

Part 1. Anti-Corruption In A Transition Environment

1. Why does anti-corruption matter in transition countries?

1.1. Specific nature of the “corruption” problem in Central and Eastern Europe

Although corruption¹ is inherent to all societies, transition from *etatist* to market economy creates a unique combination of conditions, which determine the profusion and the specificity of this phenomenon in the former socialist countries.

A brief review of the most widespread corruption practices in this part of the world may be illustrated by the following table:

Bribed transactions

Type of corruption	Buyers	Sellers	Corruption commodity
corruption taxes	Citizens	public servants	bureaucratic efficiency
corruption tenders	Businessmen	senior public servants	competitive advantage
political corruption	businessmen, politicians	state officials, party leaders	political influence/posts distribution

Furthermore, “corruption taxes” can be generally classified as forms of administrative corruption. The latter is widespread and involves small bribes and corresponding benefits (*petit corruption*). Corrupt “tenders,” as well as politically corrupt transactions comprise “grand” corruption.

Referring to the specificity of corruption in transition countries, antinomies such as “functional” and “dysfunctional” corruption are especially important in outlining the specific nature of corruption, as compared to its “classical” variety in the developed

¹ For the purposes of this study, the term “corruption” is defined as the abuse of power for personal or group gain.¹ The choice of such a broad definition is not arbitrary, since it has been adopted by several of the main actors in the international fight against corruption—the World Bank, the United States Agency for International Development (USAID), Transparency International, the Council of Europe (CoE), the Organization for Economic Cooperation and Development (OECD), and the European Union (EU). The more essential reason for using such a broad definition of corruption (which reduces it to bribery) is that the specific nature of this phenomenon in the transition countries is determined by new forms of misuse of power and resources that cannot be described by traditional legal categories. Last but not least, civil society can limit most effectively the “soft” forms of corruption (nepotism, clientelism, conflict of interests and other uses of political power and official discretion that violate existing legal and moral norms).

countries. Corrupt practices are functional within the framework of a political-legal and economic environment where corruption is de facto made legitimate (without being formally legal) through mass practices and/or is seen as a means for overcoming existing bureaucratic obstacles. In both cases, functional corruption does not put to the test the system itself. Vice versa, corrupt practices are dysfunctional when they deviate from the norm, and destructive for the legal framework and existing economic mechanisms.

The following rule applies to developed democracies: more democracy and a stronger civil society correlate with less obscenity; clearer rules of the game correlate with less corruption. Corruption in this case is dysfunctional; it is rejected by public opinion, and is also too risky for the participants in such transactions. There are three main reasons for this:

First, there is the existence of a stable civil society, able to control the execution of power. **Second**, there is the presence of a long-established market economy that has functioned for decades on the basis of registration rather than licensing regimes. **Third**, in traditionally democratic countries, every democratic political party does not aspire to all the power, but only to political power. Within institutions associated with the latter, opportunities for corruption are much more limited.² In fact, these three reasons combined create conditions for a clear differentiation between the public and private spheres, each one remaining autonomous and impermeable to direct influences from the other.

Within the former communist countries, corruption dynamics have strongly been influenced by inherited stereotypes in social behavior that will be examined below. It is well known that under “state socialism” the “grand” or political corruption was institutionalized to a great extent through the system of privileges and meritocratic distribution of social resources, i.e., it was a specific expression of the identification of the public interest with the interests of the population. On the other hand, the more trivial corrupt practices, defined as “bureaucratic” or “administrative” corruption, were made possible by the existence of obvious administrative deficiencies and by the over-centralization of the command-administrative economy. They were also facilitated by official tolerance towards them as forms of a random distribution of incomes, which does not threaten the foundations of the regime. In other words, under communism political corruption was primarily functional, and administrative corruption was mainly dysfunctional.

“State socialism” is a negation of Max Weber’s rationalistic model separating the public and private spheres, a model that makes possible the functioning of modern Western societies’ bureaucratic machines. Under communism, as in some pre-capitalistic systems, the public and the private spheres are almost identical. This is achieved when private property is de-legitimized and reduced to personal ownership of what is required for one’s everyday needs. Citizens are doubly alienated from the state: on the one hand, the authorities expropriate private property through the process of nationalization; and on

² These general rules, of course, apply differently in the context of different national traditions and institutions. A number of countries, with minimal corrupt practices in their social relations, fall victims to disproportionately high corruption risks in various social sectors—for example, the sphere of party finances.

the other hand, the nationalized and hence “public” property is de facto and de jure controlled by the ruling communist party, or by its elite.³

The typical attitude of ordinary citizens towards “public property” contradicted the totalitarian identification of the private and the public interest. They subscribed to the maxim: if something is state-owned, it is nobody’s. Therefore, plundering or simply squandering state-owned property became largely a morally acceptable act. Such nihilism towards state-owned property resulted in widespread waste and everyday administrative corruption, a trend that intensified in the 1980s. These developments even forced the communist authorities to seek immediate measures for limiting the dysfunctional forms of mass embezzlement of state property.⁴ Thus, all property is public only superficially; in fact, public property becomes a private possession of the population. Palliative measures, though, could never cure this chronic weakness of communism. This failure eventually facilitated the collapse of Eastern Europe’s authoritarian regimes in 1989.

Such public attitudes have necessarily influenced the motivation and behavior of officials, as well as citizens, within post-communist states. Furthermore, deficiencies related to the political, socio-economic and moral crisis of the East European societies, which have accompanied the reforms since 1989, have exacerbated the conditions described above. In the existing moral vacuum, old values have become irrelevant and new ones are still not sufficiently internalized and transformed into life reference points. This, in combination with the impoverishment of a significant part of the citizens of the former socialist countries⁵ and the drastic increase of social differences resulting in stronger atomization of post-communist societies, has created incentives for individual tactics of survival that are in stark contrast with the public interest and ethical norms. This has resulted in the citizens’ lack of faith in collective social action and their ability to influence the work of the authorities through civic control. Their feeling of alienation from the state, the administrative and public institutions, as well as their weakened faith in values such as honesty, moral responsibility and solidarity have inevitably led to an increased tolerance of corruption. Moreover, there has been a tendency towards the spread of the “market model of behavior” throughout society. Such attitudes have legitimized practices like paid access to civil rights, the political scene, jurisdiction, education, health care, etc.. For example, paid access has even been legitimized in areas where the constitutions of the transition countries guarantee citizens’ access to rights and public services. All these tendencies have sharply increased the potential for corrupt behavior in spheres such as education, health care, jurisdiction, etc. In effect, a situation of impunity has been created.

The legitimization of the market as an antithesis to state communism has largely contributed to the delegitimation of everything that should function outside of market

³ At its fullest, totalitarianism comes close to the feudal system’s lack of segmentation between the public and the private spheres. Stalin had all the reasons to say, like Louis XIV, “the state—this is me.”

⁴ In Bulgaria, for instance, the motto of “the state-as-owner and the collective-as-proprietor” was introduced, while in Romania the opposite approach was advertised—about the state-as-proprietor and the collective-as-owner.

⁵ According to data from UN research, in Central and Eastern Europe there are now 147 million people with daily income of less than \$4; while at the end of the 1980s under communism only 14 million people fell into this category. (Human Development Report for Europe and CIS. Regional Bureau for Europe and CIS of the United Nations Development Program (UNDP), USA, 1999. P. IV.)

relations—for example, the public sphere. It led to weakening of the preventive psychological and moral anti-corruption mechanisms in all post-communist states.

The changes have marginalized and deprived the social status of many social groups. At the same time, a favorable environment for the accelerated upward mobility of other social groups has come into existence. These two types of mobility have created conditions for new, modern forms of corruption (white-collar corruption), as well as for the reproduction of patriarchal, nepotism forms of trade in influence, clientelism, corruption network structures based on family or other group relationships, etc. Moreover, the development of interrelated corruption networks has to a certain extent been a spontaneous reaction to social atomization. Besides, these seemingly new corrupt practices have just reproduced the nepotistic structures existing under “developed socialism,” when the nomenclature started reproducing itself without allowing significant upward social mobility to other social strata.

It should be pointed out that **the transition itself, whose economic basis comprises the transformation of state-owned property into private property, creates vast opportunities for corrupt transactions.** This process of paramount importance and the accompanying reform of the relationship between the post-communist state and the new economic subjects have been carried out both within legal and internationally accepted frameworks and mechanisms, and also through the instruments of semi-legal and openly criminal systems for the redistribution of resources. In most of the former socialist states, legal instruments such as restitution⁶, cash and mass (voucher) privatization, have gone hand in hand with hidden privatization (the so-called “entry-exit” economy)⁷, the semi-legal or criminal transformation of the financial sector through the draining of state-owned banks, financial pyramids, racketeering, and so on. Unlike developed Western states, post-communist states have lacked both the experience and the institutions needed for the exercise of effective control over those activities of private companies that have public interests. Thus, Eastern Europe has become a ground for corrupt practices on the part of many Western companies.

