **International Attention to Corruption in Romania and Bulgaria**

The issue of corruption in Romania in Bulgaria has attracted attention from international governments, NGOs, and media sources. Both countries are signatories to the UN conventions that form the international legal architecture against corruption and organized crime: (1) the UN Convention Against Corruption, which lays out prevention, criminalization, international cooperation, and asset recovery guidelines for fighting corruption, and (2) the UN Convention Against Transnational Organized Crime, which commits them to measures to criminalize, facilitate extradition, law enforcement cooperation, and increasing the capacity of domestic authorities. International organizations that focus on democratization and transparency were very active in the two countries, particularly in the 1990s. Prior to EU accession, funding was available from, *inter alia*, USAID, the National Endowment for Democracy (NED), the Center for International Private Enterprise (CIPE), the National Center for Nonprofit Boards, and the Trust for Mutual Understanding, the Open Society Institute, Transparency International, and the National Democratic Institute (NDI). Funding from USAID, in particular, came with a significant knowledge base that could aid civil society organizations in Romania and Bulgaria in structuring their programs.<sup>47</sup> After accession, however, USAID ceased operations in the region. Much of these organizations' influence and funding has waned in the last years as Romania and Bulgaria increasingly fell under the purview of the of the EU. Since accession, the EU's "Poland and Hungary: Assistance for Restructuring their Economies" (PHARE)<sup>48</sup> program for civil society development has been the primary financial contributor with supporting roles from TI and the Civil Society Development Foundation. Additionally, EuropeAid and structural funds from the EU have been used to support initiatives. Yet these initiatives have been less than adequate replacements: long, bureaucratic application processes often requiring observation of strict parameters coupled with misallocation of funding have limited program successes since 2007.<sup>49</sup> The EU accession process was the single most influential external pressure that created the conditions for some positive reforms concerning corruption.

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<sup>46</sup> Donahue, Patrick. "European Countries Slip in 2008 Corruption Rankings." *Bloomberg*.  
<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aBH1x9F1R9zo>

<sup>47</sup> Tudor Yalamov at the Center for the Study of Democracy. Interview 16 January 2009.

<sup>48</sup> PHARE was initially created for Poland and Hungary but has since been expanded to other new member states.

<sup>49</sup> Monica Mariou at Transparency International, Romania. Interview 12 January 2009.

On January 1, 2007, the accession of Romania and Bulgaria to the EU was honored with fanfare and lavish firework displays over the central squares of Bucharest and Sofia, concluding a decades-long negotiation process. This gradual and careful accession process, however, highlights the uncertainty felt among EU leaders as to the ability of both countries to uphold EU standards of democratic governance in addition to economic and judicial transparency. Meanwhile, the NATO and EU accession processes provided Romanian and Bulgarian governments with an effective impetus to improve their democratic governance, in part by fighting corruption.

### **Romanian EU Accession**

Romania was the first Central and Eastern European country to establish official relations with the European Community. Romania established diplomatic ties with the EU in 1990 and entered into a Trade and Cooperation Agreement the following year. The bilateral Europe Agreement became official in 1995.<sup>50</sup> The European Council officially accepted Romania's application for membership in December 1997. The Romania-EU intergovernmental conference in Brussels marked the official start of membership negotiations on February 15, 2000. At the Copenhagen Summit in December 2002, EU officials concluded that 2007 would be a feasible date for Romania's entry into the EU, which gave the country five years to fulfill the political, legal, and economic criteria for accession. As a contingency measure, however, the EU instituted a safeguard clause for both Romania and Bulgaria, which could officially delay accession by a qualified majority for one year were either country unable to fulfill the stated qualifications.<sup>51</sup>

In May 2004, Romania became a full member of NATO, thereby restating the country's dedication to its ties to the west. In December 2004, Romania received confirmation from the Brussels Council that it was on schedule in preparing for a January 2007 accession. After an affirmative European Parliament (EP) vote, the Treaty of Accession was signed on April 25, 2005. Then in October 2005 and September 2006, the EU published two monitoring reports indicating that Romania would be prepared for a timely accession. The latter report, however, insisted on further reforms concerning internal administration and significantly reduced levels of corruption. Romania formally acceded to the EU as planned on January 1, 2007. In sum, the accession of Romania occurred with relative ease but not without recognition that governance and transparency issues would require considerable attention moving forward.

### **Bulgarian EU Accession**

While the timeline for the accession of Bulgaria followed a similar course to that of Romania, high levels of corruption and organized crime made the negotiation process problematic. Bulgaria established diplomatic relations with the EU in 1988 and submitted its application for EU membership in 1995. The EU released two reports on Bulgaria's progress towards accession in 1998 and 1999. The latter report recommended the commencement of formal accession negotiations, which began on February 15, 2000. These negotiations were concluded in June 2004, six months ahead of schedule, emphasizing the government's eagerness to secure January 1, 2007, as a definite date for accession. Bulgaria's accession to NATO in 2004 underscored Bulgaria's dedication to its ties to the west as well as the west's political commitment to Bulgaria. Bulgaria's Treaty of Accession also contained the safeguard clause that the Romanian treaty contained. Despite being perceived as

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<sup>50</sup> The Europe Agreement is a framework of cooperation between the EU and a non-EU state.