If we go back to the dilemma of functional/dysfunctional corruption, we should note that especially during the first half of the 1990s, numerous factors contributed to the entanglement of corrupt practices with semi-legal forms of privatization. In this way, corruption was becoming a functional characteristic of a semi-legal transition. Therefore, the corruption phenomenon became a part of a larger process where, as with public attitudes to state-owned property, nihilistic and de-legitimizing dispositions were directed toward the state itself, and toward its institutions and its state-regulatory and law-enforcement spheres in particular. To a certain extent, this shift was inevitable at the stage characterized by the dismantling of some communist structures and the redefinition of the functions of state institutions. At the same time, such attitudes made possible the re-politicizing of the constitutionally independent power resources, the “privatization” of public interests and functions, and the secondary subordination of the judiciary to leading political and economic interests. In the final analysis, the de-legitimizing of the legal-

⁶ Contrary to expectations, restitution, especially in poorer East European countries, did not generate sufficient national capital and was accompanied with huge legal complications.

⁷ The shortest definition of this concept is privatization of the profitable activities of the state enterprises (supply of resources at the “entry,” and sale of the end product at the “exit”), while losses are passed on to the state.

institutional environment entailed legitimizing their absence in the public sphere—corrupt practices and a parallel system for the redistribution of incomes.

Of course, these processes have had an uneven effect on the different groups of post-communist countries. A number of assessments and the monitoring done by international organizations and national non-governmental organizations (NGOs) have shown that there were differences in the degree to which corrupt practices have spread within the different groups of post-communist states. The annual Corruption Perception Index of the international non-governmental organization Transparency International places them differently on the list of 90 countries; while the Central European countries are positioned in the middle of the table, post-Soviet Asia is at its bottom occupied by the countries most affected by corruption.⁸ The World Bank makes a similar assessment. Bank experts note that: "... the perceptions of corruption in the Commonwealth of Independent States (CIS) are among the highest of all countries included. While corruption levels in the countries of Central and Eastern Europe and the Baltics (CEE) are lower, they are still on par with the countries of Latin America and the Middle East, at levels considerably higher than those in the OECD countries."⁹

USAID has made an attempt to classify the transition countries in order to determine a suitable anti-corruption strategy for each of them. The post-communist countries are classified under five categories, on the basis of their progress towards political and economic reforms: consolidating democracies (the Central European states, the Baltic states, and Croatia and Slovenia); late nation-builders (most of the Balkan countries); retreating democracies (Russia, Belarus); consolidating autocracies (some of the Central Asian countries); and states in the process of constitution (Kosovo, Bosnia and Herzegovina, Tadjikistan).¹⁰

It should be noted, though, that this classification does not reflect the fact that during the past transition decade (i.e., the 1990s) different states went through different stages of institutional and market-economy building. Moreover, at the beginning of the decade, the situation in those countries was characterized by rapid liberalization processes, and also—in countries like Russia—by uncontrolled regionalization and decentralization, combined with legal-institutional chaos as well as a boom of the "gray" economy and crime. Towards the end of the period, steady tendencies for stabilization of the state institutions, limitation of the role of private power-groups, and even signs of neo-estatism appeared in some of them. Such a view betrays a point of view, according to which there is only one way of transition from communism to democracy that every country must follow. The absence of a sufficiently reliable explanatory theory about this transition, unique in its nature, as well as the practical inability to reform the basic communist structures partially and gradually, i.e., not entirely and at once, led to many differences in the results of often similar reforms in various post-communist states.

While looking for an answer to the problem of the connection between political and economic reforms, and corruption levels in the transition countries, a group of researchers from the World Bank came up with an integrative indicator for the

⁸ See www.transparency.org/documents/cpi

⁹ *Anticorruption in Transition: A Contribution to the Policy Debate*. The World Bank, September 2000, p. xiii.

¹⁰ Corbin B. Lyday. U.S. Agency for International Development Bureau for Europe and Eurasia. *A Strategy for Combating Corruption*, January 2001, p. 22.

interweaving of the public and the private sectors, a phenomenon which to various degrees is typical of all transition countries. This is the so-called “state capture,” defined as “the actions of individuals, groups, or companies both in the public and private sectors to influence the formation of laws, regulations, decrees, and other government policies to their own advantage as a result of the illicit and non-transparent provision of private benefits to public officials.”¹¹ An additional characteristic of this phenomenon states that “state capture can also be undertaken by actors within state institutions—the parliament, the executive, or the judiciary. Ministers may shape laws, regulations, or tax policy to benefit themselves or their own financial interests.”¹²

As a whole, though, this concept postulates the idea that private actors abuse state institutions and mechanisms, i.e., it presupposes the weakness of state institutions. This phenomenon is best observed in its most pure, “classical” form in Africa.¹³ In the former socialist countries, similar tendencies generally marked the first stage of the transition—the end of 1989 and the first half of the 1990s. The symbiosis between the state and “high-risk” businesses under unclear rules of the game and a paralysis of the judiciary bred corruption within society and the appearance of a “shadow statehood.”¹⁴

On the contrary—under conditions of a strong executive branch and a centralization of government implemented by it, other types of misuse occur: clientelism, nepotism, and a secondary symbiosis of the state and businesses. In this case, state interference in business affairs is much greater than the opposite trend—“buying of politicians” by strong private-economic power-groups. In this case, some throwbacks to the past occur, which make possible state/party interference in the economy despite the privatization of state-owned property. In situations like these, the opposition blames the ruling party for imposing neo-authoritarian forms of government that favor private interests close to those in power.¹⁵ This overall analysis emphasizes the private use of public authority for the settling of scores among economic power-groups, i.e., the illegal “privatization of public authority” as a dominant form of corruption.

We can obtain a better idea of this kind of “macro-misuse” of the whole state apparatus from a formula expressing the balance of two contrary, and sometimes, joint vectors: on the one hand, the formation of corruption lobbies in the state institutions serving the interests of private power-groups (this process is akin to the concept of state

¹¹ Anticorruption in Transition: A Contribution to the Policy Debate, The World Bank, Washington, 2000, p. XV.

¹² Ibid., p. 9.

¹³ According to some researchers, “... in some African states clientelistic networks manage a large set of activities: war, illegal local and international business, legal local and international business, party politics, sometimes in several countries, personal, family and tribal affairs, and normal government operations... A significant part of these networks’ activities are criminal according to international (and local) law, and often managed by people in the network who are in government positions.” See Bayart...

¹⁴ Russia at the time when Boris Yeltsin was in office, as well as a number of post-Soviet countries, provide good examples.

¹⁵ As Prof. Dragomir Draganov has pointed out, the following rule can be observed: more total control correlates with more corruption. “The aim is twofold: quick accumulation of fresh money for the new ‘political elite,’ and at the same time creation of its own ‘economic nomenclature’ at the expense of the left-overs from the national wealth.” (“The Transition State and Corruption,” p. 14. www.csd/coalition2000.)

capture), and on the other hand, the misuse of power on the part of party and state leaders and their associates for the purpose of enriching certain business groups.¹⁶

It should be pointed out that the “corruption/crime complex” is not limited to within national borders. By establishing, maintaining, and inheriting channels for illegal trafficking of goods, people, weapons and drugs, national power-groups join transnational criminal networks which have turned post-communist countries into their main operating field. Thus generated, these illegal resources not only cover the “production expenses” of organized criminal and semi-criminal groups, but also constitute the lion’s share of the corrupt capital that is a guarantee for their immunity. At the same time, especially in smaller countries, revenues from trafficking— through the established protectionist and clientelistic mechanisms—form the only serious source of party financing.¹⁷

Whether state capture (a weak state in combination with strong oligarchs and organized crime) or a strong executive power in combination with clientelism and nepotism prevail in different nation-states during the transition period, in all such cases the judiciary is subordinate to private or group/party interests. It is indicative that the popular formula of transition, democratization plus market economy, does not usually include the most important prerequisites for its success, i.e. recognition of the supremacy of law and the independence of the judiciary. The lack of appropriate punishment for incriminating forms of corruption on the part of law-enforcement bodies in the transition countries has created a feeling of impunity among participants in corrupt transactions,¹⁸ and has in effect sharply decreased the degree of bribery risk.