<sup>51</sup> Note: These safeguards were identical to those included in the Treaty of Accession of the 10 EU members that joined during the "big bang" enlargement in 2004.

“less ready” for accession than Romania, the EP accepted Bulgaria’s bid for accession by an overwhelming majority and the Treaty of Accession was signed on April 25, 2005.<sup>52</sup> Yet, after the successful ratification of the treaty, the EU concluded that Bulgaria must serve six months’ probation in order to take “immediate and decisive corrective action” to reform the judiciary system and fight high-level corruption. By the time the next monitoring report was issued in May 2006, the EU had concluded that Bulgaria had made significant progress in rectifying these issues, had fulfilled the political criteria determined at the 2002 Copenhagen Summit, and had become a fully functioning market economy. The EU convened again to review further the state of Bulgaria’s reform process, paying special attention to specific policy areas that were cause for “serious concern”: the justice system, fighting corruption, police cooperation and fighting organized crime, money laundering, financial control, and food safety standards. The final monitoring report issued by the EU in September 2006 maintained that the accession of Bulgaria should go through on the condition that Bulgaria would agree to further reforms. Accordingly, Bulgaria formally acceded along with Romania on January 1, 2007.

### **Safeguard Clauses**

Both Romania and Bulgaria entered the EU with the expectation and promise that they would make further reforms. Inability or refusal to comply with these demands would give the EU grounds to invoke safeguard measures up to three years after accession. The safeguard clauses included in the accession treaties consisted of:

- a general economic safeguard clause; (Article 36)
- a specific internal market safeguard clause; (Article 37)
- a specific justice and home affairs safeguard clause, (Article 38)

These safeguards can be invoked up to three years after accession and could result, for example, in the non-recognition of judicial decisions by EU courts; economic trade policy sanctions such as food export bans; or financial corrections such as cuts to EU funds in areas such as agriculture and infrastructure.<sup>53</sup> It is important to note, however, that these safeguard clauses were also present in the accession treaties of the ten members who joined in 2004. They were meant to cover any potential problem of new EU members and did not serve to single out Romania and Bulgaria.

In November 2008, nearly two years after accession, the safeguard clause was employed in response to high levels of corruption and organized crime in Bulgaria, resulting in the suspension of over €500 million in structural funds. Whether this materialized threat will provide incentive for Bulgaria to make honest reforms to regain access to its funds, or for Romania to reform in order to avoid Bulgaria’s fate, remains to be seen.

It has been argued that neither state was fully qualified for accession in January 2007 and that the safeguard measures were a much-needed safety net to make up for their premature EU membership. Romania is considered to have been “more ready” due to “perceived political will of [its government] to tackle the problems singled out by the EU”<sup>54</sup> while Bulgaria was seen as more reluctant to comply with EU directives. Recent events, particularly the suspension of structural funds, have lent credence to this sentiment. Neither Romania nor Bulgaria were considered to be included in the “big bang” enlargement in 2004. Despite strong economic

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<sup>52</sup> Noutcheva, Gergana. 2006. Bulgaria and Romania’s Accession to the EU: Postponement, Safeguards and the Rule of Law. *CEPS Policy Brief* No. 102.

<sup>53</sup> Press Release IP/07/948 Brussels, 27 June 2007. “Bulgaria and Romania make progress but much remains to be done to tackle judicial reform and corruption.” <http://europa.eu/rapid/pressReleasesAction>.

<sup>54</sup> Noutcheva.

growth, Romania and Bulgaria still had incomes around one-third of the EU average – far less than the income levels of the countries that joined in 2004. Romania and Bulgaria would not have been able to meet the budgetary standards of the EU since their reform processes left them highly indebted. The main reasoning behind this delay, however, was their lack of political and financial transparency. Romania and Bulgaria were promised EU membership on the condition that they carry out further reforms: both were to curb corruption and in addition Bulgaria had to address organized crime. Moreover, Romania and Bulgaria had to agree to bi-annual reporting on the progress of their reforms under the Cooperation and Verification Mechanism (this will be discussed in further detail later).

The incomplete reforms and lacking economic development beg the question: Why were Romania and Bulgaria even admitted to the EU in 2007, arguably prematurely? Some would argue that the countries share a common set of values as well as a common historical, religious, and cultural experience to the rest of Europe.<sup>55</sup> A more cynical *realpolitik* argument suggests that the accession of Romania and Bulgaria improves the EU's security, keeping them out of Russia's sphere of influence and spreading democracy and economic prosperity to a region with strategic and economic importance.<sup>56</sup> Some would say that the upheld political commitment to include Romania and Bulgaria in NATO and the EU might signal the growing economic and political power of Europe and enhance its ability to effectively stand up to Russia. Whatever the reason for their inclusion, the EU must now contend with the difficulties the new members add to the EU's policymaking agenda.