At the same time, despite the tendency toward the deregulation of emerging markets and limitation of state participation in the economy, throughout the entire period and at the stage of executive power consolidation in particular, the state, personified by the administration, retained very serious resources in corruption risk areas characteristic of market economy countries as well, such as licensing, issuing permits for business activities, public tenders, and public procurements. In this way, the ruling strata within the transition countries have continued to exert pressure on economic actors, which, in return, has led to corruption offers to state officials. These practices are widespread due to the sharp increase in the number of economic actors who want to engage in private economic activity. Hence, the post-communist state has become a “godfather” of the new business class; and furthermore, state officials have often taken advantage of the dependency of the new businessmen, and illegally redistributed resources to their own advantage.

¹⁶ As events in Russia have demonstrated, if the beginning of the transition period was characterized mainly by the first tendency—towards appropriation of the state by shadow power-groups and oligarchs, at the stage of consolidation of state power started by the Putin presidency the opposite process has prevailed—towards restricting the influence of those groups and subjecting them to the rules of the game set by the Kremlin. A similar process could be observed also in Bulgaria since 1997—Multigroup, the biggest private group, was forced out of its leading position in the most profitable economic sectors as a result of the consistent efforts of the government. Later, though, the opposite process accelerated—a neo-etatist interference of the state in business affairs and the creation of clientelistic business structures.

¹⁷ For a more detailed account, see *Corruption and Trafficking: Monitoring and Prevention*, second revised and amended edition, Center for the Study of Democracy, Sofia, 2000, pp. 14-15.

¹⁸ Some researchers speak of a “culture of cynicism and impunity” (Robert Klitgaard, Ronald Maclean-Abaroa and H. Lindsey Parris. *Corrupt Cities: A Practical Guide to Cure and Prevention*, Washington, 2000, p. 17.

In summary, we can conclude that the high levels of corruption in the post-communist countries have resulted from the combination of various political, institutional, economic, and socio-psychological factors.

Political prerequisites for the extensive spread of corruption in post-communist societies include:

- Preservation of the symbiosis between the public and the private spheres, which has been inherited from the communist period.
- Limited character of political reforms and continuing dependency of the judiciary and the legislature on the executive branch.
- Neo-statist tendencies characterized by the use of political resources for the establishment of clientelistic market networks.
- Immaturity of civil society and lack of institutional cooperation between the non-governmental organizations and private businesses, on the one hand; and the state, on the other hand.

Institutional prerequisites include:

- Disintegration of state regulatory agencies and the resulting legal-institutional vacuum, especially during the first few years of the transition.
- Preservation of a cumbersome, over-bureaucratized and non-transparent state administration characterized by overlapping functions of its sections and insufficient coordination between them.
- Lack of civic control over the state institutions.

The prerequisites in the **market sphere** include the following:

- High corruption risk in the process of converting of state-owned property into private property.
- Legal-normative chaos in many areas, including privatization, the interactions between market actors, etc.
- Lack of free financial resources and of legitimate business structures that can become major players in the cash privatization.
- Large share of the “shadow economy.”
- Bureaucratic and legal obstacles facing local entrepreneurs and foreign investors in a number of East European countries.
- Imposition of opaque privatization mechanisms like, for instance, “negotiations with a potential buyer,” employee-manager buyouts, etc.

Some corruption mechanisms that reflect the peculiarities of transition societies, and most of all the symbiosis between the public and private sectors, are outlined below:

- **Draining of state and commercial banks**

This can be seen as a specific form of “privatization,” namely—a corrupt privatization, as well as open plunder with the tacit participation of state officials. Almost simultaneously, during the first half and in the middle of the 1990s, the scandals spurred by bank draining, the uncovering of financial pyramids and other forms of plunder of the savings of hundreds of thousands of citizens led to

domestic political crises. The participation of state officials and representatives of the judiciary in most of these processes turned them corruption phenomena.¹⁹

- **“Entry-exit” economy**

This is a corruption scheme where the profitable activities of state-owned enterprises (supply of raw materials and machines, realization of the production, etc.) are taken over by private companies, while the losses are covered by the state budget. In effect, this amounts to funneling budget funds into private hands in violation of existing laws. Usually the “entry-exit” economy leads to a complete draining of state-owned enterprises, false bankruptcies, and, as a consequence—to the privatization of the enterprises involved at a minimal price.

- **Non-transparent privatization deals**

This refers to the lack of openness in privatization contracts and the prevalence of unclearly defined, opaque methods of denationalization. A typical example is provided by unregulated deals with a potential buyer, which make possible behind-the-scenes corrupt settlements and the distribution of bribes at the different bureaucratic levels involved in the deal. This area also includes privatization through employee-manager buyouts that conceal preferential treatment extended to the private interests of the former managers.

- **Participation of state officials in smuggling schemes (trafficking of drugs, weapons, people, as well as smuggling of commercial goods)**

This is possibly the biggest corruption item in terms of generated bribes. At the same time, smuggling and trafficking also generate the most revenues for the “gray” economy and thus become the main source of financing for organized crime within both national and cross-border frameworks.

- **Corrupt financing of political parties and election campaigns (anonymous contributions in return for immunity)**

The continuous absence of modern legislation regulating party finances, contributions and election campaign financing in a number of transition countries creates an opportunity for the influx of dirty money into politics, and therefore encourages immunity for organized crime and the “gray” economy. Such a symbiosis destroys the trust in democratic institutions and creates a vicious macro-model that is being reproduced at different levels of the social pyramid.

- **Misuse of licensing and permit regulations**

In most of the former socialist states, the transition to a market economy is impeded by a growing number of licenses and permits required to conduct business activities. Critics of these mandatory procedures point to their lack of transparency, lack of clear regulations and requirements, unnecessary

¹⁹ Similar financial scandals with corruption aspects exploded within a short period of time in countries like Romania, Bulgaria, Albania, Russia, the Czech Republic, and others. (For a more detailed account, see Andrew Stoehtien with Jan Culik, Steven Saxonberg and Kazi Stastna, *Time Europe*, November 29, 1999.)

bureaucratization, and extreme official discretion, all of which foster corrupt practices.

- **Lack of transparency of public procurements**

Public procurements are often assigned without public tenders (for example, in cases involving non-budgetary means), or assigned in violation of rules of fair play under conditions promoting favoritism. Also, some national laws on public procurement exact excessively high deposits for deals that do not require public tenders.

- **Abuse of power and use of state-owned property for private gain**

This refers to buildings and other property items that have not been offered for privatization and remain under the control of state and municipal agencies. For instance, the huge health and vacation complex of the so-called “recreation homes” inherited from state socialism is usually managed by one organization which rents it out. In some cases, it can even be unofficially privatized. This whole sphere remains outside of civic control, and is plagued with corrupt practices.

1.2. Anti-corruption public-private partnership

Alongside the factors and tendencies facilitating corrupt practices during the transition from communism to democracy and a market economy, a number of **prerequisites for anti-corruption behavior** have also been formed, i.e. the transition has generated the negation of corrupt behavior as well. They have led to the following developments:

1. During the transition years, awareness of, and concern for, corruption problems has increased substantially worldwide, and especially in the developed democracies. The observation of corrupt practices in different countries has acquired the character of monitoring, with real consequences for these countries. **An international system of incentives and sanctions**, provoked by monitoring results, has gradually emerged.
2. Serious **pressure groups against corrupt practices** have appeared in the transition countries themselves. For a long time, anti-corruption enthusiasm has not been limited to its natural exponents—opposition parties. Representatives of business and other professional groups who wish to free themselves entirely from bureaucratic and state protections and to minimize their “corruption tax” have become more numerous. These are social circles that do not accept corruption as a mechanism within free market competition.
3. **Public intolerance towards corrupt acts** has appeared. There are symptoms that such a tendency could make corruption activities too risky, at least in political life.

4. The media has found in the **anti-corruption discourse** a very serious area of activity, and has turned it into an extremely important generator of a constant social debate on the subject.
5. Last but not least, NGOs and civic initiatives personified by their most active segments have developed a capacity for active participation in the fight against corruption in basic areas: public education, **civic control over public administration, and the creation of local and national strategies against corruption**. They have proven to be a very successful and the most natural mediator between the state (the “political class” and the state administration), the media, the high-risk groups, and the general public in consolidating efforts in the fight against corruption.