### **EU Conditionality and its Shortcomings**

Accession to the EU is a conditional process often referred to as a “carrot and stick approach”: substantial funds and support are provided along with the end goal of EU membership on the condition that states comply with strict conditions. Their progress towards meeting accession requirements is evaluated on a regular basis. EU conditionality aims to increase harmonization with EU policymaking mechanisms. Potential membership is a powerful incentive for the modernization of the political, economic, and social systems of candidate countries. Alexandru noted a surge in political will and willingness for reform during the accession process because the EU incentives were powerful.

Despite its official line, the EU has not made high levels of corruption a barrier to membership. It guaranteed Romania and Bulgaria membership by 2007 despite the limited success of their anticorruption efforts. Generally, once a state becomes a member, EU conditionality loses its major coercive element because there are no mechanisms for revoking EU membership. This translates to a loss of leverage:

“The real story is that the prospect of EU membership encourages elites to pay lip service to the anti-corruption cause, but no more than that. Once the conditionality is gone, the pressure stops... in other words, the agencies and officials being entrusted with the means to fight corruption are just as bad (weak, corrupt or incompetent) as the people that they are supposed to be policing.”<sup>57</sup>

Over the course of expansion, the safeguard clauses were implemented in the accession agreements to preserve some leverage. Additionally, the EU subjected Romania and Bulgaria to an indirect form of monitoring under

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<sup>55</sup> Both were profoundly influenced by the Roman, Byzantine, Ottoman, and Austro-Hungarian Empires. Both endured Nazi and Soviet occupation. Romanian is a Romance language and Bulgarian is a Slavic language. Both are predominantly Christian.

<sup>56</sup> Both countries are now additional tariff-free markets and sources of relatively inexpensive skilled labor for European business. This is evidenced by the rapid expansion of European pharmaceutical, electronics, and automotive companies to the region. Also, by expanding EU territory to the Black Sea, the EU might gain access to, and be able to play a more aggressive role in, Caspian and Middle Eastern energy markets. Additionally, these two EU members now hinder Russia's access to the rest of the Balkans.

<sup>57</sup> “Cleaning up the act.” *The Economist*. 20 November 2008. [http://www.economist.com/displaystory.cfm?story\\_id=12636216](http://www.economist.com/displaystory.cfm?story_id=12636216).

the Cooperation and Verification Mechanism. This is an imperfect substitute for the leverage the EU had before accession. The EU is hesitant to “air the dirty laundry” of its members, and paying close attention to Romanian and Bulgarian corruption would force it to look more critically at the imperfect transparency of its other member states. As a result, the EU has been criticized for being too soft in its language and threats when monitoring corruption. A leaked report in July 2008 contained “scalding” criticism of anticorruption efforts and explicit threats to Bulgaria regarding euro adoption and joining the Schengen area.<sup>58</sup> After extensive lobbying, the official published report contained notably weaker language and lacked the specific threats.<sup>59</sup> Thus, even within the EU itself there are avenues for corruption to stay under the radar of EU monitoring and remain untouched by EU judicial instruments. The Cooperation and Verification Mechanism is to continue until all the benchmarks have been met, and, as of the latest report (July 2009), it will continue for at least another year. The July 2009 report did use some negative language, calling Romania’s reforms “fragmented” and “piecemeal,” and noting that in Bulgaria “the capacity of enforcement authorities to deal with high-level corruption has not increased on a general scale.”<sup>60</sup> How the assessment will play out in practice remains to be seen.

Moreover, the EU lacks an adequate framework for dealing with problems of corruption, especially in the EU-15 states. Although available evidence suggests that administrative corruption is much more widespread in newer member states than in the vast majority of older member states, it also indicates that current members also do not effectively control the distribution of EU funds and that high-level corruption is a problem. Major cases of corruption have been recorded in France, Greece, and Italy recently, and the CPI gives some additional EU member states unfavorable ratings as well.<sup>61</sup> Thus, the lack of a clear set of criteria for addressing corruption remains of vital relevance to the EU as a whole, as this situation could well undermine the implementation of the *acquis communautaire* (the body of EU law), the integrity of the single market, and the quality and reputation of democratic institutions.

### **EU Measures to Fight Corruption**

Since accession, the most notable concrete EU contribution to Romania and Bulgaria’s fight against corruption has been the Cooperation and Verification Mechanism. As previously mentioned, the EU established this mechanism to assess the commitments made by Romania and Bulgaria in the areas of judicial reform and the fight against corruption and organized crime. In accordance with this mechanism, the EU reports on Romania’s and Bulgaria’s progress on a biannual basis, while Romania and Bulgaria report to the EU any development in the fight against corruption (and organized crime, in the case of Bulgaria). Although outsiders see this mechanism as providing some much-needed external pressure, to a certain extent Romania and Bulgaria in fact resent these mechanisms. The EU has largely shied away from strong criticism and explicitly refuses to refer to the mechanism as a form of monitoring.

The bi-annual reports assess whether the assigned benchmarks (outlined below) have been met or need to be adjusted. They may also request further reports on progress if necessary. The mechanism will continue until all the benchmarks have been met. Romania and Bulgaria have developed separate timelines and action plans for addressing the benchmarks.<sup>62</sup> Should either country fail to address the benchmarks adequately, the

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<sup>58</sup> The Schengen Area includes 25 European countries that have abolished border controls between them and issue a common visa.