As a result of these developments, in many transition countries during the second half of the 1990s, a public understanding spread that **corruption was becoming one of the major obstacles** to the successful realization of a vision of the future. A public consensus was reached that:

- Corruption is a threat to democracy; it destroys its norms, technologies, ethos, and replaces it with undemocratic mechanisms.
- Corrupt practices destroy the natural operational logic of an effective market economy. They introduce into these natural mechanisms the logic of political influence; impose a political decree over the economy; break the norms of loyal competition; and generate an overall economic climate unfavorable for all economic agents: consumers, producers, dealers, investors, and others.
- A state where corruption remains unpunished is not a law-governed state, because this situation indicates the lack of a functioning law-enforcement system. Corruption always entails a violation of legal equality. It always favors private interests at the expense of public interests, and in the long run deprives people of their legal rights.
- Corruption is an obstacle to the integration of the former communist countries into the common European community and into global economic and political relations. Therefore, tolerance of a high corruption level amounts to an isolationist strategy.²⁰

At the same time, it should be noted that this phenomenon **could not become a sufficiently differentiated, independent item on the social agenda** without the focused and organized activities of various anti-corruption initiatives and organizations. The first reason for this is that, at the level of everyday consciousness, there is the lack of a sufficiently clear understanding of the corruption problem and of its effects on people’s everyday lives. In a situation where most Bulgarian citizens were struggling for survival, corruption was seen more as a problem solving rather than a problem-creating factor in everyday life. The main social actors, the parties and the media, used a rhetoric that was stronger than the anti-corruption one, “mafia” and “organized crime,” and other

²⁰ For a more detailed account of the economic consequences of corruption, see Susan Rose-Ackerman. *Corruption and Government. Causes, Consequences, and Reform*, Cambridge University Press, 1999, pp. 9-25.

more mobilizing “catch words” with greater explanatory potential as far as the status quo was concerned.²¹

A breakthrough in the mobilization of civil society against the corruption phenomenon has been made possible by non-traditional forms of cooperation, which allow for the inclusion of diverse social actors with a vested interest in limiting corruption factors. In this respect, the experience of a number of anti-corruption initiatives and most of all of *Coalition 2000* (to be discussed later in greater detail) has focused attention on the formula of a public-private partnership in the name of transparency and accountability.

In Western societies, the public-private approach is typical of various social sectors. Thus, for instance, cooperation between state and municipal institutions, on the one hand, and business structures, on the other, is prevalent in the economic sphere. These are partnerships with a high degree of institutionalization. In them the different partners’ obligations are outlined in special business contracts under clear procedures at all stages of the realization of the joint project.²² The so-called “public procurements” form the mechanism through which the state-private institutional partnership is carried out in the economic sphere. In such deals, organizations from the private sector are contracted by municipal and state agencies to perform certain tasks. Such partnerships lead to advantages like cost savings, risk sharing, improved levels of service or maintaining existing levels of service, enhancement of revenues, economic benefits, etc.

Public-private partnerships are also realized in order to achieve social goals broader than concrete business contracts. In most cases this concerns social cooperation between municipal and state institutions, and non-governmental organizations. It is accomplished through mechanisms of social contracting, within which the municipal and state institutions finance non-profit organizations that in turn perform special public services. Public-private partnerships of this kind are important because, on the one hand, local and state governments are not able to accommodate all social needs, and on the other hand, such partnerships give the non-governmental sector an opportunity to attract additional resources for its activities. At the same time, the shared responsibility for achieving concrete goals for the public benefit contributes to higher confidence and legitimacy of the state institutions as well as the civic organizations.

Social partnerships are of key importance especially in societies in a process of consolidating their democratic institutions and market economy. In the developing countries and in the transition states these partnerships include state institutions, NGOs and foreign/international donor organizations. The significance of such forms of cooperation is the building and consolidation of democratic institutions, as well as the realization of consensually accepted social tasks. In conditions of more active international cooperation and globalization of both the existing problems and of their identification and resolution, social partnerships become part of a broader context and of the global strategies of various transnational organizations and initiatives.

²¹ In a number of transition countries, a formula like “red mafia” was a more convincing metaphor than the term “corruption,” because it pointed to the causal relationship between the political and economic sources of crime. At the same time, its use in electoral campaigns reduces its role in the long-term fight against corruption.

²² This refers to partnerships in the areas of operations and maintenance, design-build, turnkey operation, wrap around addition, lease-purchase, temporary privatization, lease-develop-operate, build-own-operate-transfer, etc.

If social partnerships are examined in a national context, they stand apart from both business contracts between the state and the private sector, and from social contracting in the public service delivery sphere. Their mechanisms for activities coordination, achievement assessment, monitoring, etc., are also different. The ideology of the domestic public-private partnership refers to the philosophy of the *contract social*, which has different incarnations in the social practices of the transition countries. This concept is especially important at crucial historic moments in the development of state institutions, including the transition from authoritarian to democratic forms of government. In Bulgaria, the transition itself began under the auspices of a specific form of a social contract as the Round Table, which for the first time gave legitimacy to the public interest and introduced the term “national consensus.”

The anti-corruption consensus that made possible the launching of the *Coalition 2000* initiative includes the formulation of common tasks, the accumulation of a “critical mass” of public-private partnerships, and the generation of common and/or parallel activities for the implementation of democratic reforms by all social actors. In the counter-corruption area, in particular, the meaning and objectives of the social contract consist of establishing an “honest community” and promoting the values of transparency and accountability. These characteristics are inherent in democracy as an ideal and as a social organization.

At the same time, their articulation as independent criteria for the success of the reforms in the Central and East European countries reflects their functional significance within the whole set of transition instruments. Moral integrity, transparency and accountability are not the only ultimate goals and criteria for democracy. In the post-communist environment, they are most of all necessary preconditions for the success of the reforms; and first and foremost, for the transformation of state-owned enterprise into private property. The experience of the past decade of post-communist changes has shown that without the required transparency and accountability, a transformation of this kind could lead to social phenomena that are contradictory to democracy and the principles of market competition. These include corruption (bribery, nepotism, clientelism, conflict of interests, etc.), resurgence of authoritarian tendencies in government, bureaucracy and lack of transparency of the public sector, increase of the “gray” economy, symbiosis between organized crime and state structures, transnational crime, and so on. For some of the post-Soviet and the Balkan countries, for example, which have officially announced support for the principles of democracy and free market economy, corruption has become a primary characteristic of the functioning of their state and economy, whose “gray sector” is almost as big as the official one.

Because of this, the anti-corruption public-private partnership is a formula that can be used society-wide only during the term of a reformist government whose policies are aimed at countering corruption and guaranteeing the accountability and transparency of state institutions. Unlike the openly corrupt authoritarian regimes where civic anti-corruption initiatives inevitably confront the authorities, in this case we can speak of an initiative aimed at achieving a consensus. This means that the anti-corruption interests and priorities of the individual stakeholders in anti-corruption activities should unite and support each other for the sake of the whole society.

The need for a close cooperation and coordination of the efforts of the three social sectors—the public sector, the private business sector, and civil society as a whole—

stems from the conclusion that corrupt practices appear in all areas of social activity, although with various degrees of intensity. The wide range of activities with elements of abuse of power for private gain excludes by definition the possibility of resolving the “corruption” problem only through law enforcement efforts. Such a conclusion is valid especially for the transition countries in Eastern Europe that are characterized by a combination of conflicting economic reforms and legal-institutional reforms intended to guarantee conditions for lawful economic reforms.

It can be stated that **the anti-corruption consensus should be an indispensable annex to the social contract formed in the post-communist transition environment.** Its realization, though, should precede and facilitate the crystallizing of the new legal-institutional, governmental, and business environment, as well as the redistribution of state resources, and the legal settlement of the problem of property and its new owners. In this sense, putting this issue on the agenda of a number of East European societies only in the second half of the 1990s was quite belated. Similarly, the whole transition process in these countries, which oscillated between the old inertia and values, and the new democratic principles, was also belated and unnecessarily postponed and impeded.

* * *

With reference to the public-private partnership in the context of anti-corruption activities, it is very important to specify the objectives, tasks, and instruments and forms that the individual stakeholders should use; and to indicate their specific place and role in socio-political processes. The “role distribution” among them within the framework of the public-private anti-corruption partnership is of special significance for the success of these efforts. The various institutions have specific instruments for the prevention and/or punishment of corrupt practices. Ideally, they compliment each other, and can achieve a considerably longer-lasting cumulative effect if they are consistent with a single anti-corruption system. Some of these instruments are traditional—like those used by the law-enforcement agencies; while others are still unfamiliar to the transition environment.

- **The judiciary** penalizes corruption crimes and guarantees the supremacy of law.
- **The legislature** passes transparency and integrity laws which, on the one hand, support the efforts of the judicial and law-enforcement agencies and, on the other, contribute to the prevention of corruption crimes.
- **The executive branch** regulates forms of “soft” corruption through legal or ethical instruments, while adhering to the ideal of “good governance” (the anti-thesis of corruption).
- **Political parties** counteract corruption through the adoption of political platforms and of ethical codes that ban the corrupt behavior of leaders and rank-and-file members; their goal is to achieve high standards of democracy and legality.
- **Business and professional associations** can be important participants in the anti-corruption efforts through endorsing high standards of professional conduct and responsibility.

- **Civic organizations and initiatives** can, on the one hand, provide a good example with their transparent activities and, on the one other, monitor and exercise independent control over the public sector.
- **The media** are called upon to expose corrupt transactions and be a factor for the growth of civic intolerance towards abuses of power.
- **Society** as a whole performs electoral control over the government in the name of moral integrity and democratic values.

The complimentary character of the functions and instruments of the individual social actors in the anti-corruption strategy could be presented graphically with the help of two basic elements of their interaction: the area of their overlap and, respectively, the area of their divergence. This configuration can be expressed as follows:

Graphic

- red: streamlining corruption prevention in executive law enforcement (customs, police, etc.), prosecution (only as far as it is a part of the executive branch); strictly (inter)governmental, confidential;
- gray (area of public-private partnership): institutional and legislative adequacy and efficiency (including performance of public administration and the judiciary), international assistance evaluation, general assessment of political and institutional reforms, etc.;
- blue: monitoring **by** and **of** the media, monitoring of corruption *inside* civil society, and monitoring of public attitudes (trust in institutions).

Through the optimal combination of all anti-corruption instruments, the goal of the public-private partnership is to achieve a long-lasting and irreversible effect in curbing corrupt practices by making them more costly for those inclined towards the abuse of power. The arbitrary use of separate instruments could yield only a temporary result, without achieving fundamental changes in the corruption environment in a given country.

Having an appreciation for the complimentary character of the efforts of the different social actors is an important prerequisite for the public-private partnership. On the one hand, it helps to dispel doubts that civic organizations aim at displacing the “competent agencies” in the fight against corruption; and, on the other hand, it provides an argument in support of the legitimacy of the non-governmental organizations’ efforts within the framework of anti-corruption initiatives.

It should be noted, though, that due to the various public-private partnerships that differ in their nature and intended effect, anti-corruption initiatives stand apart as the ones most difficult to carry out for several reasons. First of all, by definition, anti-corruption activities target abuses of power and discretion most typical of the public sector. A precondition for a successful interaction between civic organizations and public institutions is that the latter undertake adequate steps for curbing corrupt practices in the state sector. In this way, government institutions find themselves in the role of a protagonist; and, at the same time, a target of anti-corruption. They are in a constant

“conflict of interests” situation, while civic control assumes the role to correct abuses of power. In this way, the partnership between governmental institutions and civic/private organizations presupposes maintaining a “critical distance” between the latter and the authorities. The shortening of this distance leads to the so-called “co-opting” of the non-governmental anti-corruption initiatives by the authorities²³ and vice versa—its widening leads to various forms of hidden or even open confrontation. The authorities themselves have a selective approach to their anti-corruption partners and often accept only their anti-corruption rhetoric; and at the same time covertly tolerate corrupt practices.

Within the framework of the broadly defined public-private anti-corruption partnership, in different transition countries there are various **types of initiatives with the participation of civic organizations**. They include:

- Government-led initiatives (Armenia)²⁴
- Sub-national civic-led initiatives (Ukraine)²⁵
- National civic-led initiatives (*Coalition 2000*)

These initiatives can be distinguished by the following major characteristics:

- Anti-corruption initiatives carried out under the leadership of governmental or other state institutions need a consistent state policy of public integrity and transparency of official institutions. Within these kinds of partnerships non-governmental organizations could not play a leading role, and their function as a corrective of official policies is strongly limited. In this case, the main risk is that NGOs can be co-opted by the ruling party and state institutions.
- Sub-national initiatives are appropriate for countries (Ukraine, for example) where at the national level conditions are still unsuitable for similar social activities. In such cases, greater willingness for cooperation is sought on the part of the local authorities, which are often in the hands of the opposition, and are critically disposed towards corruption in state institutions. The negative aspect of this sub-type is that the deterioration of the domestic political situation makes it

²³ Corbin B. Lyday. Partnerships or Dependencies? “Beyond Anti-Corruption Rhetoric: Coalition-Building and Monitoring Impact,” International Conference, Sofia, Bulgaria, March 24, 2001 (see www.usaid.gov/democracy/anticorruption/p3).

²⁴ Speaking at a ceremony marking the acceptance of a \$300,000 World Bank grant earmarked for developing a comprehensive program to combat bribery, nepotism, and similar crimes, Armenian PM Andranik Markarian reaffirmed in Yerevan on 8 May 2001, that his government “regards the fight against corruption as one of the key challenges facing the state.” Markarian said that one of the main objectives of the program, which will include the enacting of legislation on the civil service, licensing, income declaration, and state procurements, is to improve the investment climate in Armenia. (“RFE/RL Newswire,” 9 May, 2001).

²⁵ Ukraine, like some other post-Soviet states, ranks among the so-called “retreating democracies.” In such states, cooperation within the framework of the anti-corruption initiative is not possible at the level of the central government. The efforts of civil society in these countries are in effect focused on the consolidation of democratic institutions, such as the independent media, the private sector, and local government, often in an atmosphere of negative attitudes on the part of the central authorities. (See: U.S. Agency for International Development Bureau for Europe and Eurasia. *A Strategy for Combating Corruption*, January 2001, p. 30).

more difficult to distinguish the activities of the anti-corruption initiatives from the routine political struggles between the ruling party and the opposition.

- National civic-led initiatives like *Coalition 2000* seek to combine the advantages of the partnership between the authorities and civil society in the whole country with the autonomy and the leading role of civic organizations which play a decisive role both at the stage of building an anti-corruption strategy, and at the stage of its practical implementation.

It should be noted that this description refers to a “horizontal” type of partnership, where representatives of state institutions participate in anti-corruption initiatives primarily in their personal capacity as experts, independent of their functions within state institutions. Their participation in the Coalition context is at a level equal to that of other individual and collective participants. Moreover, their “cooptation” into the anti-corruption initiative is solely on the basis of an assessment of their personal role in the fight against this phenomenon and their commitment to enter such a partnership, without any other (political) considerations.

To sum up, the role of the representatives of state institutions in a public-private partnership like *Coalition 2000* can be defined in the following contexts:

- By joining such an initiative, they commit themselves to the priorities of civil society, as they take a personal stance in the fight against corruption;
- Through their personal mediation they facilitate the balancing of anti-corruption strategies and efforts between the civic-private and the public sector; and
- They play the role of a civic anti-corruption lobby in public institutions, and this helps to accelerate anti-corruption reforms within and through the legislature, the executive branch, and the judiciary.

As far as the range of activities of such an initiative is concerned, the choice is between a comprehensive and an incremental type of strategy; a comprehensive strategy includes all major components—enforcement, prevention, public education, and institution building. An incremental strategy stresses only those components that are most promising in terms of the positive results anticipated, while postponing all the other activities for the future.

2. Anticorruption in Bulgaria: the general framework

2.1. Bulgaria’s window of opportunity: conditions and prerequisites for public-private partnership against corruption

The conclusions reached above can be observed in the transition dynamics in Bulgaria. In the middle of the 1990s, corruption and corruptness in this country functioned as an explanatory model for someone’s success, enrichment, and affluence. Nevertheless, they could not explain the impoverishment and everyday problems of people. Corruption was not seen as an infringement of public interests and as a problem-generating phenomenon; no connection was made between corrupt practices and people’s real everyday problems. Because of this, anti-corruption dispositions emerged primarily

in the context of a series of early elections in rapid succession.²⁶ It was only during the second half of the 1990s that corruption came to be seen as a sufficiently distinct phenomenon; and an articulated public interest and a public consensus in the fight against corruption started to form. Some time was needed for the emergence of attitudes about corruption to form that were not merely emotional but also rational. This shift made it possible for anti-corruption discourse to target not corrupt officials, but corruption as a phenomenon.

The development of the **political situation in the period 1996/97** was also of extraordinary significance for efforts to put the fight against corruption at the top of the social agenda. At the end of 1996, the country experienced a deep economic, financial, and political crisis, which resulted in a total collapse of the authorities in January 1997. The government of the Bulgarian Socialist Party completely failed in its efforts to stabilize state institutions and achieve economic growth through the revival of economic practices typical of state socialism. Bulgaria found itself in an even worse starting position characterized by weak state institutions and a strong state capture on the part of private financial power-groups (the so-called “credit millionaires”), semi-legal structures (the so-called “wrestlers’ groups” in the spheres of the security and insurance businesses), as well as with several powerful economic holdings similar to those formed by the Russian “oligarchs.”²⁷

The period of state destabilization ended with the holding of early parliamentary elections, and in the long run—with the emergence of a new reformist majority in the Parliament and the formation of a government of the United Democratic Forces coalition.²⁸ The new government won the trust of most citizens with the first explicit social contract in Bulgaria’s contemporary history which contained clearly-defined commitments for speeding up the necessary reforms in the areas of the economy, financial stability, synchronization of legislation with that of the European Union, and integration into the European structures. The new authorities made an overall commitment to stabilize Bulgarian society and to rebuild state institutions and the power of law; and to reintegrate Bulgaria into the community of Western democracies and economies. The government’s first decisive step was to create a Currency Board which was constantly supervised by the International Monetary Fund. In this way, the sovereignty of the central bank was restricted, the control over commercial banks was increased, and the process of money draining was constrained. On the other hand, the start and the intensification of the preparations for EU accession required the harmonization of domestic law with that of the Union, as well as reform of the

²⁶ After the 1989 democratic changes, five parliamentary elections were held in the country in an 11-year period: in 1990, 1991, 1994, 1997, and 2001.