<sup>59</sup> “Balkan Blushes.” *The Economist*. 24 July 2008. [http://www.economist.com/world/europe/displaystory.cfm?story\\_id=11792322](http://www.economist.com/world/europe/displaystory.cfm?story_id=11792322).

<sup>60</sup> Castle, Stephen. “EU Report Finds Bulgaria and Romania Beset with Problems.” *New York Times*. 23 July 2009.

<sup>61</sup> Transparency International Corruptions Perceptions Index (CPI) 2008. Press Release from September 23, 2008 in Berlin.

<sup>62</sup> See the Bulgarian “Action Plan on the Implementation of the Benchmarks in the areas of judiciary reform and the fight against corruption

EU's last resort would be to apply the safeguard measures outlined in their treaties of accession. As Alexandru reviews the benchmarks, he notes the similarities and differences between the tasks set out for Romania and Bulgaria:

Romania	Bulgaria
<p>1. Ensure a more transparent, and efficient judicial process notably by enhancing the capacity and accountability of the Superior Council of Magistracy. Report and monitor the impact of the new civil and penal procedures codes.</p>	<p>1. Adopt constitutional amendments removing any ambiguity regarding the independence and accountability of the judicial system.</p>
<p>2. Establish, as foreseen, an integrity agency with responsibilities for verifying assets, incompatibilities and potential conflicts of interest, and for issuing mandatory decisions on the basis of which dissuasive sanctions can be taken.</p>	<p>2. Ensure a more transparent and efficient judicial process by adopting and implementing a new judicial system act and the new civil procedure code. Report on the impact of these new laws and of the penal and administrative procedure code, notably on the pre-trial phase.</p>
<p>3. Building on progress already made, continue to conduct professional, non-partisan investigations into allegations of high level corruption.</p>	<p>3. Continue the reform of the judiciary in order to enhance professionalism, accountability and efficiency. Evaluate the impact of this reform and publish the results annually.</p>
<p>4. Take further measures to prevent and fight against corruption, in particular within the local government.</p>	<p>4. Conduct and report on professional, non-partisan investigations into allegations of high-level corruption. Report internal inspections of public institutions and on the publication of assets of high-level officials.</p>
<p>5. Take further measures to prevent and fight against corruption, in particular within the local government.</p>	<p>5. Take further measures to prevent and fight corruption, in particular at the borders and within local government.</p>
	<p>6. Implement a strategy to fight organized crime, focusing on serious crime, money laundering as well as on the systematic confiscation of assets of criminals. Report on new and ongoing investigations, indictments and convictions in these areas.</p>

The cutting off of funds and acknowledgement that Bulgaria in particular has failed to address its high levels of organized crime comes as no surprise, but marks a crucial point in EU policy. By withdrawing these funds, the EU turned a credible threat into a concrete punishment. The exact effect these financial corrections remains to be seen.

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and organized crime” and the Romanian “Action Plan for Meeting the Benchmarks established within the Co-operation and Verification Mechanism” at the EU website: [http://ec.europa.eu/dgs/secretariat\\_general/cvm/progress\\_reports\\_en.htm](http://ec.europa.eu/dgs/secretariat_general/cvm/progress_reports_en.htm).

In sum, the pre-accession climate of incentives created the possibility of political will among Romanian and Bulgarian politicians to make real steps toward fighting corruption and organized crime. Since accession, many of these incentives have disappeared. The Cooperation and Verification Mechanism provides for a soft form of monitoring but is largely resented by Romania and Bulgaria. The punitive financial measures that the EU applied to Bulgaria for failing to adequately address its benchmarks so far have not sparked a rise in anticorruption and anti-organized crime initiatives and have not motivated the Romanian government to take its benchmarks more seriously. A perception commonly held by NGOs, government agencies, and, in particular, firms, is that EU efforts are insufficient. The EU, however, cannot be dismissed or taken lightly because it is not completely without influence; it should be noted that the EU provides protection of the Romanian National Integrity Agency (ANI), without which the organization would likely be rendered ineffective by the corrupt elements of the Romanian government. Alexandru has spoken to DNA members who have explicitly stated that the DNA would no longer exist if not for the EU; one prosecutor even went so far as to say that the EU “sustains” the DNA.<sup>63</sup> In fact, a representative from the General Prosecutor’s office (speaking from his grand office across from Parliamentary Palace in Bucharest which, ironically, the government is trying to curtail the powers of) interprets the government efforts to weaken the powers of the prosecution as evidence that it was being effective in fighting corruption and the government was feeling threatened. Although there is plenty of reason for pessimism, the recent reinstatement of Daniel Morar (whose efforts were very highly regarded by the EU and, consequently, whose ousting was opposed by the EU) as head of the DNA indicates that the EU may have a bit more influence than often perceived. Still, its influence in this arena cannot be considered effective. In the absence of a strong external pressure, which organizations like the Podkrepa Labour Foundation say is central to the fight against corruption, Alexandru must search for alternative methods to effectively combat corruption.