²⁷ The link between the shadow financial-economic power-groups and the criminal contingent was provided by the so-called “wrestlers” who, together with former State Security and Ministry of the Interior employees, monopolized the security business, and later, part of them became active in the “power insurance” field (in this business, racketeering replaces normal competition between insurance agencies). The “wrestlers” became synonymous with a “state within the state,” not subject to any laws, and untouchable by the law-enforcement and judicial systems. They are a unique Bulgarian phenomenon in the sphere of “state capture,” which became possible under conditions of weak state institutions during the term of Prof. Lyuben Berov’s government (1993-94), and also during the unsuccessful neo-communist restoration under Zhan Videnov (1995-96).

²⁸ The center-right coalition United Democratic Forces is dominated by the Union of Democratic Forces (UDF) whose leader Ivan Kostov was Prime Minister in 1997-2001.

administration in line with European norms. These radical changes, in addition to the stabilization of the financial, social, and political systems, were a good starting point for generating serious anti-corruption initiatives. Bulgarian society needed to improve its transparency, and the authorities and their mechanisms also needed to increase their internal transparency for the media and the civil society.

At this point, the general public was most sensitive towards issues such as unemployment, poverty, inefficiency of the authorities and the administrative institutions, and crime. The corruption issue was not in itself articulated with sufficient clarity as a problem area in public life because of its autonomous nature and tendency to follow its own logic and practices. There were deliberate bank bankruptcies, “credit millionaires,” financial pyramids, siphoning of state capitals into private groups and interests, a large “gray” economy sector, clientelism and unpunished schemes for the transformation of political into economic power, and vice versa, all of which were part of the everyday public debate. But at the social mentality level of all these phenomena were not perceived as different forms manifesting one and the same social problem, corruption. Moreover, there were very strong symptoms of growing acceptance of the idea that these were natural side effects of the kind of reforms implemented in Bulgaria. Attitudes towards some of them were even marked more or less with indifference—like, for example, the “gray” economy which was seen as providing means for survival for part of the population.

The basic views of the governing coalition in the sphere of corruption and crime prevention are outlined in an **Integrated National Strategy for Counteraction to Crime** (adopted in early 1998), and in the program adopted by the government at that time. An analysis of the latter shows that it contains components of an anti-corruption strategy, without being explicitly formulated as such. These include:

- Consolidation of the political system through the development of democratic mechanisms of government;
- A reform aimed at a higher efficiency of the judiciary;
- Acceleration of the structural reform of the economy, and larger role of market mechanisms in depleting the financial power of the shadow economy;
- Establishment of a modern administrative system through the creation of a clear-cut and transparent system of services delivered by the state to its citizens;
- Development of transparent rules and control procedures of the privatization process, and of state and municipal procurements;
- Development and implementation of measures to mobilize the regulating agencies for the timely punishment of administrative offences, and for the assertion of the supremacy of the law;
- Information interaction with civil society structures and the media for creating social intolerance towards crime, etc.

Box

In the anti-corruption sphere, the **Integrated National Strategy for Counteraction to Crime** includes the following directives:

1. Implementation of an integrated state policy for executing the regulative functions of the state through the **optimization of administrative structures, introduction of transparent administrative procedures, restriction of the permit regime as much as possible, and introduction of a registration regime**.
2. Establishment of a system of **administrative control** and sanctions related to the implementation of legislation and administrative procedures.
3. Modernization of the **normative order** provisions for severe penal liability for corruption in all its forms and spheres of manifestation.
4. Formulations of clear rules and standards for **administrative services provided to citizens**.
5. Development of a **system for coordination of anti-corruption activities**.
6. Creation of an **income and property register for civil servants**.

End of the box

In this way, the Bulgarian government formulated a clear concept of its intentions to counteract corruption through activities of the executive branch, the legislature, and the judiciary, as well as through cooperation with civil society.

With the stabilization of the situation in the country that started in the spring of 1997, society itself became more receptive to anti-corruption ideas. The decrease of political tensions made it possible to re-channel the corruption theme from its strictly political usage and from the government-opposition debates into a discussion within civil society, without any risk that it would be dismissed as mere opposition rhetoric against those in power.

Some of the necessary reforms undertaken by the ruling majority prompted a debate that constantly touched upon the corruption theme. The reform in public administration (the Law on Civil Servants, etc.), for instance, put the work of the central and local administrations within a new legal-regulatory context. Some newly adopted laws were debated in public, and this had a positive effect on the gradual introduction into public debate themes related to corruption and corrupt practices.

At the same time, though, the acceleration of privatization and the diversification of privatization practices, from the employee-manager buyout issue to the selection of foreign investors, created new prerequisites and temptations for corrupt practices.

The more favorable socio-political situation in the country in 1997 was the main prerequisite for launching the **Coalition 2000 anti-corruption initiative**. More specifically, the formulation of a civic agenda in combating corruption was made easier by the **following circumstances**:

- Growing outside pressures on corrupt officials in state structures, as well as pressure from the state on those seeking to corrupt officials, narrowed the field of impunity and freedom of action of both groups of offenders. This cleared the way for launching civic initiatives and civic control into areas of previously unimpeded types of corrupt dealings.
- The whole system, built on the basis of the Currency Board, created possibilities for an independent civic monitoring of those elements of the system that fall most often into the sphere of corrupt transactions.

- In addition to bribery, the Public became aware of other so-called “soft” forms of corruption (nepotism, clientelism, conflict of interests). A broader definition of corruption was adopted, which integrated the idea of all forms of abuses of power for private and group benefits.
- A public belief started to crystallize that the government was responsible not only for corrupt acts, but also for all those social technologies and mechanisms that made them possible. This understanding facilitated the adoption of moral and political sanctions as correctives of a pro-corruption government.
- This change led to the realization that corruption threatens the legal order, and, as such, poses a danger that necessitates the active involvement of civil society organizations in the fight against these practices.
- As a result, there arose a need for a corresponding platform and mechanism for the generation of an anti-corruption initiative, for marketing the common benefits to be gained from the fight against this phenomenon. The very awareness of the broad scope of corrupt acts created the need for a broad social perimeter of anti-corruption activities. This trend is reflected in the idea of a coalition of anti-corruption forces within society as a whole, for a **public-private partnership**.
- A favorable circumstance in this respect was the work of analytical centers of the think-tank variety, concentrated mainly in Sofia, for whom the public-private partnership was essential for the expression of their views. A major part of their intellectual contribution was the production of policy papers and recommendations for management decisions.²⁹

The **Center for the Study of Democracy** is among the most established analytical centers with good international contacts. Its motto, “Building Bridges”, refers to a partnership between state structures, the expert community and the media, which together would create optimal prerequisites for the modernization of Bulgarian society and its integration into the community of developed democracies.³⁰ That is why the commitment of this non-governmental organization, in its capacity as a collective Secretariat of the *Coalition 2000* anti-corruption initiative, was a logical continuation of the Center’s previous efforts, and of its most successful methods of collaboration both within the framework of the third sector, and with state institutions. Within the framework of its Coalition activities, this initiative was the first non-governmental structure in Bulgaria to apply its work to the principle of the public-private partnership as an element of a national process of social marketing and reforms. It is also chronologically one of the first such initiatives to appear in transition countries.

2.2. The *Coalition 2000* process

The initiation of the *Coalition 2000* anti-corruption process became possible as a result of a continuous discussion with the participation of leading experts from Bulgarian analytical centers, primarily the Center for the Study of Democracy.

²⁹ See Raymond J. Struyk. *Reconstructive Critics. Think-Tanks in Post-Soviet Bloc Democracies*, Washington, 1999, pp. 61-90.

³⁰ See Center for the Study of Democracy. *Annual Report 2000*, pp. 7-8; see also www.csd.bg.

The preparatory phase of this process was linked to the evolution of attitudes both within the framework of the non-governmental community, and on the part of international and foreign national organizations committed to the fight against corruption.

First of all, it was necessary to overcome the reservations of the leading NGOs that were consulted concerning the possibility to initiate an anti-corruption process with the participation of representatives from all social sectors since anti-corruption was not yet an established sphere of non-governmental initiatives. Some traditionalist views were predominant, both about the nature of corruption (identifying it only with its incriminated forms), and about the need for only law enforcement as a method of curbing it.

Representatives of Transparency International expressed slightly different doubts as to whether it would be possible, on the one hand, for the government to participate in such an initiative through representatives of state institutions and, on the other hand, for the initiative to develop successfully within the framework of the public-private partnership. Because of these hesitations at that time, Transparency International took the position that it was preferable to launch such initiatives exclusively within civil society, and to preserve their non-governmental nature.³¹

A major prerequisite for initiating the *Coalition 2000* process was the growing willingness of the international community, and especially of USAID, to support an initiative involving public-private partnership, which would bring together the potential of a number of civic organizations and representatives of state institutions in a country like Bulgaria. Such a decision was based on the finding that because of the broad range and destructive potential of corruption, it required measures against it that would involve the efforts not only of law-enforcement agencies, but also the active participation of all state institutions, non-governmental organizations, and the business sector. As a consequence, USAID developed the scheme of the “triangle” approach in combating corruption, which included awareness, prevention, and enforcement.³²

Support for the public-private formula was also facilitated by the fact that as a common priority of civil society, business organizations, and the government, anticorruption can be a unifying idea, solidifying the social contract. It is a cause that has the advantage of being equally distant from the ideological and the political divisions in post-communist societies. Besides, anticorruption embodies the contemporary standards of transparency, accountability, and integrity that are characteristic of those social models to which most citizens of a country like Bulgaria aspire. Therefore, the formulation and implementation of a national anti-corruption initiative under the leadership of the NGOs could also be an effective instrument for overcoming the wide gap between different sectors of political life, and between civil society and the state as a whole. Last but not least, the logic of the support for such an initiative requires also an impartial assessment and monitoring both of the corruption situation and its dynamics, and of the anti-corruption efforts of various social actors. It is well known from past experience that only non-governmental organizations with an independent status could take upon themselves

³¹ As the present scope of activities of this international non-governmental organization demonstrates, later, Transparency International moved precisely towards partnerships of its national sections with representatives of state and municipal institutions.

³² U.S. Agency for International Development Bureau for Europe and Eurasia. *A Strategy for Combating Corruption*, January 2001, p. 17.

such a task, i.e. this kind of monitoring should be a part of an effectively exercised citizens' control over the authorities.

The transition from the concept of a public-private partnership against corruption to its practical implementation was facilitated by the above-mentioned disposition and the accumulated experience of the Center for the Study of Democracy in building partnership relationships with representatives and experts of state institutions. The skillful uncovering of niches for potential collaboration with civil servants and state institutions were very advantageous for the creation of an effective inter-institutional and inter-sectional mechanism for anti-corruption partnership.

For the success of such an undertaking it was especially important to overcome the intra-sectional divisions and isolationist tendencies which were often transformed into unfair competition among a significant part of the non-governmental organizations in the country. Such tendencies, characteristic also of other transition states, can be explained primarily by the inevitable competition among local NGOs for the attention and support of Western donor organizations that occur under conditions of underdevelopment of the legal order and of charity traditions within the nation. In this environment, it is still difficult to overcome zero-sum thinking in the non-governmental community in most transition countries, including Bulgaria.

In this respect, it can be pointed out that leading Bulgarian NGOs like the Center for Social Practices, the Center for Economic Development, the ACCESS Association, the Economic Policy Institute, and others, joined the *Coalition 2000* partnership structure on the basis of their previous history of interaction, including the successful execution of joint projects in a number of areas. There existed good personal contacts between the experts and the leaders of these organizations, and shared priorities aimed at the development of civil society and the consolidation of civic institutions. These prerequisites made possible the initiation of constructive consultations between the leaders of these organizations; and the achievement of a consensus on the objectives, main directions and concrete tasks within the framework of the initiative, and on the distribution of responsibilities among these founding organizations.

The non-governmental Association of Judges in Bulgaria was also consulted. The involvement of legal experts from this organization in the specialized working group which drafted the key documents of the *Coalition 2000* initiative was an important step toward building bridges of partnership and trust between the professional community and the non-governmental organizations of the various analytical centers.³³

There were also preliminary consultations with a number of international organizations, diplomats, and leading Western experts.³⁴ In the course of these discussions, the experts from the Center for the Study of Democracy specified a number of ideas in the sphere of anti-corruption activity, and made useful contacts with

³³ During the further implementation of the anti-corruption initiative, this partnership was expanded and specified in the sphere of judicial reforms.

³⁴ The Center for the Study of Democracy, for instance, in cooperation with the Sofia Information Center on the Council of Europe, held consultations with the Council of Europe. It is well known that CoE is an international organization of key importance in the area of combating corruption, and it has already implemented several inter-governmental projects against corruption in Central and East European countries. A number of meetings with representatives of the World Bank and the World Bank Institute were also held in order to explore the considerable experience of this institution in the anti-corruption area. Similar consultations were held with the UN Development Program that supported the initiative.

organizations that were carrying out independent anti-corruption initiatives in different countries.

The most important condition both for launching such a public-private initiative, and for achieving real results was, of course, the attitude of the governing political coalition in the country. The consultations and the analysis of the political intentions declared at the beginning of the term of the United Democratic Forces coalition gave hope that a serious anti-corruption potential existed in the newly formed institutions of authority. In the beginning, although concentrated mainly in the field of crime, the “corruption” problem was gradually making its way into the political language of those in power; and the measures for curbing it were among the immediate priorities of the executive branch and the judiciary.

This situation encouraged the *Coalition 2000* founding organizations to: **1) define the anti-corruption initiative as comprehensive, and 2) regard the public-private partnership as one of the most important prerequisites for its success.**

In the broad array of anti-corruption instruments and priorities, the **main objectives and activities** within the framework of the *Coalition 2000* initiative were defined as follows:

1. Promoting public awareness of corruption and establishing mechanisms to support anti-corruption efforts through public education, advocacy and dissemination.
2. Assisting democratic institution building, promotion of democratic values, and elaboration of an Anti-Corruption Action Plan (ACAP) by organizing panels of experts and legislators to develop amendments to the institutional arrangements and regulatory framework that help restrain corruption, particularly among public officials.
3. Serving as a “watchdog” of the reform process, focusing attention on the practical implementation of transparent and clear rules of the game, integrity, and democratic control.

It was decided that the efforts of *Coalition 2000* would be multifaceted in terms of content, and that its social marketing impact strategy would be based upon the following main elements:

Creating a trustworthy anti-corruption agency through consensus and coalition building. In addition to being the result of a partnership effort, the initiative was intended to enable a favorable environment for the establishment of future coalitions. The main component of consensus building is the Policy Forum: a policy design tool which starts at the expert level with the identification of problems which culminates in a forum involving representative of all relevant institutions and organizations that endorses a consensus policy document (Anti-Corruption Action Plan).

Obtaining relevant knowledge through a series of corruption assessment panels. The principle objective of the assessment will be to analyze the scope, intensity, types and sources of corrupt behavior in the public sector. The methodology to be used includes both quantitative and qualitative surveys. Indicators used for the corruption assessment will at later stages of the initiative be used to monitor institutional progress and to produce a Corruption Assessment Index.

Defining impact objectives and the development of an Anti-Corruption Action Plan as a consensus document approved by the basic actors in Bulgarian society. Based on research findings and best practice documentation, an ACAP is designed to incorporate different mechanisms enhancing trust and transparency in different sectors of public life. The involvement of policy-makers and businesspersons in the drafting process is instrumental in generating wider support for the initiative.

Bringing about effective behavioral change through dissemination of information and advocacy. The effective implementation of the ACAP requires support through different mechanisms: a) building awareness of corruption and its various forms in Bulgarian society by using different forms of public education, public discussions, and dissemination of research findings and policy recommendations; b) transforming public awareness into an advocacy role, and keeping the issue of corruption at the forefront; and c) pressing the government to implement anti-corruption strategy and reforms.

Reinforcing the cognitive component and tracing progress through process monitoring (Corruption Monitoring System). The basic function of process monitoring is to assess the effectiveness of policy change efforts in all major areas envisioned in the ACAP and functioning of the established anti-corruption institutions. The monitoring serves also as a “watchdog” tool of the public policy process and as a way to provoke public discussions.

The Coalition 2000 process

Coalition 2000 was constituted in the spring of 1997 as a flexible organizational structure that would best meet the requirements of the public-private partnership, and the specific nature of the Bulgarian legal-institutional environment. For this reason, it was not registered as a legal entity.

The institutional set-up of the initiative is designed to ensure both the transparency and efficiency of project implementation and the most effective and appropriate use of the input of the stakeholders. In summary, the initiative has the following institutional structure:

- Policy Forum of leading public and private institutions and prominent personalities;
- Steering Committee (SC) as the means for coordination; and
- Secretariat to provide operational management to the initiative.