### **Overview of Anticorruption Initiatives and the Role of Civil Society Organizations**

In recent years, spurred by the activities of international donors and domestic civil societies, various policy initiatives in Romania and Bulgaria have attempted to address the problem of corruption. These third-party forces have established a number of anticorruption programs; however, their efforts have encountered significant political and systemic resistance. While few have achieved some results, many programs have had little or no success in the face of a political class that has only recently begun to acknowledge or allow a role for civil society in effective democratic consolidation. This has been compounded by popular tolerance for corruption and the lack of enforcement of anticorruption legislation in public administration fields, especially in health, education, and government procurement sectors.

In addition, the limited and conditional access to funding significantly confines the scope of anticorruption projects. Civil society organizations in the region mostly rely on funding from outside sources, largely to maintain their independence and avoid being used as tools of the political establishment. As mentioned, before accession, funding came from influential international organizations such as USAID, the Open Society Institute, CIPE, and many others, but their influence and funding has since decreased.

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<sup>63</sup> George Bocsan, General Prosecutor’s Office. Interview 13 January 2009.

Recently, CSD also expressed concern that “soft” measures to combat corruption (publicity campaigns, employee training programs, etc.) may “have exhausted their potential,” and recommended a shift in focus to “correcting the structural and institutional deficiencies that breed corruption.”<sup>64</sup> Billboards on the Romania-Bulgaria border and signs in hospitals and police stations feature phone hotline numbers that encourage citizens to call and report attempts at bribery anonymously, but have not been enormously effective. One prosecutor told Alexandru that measures to decrease bureaucratic “red tape,” as was done with the passport application process, could be effective if done properly. Others say that if public servant salaries were higher, they would have less incentive to take bribes. With these varied perspectives in mind, Alexandru analyzes what has already been done and seek to innovate rather than replicate.

### **Romania**

The government of Romania has recognized the role that civil society can play in meeting its EU anticorruption benchmarks, the Council of Europe’s Group of States Against Corruption (GRECO) recommendations, and UN guidelines. Civil society during the communist era was virtually nonexistent, and the culture of involvement has to be encouraged because it is somewhat of an “artificial creation.” Even now, the government sometimes makes conditions difficult for NGOs, such as recently passing a law to restrict the use of words like “academic” and “Romanian” in the names of NGOs to avoid confusion with official state institutions.<sup>65</sup> This is forcing many organizations, such as the Romanian Academic Society, to change their names. On the other hand, to (at least nominally) try to facilitate its development, the government provides Romanian civil society organizations with office space at a subsidized rental rate.<sup>66</sup> The government has agreed to cooperate on a permanent basis with civil society organizations in order to receive consultation on updating the National Anticorruption Plan and conduct institutional evaluations. They have laid out the following measures to be done in conjunction with civil society organizations: setting up an independent system of monitoring, including the implementation of the national anticorruption strategy; monitoring of dignitaries’ and civil servants’ assets; reforming the public administration, especially regarding fiscal decentralization, the financial control system, and other administrative controls; simplifying the procedures of issuing notices, licenses, and permits; reevaluating and implementing corporate management and ethics codes; and redefining the role of civil organizations in terms of information sharing, periodic institutional assessments, and cooperation with the government to identify best practices.

One of the most remarkable and innovative civil society initiatives was the Coalition for a Clean Parliament campaign, started in 2004. Piloted by the Romanian Academic Society (SAR), this broad coalition of Romanian NGOs, think tanks, and media organizations<sup>67</sup> used a “name-and-shame” approach, compiling lists of corrupt politicians and publicizing them in the media. Approximately 165 politicians were implicated, and as a result the political parties retracted 60 of them from their lists. The public and the media reacted fairly favorably to this campaign, but it drew challenge from the Social Democratic Party (PSD) on the grounds that it unconstitutionally interfered with politics. In reality, it served to reveal the level of corruption present in the

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<sup>64</sup> *Anti-Corruption Reforms in Bulgaria*.

<sup>65</sup> Laura Stefan. Interview 13 January 2009.

<sup>66</sup> Media Monitoring Agency. Interview 13 January 2009.

<sup>67</sup> The Coalition for a Clean Parliament included the following organizations: the Romanian Academy Society, the Agency of Media Monitoring, the Civic Alliance, APADOR, the Pro Democracy Association, the Association of Revolutionists, Freedom House Romania, the Centre for Independent Journalism, Open Society Foundation, the Group for a Social Dialogue, the Romanian Media League and the Association of Political Science Students.

PSD and allowed the opposition to win.<sup>68</sup> But despite being innovative, the campaign's ultimate impact is questionable; after initially retracting 60 politicians from their lists, the parties reinstated many of them after straightening out the bureaucratic problems that plagued them.<sup>69</sup>

Despite limited successes, the overall picture of civil society groups has been pessimistic. Although in February 2008, the EU earmarked €88,000 for the enhancement of the monitoring role of civil society groups, there have been no significant measurable achievements made by civil society organizations. They work to combat corruption in a region that has historically had little familiarity with the notion of institutional transparency.<sup>70</sup> Many are hampered by the constraints of legal and institutional weaknesses. Additionally, there are fundamental problems undermining the efficacy of civil society groups. On a societal level, there is a deep rooted mistrust of and submissiveness to the government, which has checked development of these organizations. Organizations such as the Institute for Public Policies, the Center for Legal Research, and the branch of the German-based Konrad-Adenauer Stiftung in Bucharest make concerted efforts to raise public awareness of corruption by monitoring the media, the legal system, and economic practices but do little to bring about concrete changes to the status quo.

### **Bulgaria**

The civil society sector in Bulgaria plays an important role in raising awareness of corruption and in helping set the public anticorruption agenda, although serious concerns persist about its capacity, independence, and level of mobilization. The most robust NGO is the Sofia-based Center for the Study of Democracy (CSD), a public policy institute founded in 1989 that conducts research and policy development for a range of issues, including anticorruption. CSD has organized the main anticorruption network, Coalition 2000, that brought together representatives of civil society organizations, state officials, and individual experts to help formulate anticorruption programs and strategies. Support for Coalition 2000 activities was provided by UNDP, Italy's International Development Law Organization (IDLO), and USAID. While Coalition 2000 is no longer in force in its original form, the networks and relationships it formed between organizations have lasted and have increased cooperation in the civil society sector.

Most Bulgarian civil society initiatives are donor-driven, with foreign sources accounting for approximately 75% of funding.<sup>71</sup> One of the most prominent sources of foreign funding has been USAID. From 1999-2006, USAID supported nearly \$300 million in development projects in the areas of rule of law, economic growth, and democracy and governance. Anticorruption projects focused on government transparency and judicial strengthening; key implementing partners were CSD, the American Bar Association (ABA/CEELI) and contractors such as DPK Consulting and the EastWest Institute (EWI). With Bulgaria's accession to the EU, USAID phased out its programs and closed its mission in September 2008. American NGOs still support programs and civil society in Bulgaria, notably NDI, which focuses on fair elections, political party development, and the inclusion of women and Roma into the policymaking process.

Bulgarian civil society tends to seek creative and alternative avenues towards monitoring and addressing corruption issues.. The CSD measures levels of corruption according to victimization surveys. The

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<sup>68</sup> Greab, Carmen Gabriela. "Coalition for a Clean Parliament - Romania 2004." *Reinventing Central Europe*. 17 November 2005. <http://www.talaljuk-ki.hu/index.php/article/articleview/378/1/67/>

<sup>69</sup> Jonas Rolett. Open Society Institute. Interview 21 July 2009.

<sup>70</sup> Violeta Alexandru, Institute for Public Policies. Interview 14 January 2009.

<sup>71</sup> Freedom House Country Report, 2006. In 2005, the figure was 80%.

Institute for Market Economics, a think tank run by ten young, dynamic, and energetic individuals, publishes an alternative national budget in order to underscore the loopholes and disappearing funds in the actual version that passes through Parliament. Finally, the AIP brings forth lawsuits against branches of the government that has unlawfully hidden legally public information. In addition, they distribute awards annually to the most corrupt, marginally corrupt, and transparent individuals or organizations.

### **Proposed Anticorruption Initiatives**

Keeping in mind the survey of the nature of corruption in both countries, the role of external pressures, and what has already been done, Alexandru evaluates the five proposals selected as finalists:

#### **1. International Anticorruption Network in Romania and Bulgaria**

The Open Society Institute (OSI) and its affiliates, Soros Foundation Romania and the Open Society Institute - Sofia, have been dedicated to creating a transparent and democratic society in Romania and Bulgaria, other post-communist countries, and worldwide for nearly two decades. One of OSI's priorities is the building of cross-national alliances on issues such as corruption. This is based on the belief that corruption has common roots in all societies that suffer from it, and that the sharing of best practices is beneficial in the fight against corruption.

These OSI affiliates propose to develop a network for the sharing of anticorruption information, best practices, and capacity-building processes between key elements of anticorruption constituencies in Romania and Bulgaria. This program is designed to facilitate networking and information exchange among committed reformers and key anticorruption institutions and organizations in both countries.

SFR and OSI-S will first build an important linkage between the two national-level anticorruption institutions in Romania and Bulgaria: the Romanian National Anticorruption Directorate (DNA) and the Bulgarian State Agency for National Security (DANS or SANS). The DNA, established in 2002 as an independent body to focus on mid- and high-level corruption cases, is subsumed within the office of the prosecutor general and attached to Romania's High Court of Cassation and Justice. Bulgaria's DANS was established more recently and is currently struggling to sustain its institutional independence and develop an effective anticorruption strategy. Similar problems plague Romania's anticorruption body, but it still has managed to initiate high-level investigations into sensitive corruption cases. SFR and OSI-S propose to conduct a series of conferences, study tours, and exchanges between the two countries' corruption agencies to help bolster their institutional capacities, increase staff training, and facilitate experience sharing between Romanian and Bulgarian counterparts. Importantly, SFR and OSI-S will arrange for experts from the EU anticorruption office, OLAF, to consult with DNA and DANS officers to increase the effectiveness of monitoring and fighting of corruption in the two countries.

Second, SFR and OSI-S will take an explicitly political approach to build an anticorruption network among reformist Romanian and Bulgarian parliamentarians. This Parliamentarians' Against Corruption (PAC) network will aim to distill lessons-learned and best-practices regarding the role of MPs in successful anticorruption campaigns elsewhere, and to foster a cadre of officials committed to implementing good governance practices in their respective countries. SFR and OSI-S, in cooperation with local anticorruption officials and nongovernmental experts, will invite eligible parliamentarians to join the PAC network. SFR and OSI-S will then coordinate a schedule of activities and workshops to raise awareness about corruption, foster

professional linkages between Romania and Bulgarian MPs, and identify ways parliamentarians can be effective anticorruption campaigners. SFR and OSI-S may also facilitate networks with other EU parliamentarians concerned with or confronting similar issues of corruption.

SFR and OSI-S have strong reputations for professional and effective anticorruption advocacy work and are well-positioned to create Romanian-Bulgarian linkages spanning national-level anticorruption agencies and parliamentarians. By reaching out to disparate anticorruption constituencies in each country while connecting them with their counterparts, SFR and OSI-S aim to mobilize an international core of reformers committed to cleaner and more responsible governance in the two most poorly governed EU member states.

## **2. Public-Private Coalition against Corruption**

The Bulgarian Business Leaders' Forum (BBLF) was formed in 1998 by a coalition of 12 multinational companies and NGOs to promote socially responsible business practices which benefit business and society and help achieve social, economic and environmentally sustainable development. Ten years later, their membership had ballooned to more than 220. These NGOs and business leaders understand the extent to which corruption harms the business climate. In addition to their central mission of promoting the standards of corporate social responsibility, the BBLF will use its influence and network to try to achieve three objectives. First, they intend to promote public awareness on corruption practices and anticorruption reforms within the state as they apply to the business climate. Second, they aim to assist the state in building democratic institutions by drawing on their expertise on the issue of corruption. Third, they propose to monitor and assess the anticorruption legislation and transparent implementation of reforms.

The BBLF has designed practical methodologies in order to carry out these objectives. Through initiating public awareness campaigns such as public forums and discussion, they have to some degree achieved their first goal of informing public about corruption.

In a similar fashion, the BBLF proposes to achieve its second objective by bringing together state legislators with third party civil society and business leaders with vested interests for a cross-cutting dialogue on legislation, amendments and regulatory framework, including those that give NGOs the rights to effectively participate in anticorruption work.

Lastly, through exchange with public officials and regular corruption assessment panels, they lobby for anticorruption reform, including greater transparency, access to budget information, and less discretionary authority of officials. Additionally, they intend to demand for access to information on government efforts on anticorruption programs, budgeting, and financial statements of public officials with some discretionary power to achieve their third aim. They think these kinds of changes would greatly benefit the business and investment climate.

In addition, the BBLF has nominated heads of business, civil society, and NGOs to hold biannual forums on corruption issues and will publish the findings to the general public and present them to the relevant legislators. These heads will also be part of a Board of Governors or Steering Committee to ensure the proper and complete achievement of its goals; to review and assess government efforts for reform; and to create a dialogue and garner support of state legislators and international organizations.

Ultimately, BBLF intends to effect cognitive and behavioral changes within the people. Through their campaign, they hope that people will be continually cognizant of anticorruption matters and their economic

impacts. They, then, anticipate that the people will develop anticorruption attitudes, which will eventually lead to creating a drive for policy change.

### **3. Community-level fight against corruption in education**

The Open Society Institute's proposal to approach the fight against corruption from a local as opposed to a national level represents a possible shift in its tactic. After nearly a decade of various internationally-driven anticorruption programs in the Balkans, some have grown frustrated with broad, national initiatives. Their efficacy is limited by the need for political will to complete them. This proposed project would deal with one issue – corruption in education – in one community at a time. It would attempt to eradicate corruption in education at the local level, directly involving individuals' interests to create incentive to partake in the project. Corruption in this sector is two-fold. On one hand, teachers sometimes do not cover what they ought to during the regular school day, and instead accept bribes for supplementary sessions to teach the relevant information. On the other hand, parents and students pay bribes for better grades and answers to exams. In this system, grades become meaningless as a distinction of merit because they can be freely bought.

First, OSI would hold a series of town hall discussions in various communities to educate parents about the rights they have with respect to their children's education. The town hall discussions would clearly define what ought to be covered in the school curriculum. This way, teachers would be unable to charge money for "supplementary" sessions that teach what ought to be covered anyway. The discussions would also encourage parents to form their own study groups for their children, dividing among them the responsibility to relay topics to children instead of paying the teacher to do so after hours.

Second, OSI would encourage parents to collectively write and sign a letter and send a copy to the teachers in their community's school together declaring their determination to stop paying bribes. Grades will only become a distinction of merit if the entire community colludes to stop bribing.

These town hall discussions and pacts are an attempt to directly and tangibly improve the lives of individuals so that a corruption-free society gains appeal. OSI hopes that once an improvement in education is made, the community will extrapolate these lessons to other arenas of corruption.

### **4. Economic Legislation**

The Romanian Center for Economic Policies (RCEP) and Sofia's Institute for Market Economics (IME) will team up to create a set of proposals for economic legislation that would aid in the fight against corruption. RCEP seeks to develop a climate for dialogue on economic policy issues. It analyzes, evaluates, and facilitates implementation of economic policies, connecting structures of public administration with those members of civil society in a position to evaluate the social need to harmonize that need with the economic policy. Among their many economic research areas is their study on corruption and the business environment. Specifically, they focus on reducing the hidden economy, improving the business environment, and creating fiscal mechanisms to reduce corruption. IME is Bulgaria's first and oldest independent policy think tank. A strong advocate of market-based reforms, IME is involved with the assessment and analysis of the government's economic policies and is a focal point for an exchange of views on market economics and relevant policy issues.

Bulgaria in particular faces a grave problem of having to root out systemic corruption in the commercial sector. The widespread corruption has led to growing hidden economy, insufficient public services, and a drain to economic resources. The first priority then becomes how to effectively counteract the hidden

economies and combat political corruption at the local levels. The IME has proposed several measures to combat these issues. First, they have drawn up a measure for easing the regulatory burden through the reduction of licensing, registration, and permit regimes that businesses must face. The tax system has been riddled with corruption from officials' discretionary actions of selective control and inspection. The proposed reforms include improving tax oversight, establishment of a Fiscal Investigation Service, National Revenue Agency, Budgeting, Information and Resource Center, and the eventual elimination of direct payment of income taxes to an auditor.

Finally, a challenge to the commerce sector has been corruption at the local levels at the customs inspection sites. To combat this issue, IME supports Sofia's Center for Economic Development in promoting the use of an electronic data processing system or an integrated customs information system, which would integrate and computerize all imports and exports quantities and values in real time. Also, the implementation of a mobile customs group would replace local officials serving at one post and create officials with no customer or regional loyalties. Finally, the last portion of the project is information exchange with the EU on customs measures and value of goods across the region.

### **5. Journalist Training**

The Center for Independent Journalism (CIJ), based in New York, established an office in Bucharest in 1994. It provides specialized training for journalists; organizes debates and seminars; advocates for the freedom of expression and independence of the media; and provides consultancy on the business side of news media. The Access to Information Program (AIP) was established in Sofia in 1996 by a network of journalists, lawyers, sociologists, and economists dedicated to promoting the right to information. They facilitate the implementation of the clause in the constitution that guarantees the right to information. One of their strategies is sustaining a country-wide network of journalists who collect cases of information refusals.

Using their respective networks and specialties, these two organizations will team up to conduct an extensive journalist training course. The standard courses will cover news writing, interview techniques, and investigative reporting techniques to make journalists more effective at uncovering stories. Furthermore, courses will include sessions on the news media as an industry and legislation as it pertains to the media to allow journalists to better navigate the journalistic climate in each country to convey their information more effectively. This component will help leading Romanian and Bulgarian journalists gain the requisite skills to identify, pursue, and accurately report on corruption-related activities, thereby increasing public awareness of corrupt practices. The CIJ will identify a cadre of journalists and editors from both countries and administer a scholarship program to provide financial support to participants and conduct a series of training workshops led by international experts to improve investigative methods and reporting techniques. This training will develop a core of capable journalists committed to exposing corrupt practices to public scrutiny. The CIJ also aims to remove the stigma that seeking help and improvement is a signal of weakness. The CIJ will use its expertise to explore ways to decouple the media from political influence, and will seek to call attention of the international media to the corruption problems in each country.

One linchpin to journalistic success is successful navigation and utilization of both countries' access to information rights: the Freedom of Information Act in Romania and the Access to Public Information Act in Bulgaria. Journalists should be at the forefront of holding the respective agencies responsible for fulfilling their

obligations of providing information upon request. Without consistent pressure, adequate public information is not readily available.

Lastly, CIJ and the AIP will help propel the media sectors of Romania and Bulgaria into the 21<sup>st</sup> century by creating a network of free-lance journalists who write in independent on-line news sources and blogs. They will increase public awareness about the existence of such sites and emphasize their independent and candid nature as compared to the mainstream news sources, many of which are influenced politically.

### **Questions to consider**

1. What are the strengths and weaknesses of each proposal?
2. How aggressive should the plan be so that it is effective but does not cut off all access to the system?
3. Should the proposal be top-down or bottom-up?
4. Which would be most contentious politically? Would any be too dependent on political will to work?
5. What role should each player assume in these plans? Consider the public sector, NGOs, businesses, the media, and foreign organizations.
6. Which sectors would be the easiest to impact? Which would be hardest? Which have the potential of producing the quickest results? Which are most likely to impact the countries' mentality?
7. Should initiatives focus on sectors in most dire need of reform, or ones in which there is the possibility to make the greatest impact? Are these two actually different?
8. Should Romania and Bulgaria follow the same course of action, or should their priorities be different?

Which of the proposals should Alexandru endorse, and why?