The Policy Forum is the supreme body in the initiative structure. It convenes once per year to review the results of the preceding period, and provides guidelines for the work of *Coalition 2000* for the next year. The Forum constitutes about 100 members who are invited to participate by the *Coalition 2000* Steering Committee. Members are prominent public personalities with established integrity and reputation as well as representatives of the public and private institutions. The following groups of institutions are represented at the Forum:

- Institutions of the state: executive government agencies (including ministries, the Foreign Investment Agency, the Privatization Agency, and the Securities and Stock Exchange Commission); the National Assembly; the judiciary, including

courts of all levels; local government representatives; and the National Audit Office and the Commission for the Protection of Competition.

- NGOs: Bulgarian foundations and associations, policy institutes, business associations, regional development agencies, civic groups representatives and European and U.S. foundations (local offices).
- International organizations and bilateral aid agencies: the World Bank, the European Commission, the United Nations Development Program, the International Monetary Fund, and the Resident Mission in Bulgaria of USAID.

The mandate of the Forum is based primarily on its role as a representative public body overseeing the process, reviewing the progress achieved by the effort, and adopting the agenda for future work. The efforts of *Coalition 2000* receive an increased public credibility and legitimacy through the endorsement of the Forum by leading personalities and institutions.

Its meetings ensure that the work carried out under the initiative by the various institutions reflects a consensus of the majority of the concerned public and private institutions. It also provides visibility to the project effort thus enhancing its impact.

The three previous annual forums (held in 1998, 1999, and 2000) were attended by hundreds of politicians, public figures, representatives of the media, private businesses, NGOs, people personally engaged in the fight against corruption, and representatives of international organizations based in Bulgaria.

The **objectives** of the annual Policy Forum reflect directly upon the drafting and updating of the strategy for the anti-corruption initiative.

- The main task of the annual Policy Forum is to review results from the past year, and to provide guidelines for the anti-corruption activities during the next year. The mandate of the Forum is derived from its role as a representative public body that oversees the *Coalition 2000* development. At the same time that the Forum concludes the annual policy cycle and formulates a collective opinion expressing the positions of prominent personalities and institutions, it contributes to establishing the public nature and legitimacy of the anti-corruption initiative.
- Another significant contribution of the Policy Forum is its role in legitimizing the activity of the specific organizational forms of the public-private partnership (for instance, the Coordination Council). They also guarantee that *Coalition 2000* activities are carried out according to a consensus between the state and non-governmental institutions committed to the fight against corruption.

The **Steering Committee** is responsible for the coordination of the activities within the framework of the initiative, and embodies the practical realization of the public-private partnership in the fight against corruption. In accordance with its functions, it includes representatives of the founding NGOs and of state institutions (in an approximately 50/50 ratio).

The Steering Committee meets regularly, approximately every four to six weeks. It plays a major role preceding the Policy Forum meetings. The SC prepares the meeting agenda through advance consultations with the Forum members and reports to the Forum on the activities and outputs during the preceding year. The structure of the Steering Committee is intended to ensure two main objectives:

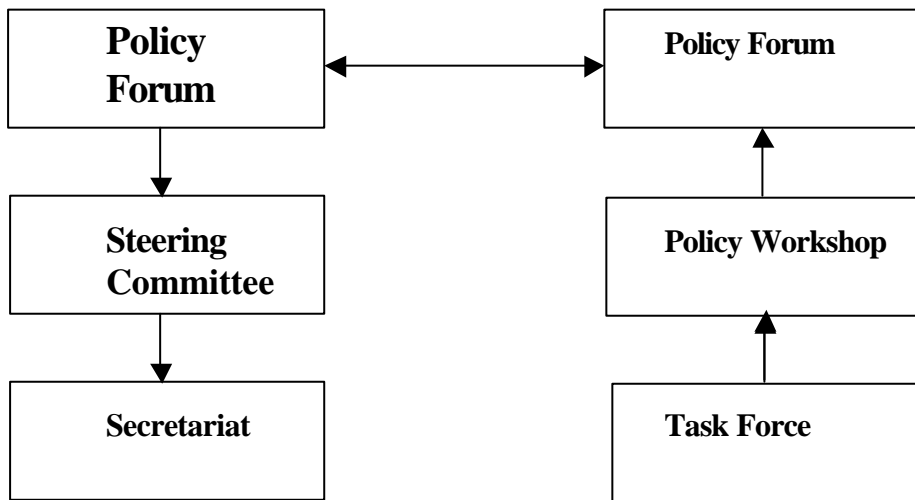
- Efficient management covering all aspects: political/institutional, economic, legal, information, and interfacing with international institutions; and
- Public-private dialogue and partnership as a key prerequisite for a substantial impact.

For the purpose of providing permanent support to the work of the Steering Committee, a **Secretariat** was set up at the Center for the Study of Democracy. It provides the day-to-day operational management and reports activities of the *Coalition 2000*. It maintains, in coordination with the Applied Research and Communications Fund (ARC Fund) a **public information desk** providing both on-line and printed materials.

The annual policy cycle of *Coalition 2000* includes the following network of related activities: the Task Force prepares the draft paper to be discussed later at a Policy Workshop. The latter brings together experts from all the institutions involved in the process. The further improved version of the documents (initially it was the Anti-Corruption Action Plan, and later included the annual Corruption Assessment Reports the following years) is submitted to the Policy Forum for approval and revisions.

Institutional Structure

Policy Cycle



In summary, the institutional structure of *Coalition 2000* ensures that:

- The process is open in that it provides a mechanism through which the major stakeholders—governmental and non-governmental organizations, business associations and international organizations—could provide input and participate in both the design and implementation of an anti-corruption plan which makes the best use of their respective experience and expertise;
- It establishes a public-private dialogue and partnership in a process that concerns the whole society;
- The process is made transparent by means of regular dissemination of information among concerned institutions and through media outreach;

- The structure is flexible as it incorporates both public and private institutions, as well as prominent individuals;
- The *Coalition 2000* initiative has its own distinct identity independent of the identity and particular objectives of the participating organizations, although it is not a separate legal entity. This holds true for its substantive aspects as well as for the accounting and administration of the project; and
- The initiative has considerable public standing and high profile, which is in itself an important prerequisite for maximum anti-corruption impact.

* *

The Task Force is a starting point and an important instrument in the *Coalition 2000*'s policy cycle; and plays a major role in drafting *Coalition 2000*'s basic program and analytical products. The first priority of this group was the drafting of the **Anti-Corruption Action Plan for Bulgaria (ACAP)**. The draft was submitted to a Policy Workshop (convened on July 7, 1998) at the deputy ministerial/expert level in order to finalize the suggestions and comments for an outline document. All institutions consulted were invited to participate.³⁵ As a result of the consultations and workshop discussions, the task force of experts produced a finalized version of the ACAP that was considered by the members of the Policy Forum during its first meeting in November 1998. In advance of the meeting, the Action Plan was circulated among the members of the Forum. The first *Coalition 2000* Policy Forum that was held the same month adopted the ACAP, and thus made it a *Coalition 2000* official program document. Its approval by representatives of state institutions, non-governmental organizations, and the business community gave the ACAP the importance of a consensus document outlining the public agenda against corruption.

The cycle including expert discussions within the framework of the Task Force, followed by a Policy Workshop and a Policy Forum has been transformed into a permanent year-round Policy Cycle for coordinating the points of view and the priorities of the different participants in initiating concrete anti-corruption activities. Only the final product of this cycle has been changed; after the adoption of the ACAP the annual forums (1999 and 2000) approved the respective annual Corruption Assessment Reports.

The content of the **Anti-Corruption Action Plan** is summarized briefly below. This document includes six major action lines:

Box

Petar Stoyanov's letter (from "Clean Future")

End of the box

First Action Line: Creating a Favorable Institutional and Legal Environment for Curbing Corruption

³⁵ The Workshop brought together 50 representatives of business associations, senior government officials, financial experts, representatives of the private sector, and other concerned institutions.

Such a reform is of key significance for the success of anti-corruption efforts, since it raises the social cost of corruption, and in this way provides incentives for anti-corruption behavior on the part of state officials and citizens. The anti-corruption reforms in the public sector are aimed at establishing transparency and accountability in the interactions between state officials and citizens or representatives of the private sector. Moreover, public attitudes and behavior depend on the willingness and capability of those in power to make their offices more transparent and subject to citizens' control. Therefore, from the point of view of the fight against corruption, the essence of these reforms lies in the effective use of prevention instruments through raising the social cost of corruption. (The ACAP recommendations will be presented in greater detail in Part III, Chapter 1.)

Box

The First Action Line provides for the creation of a **favorable institutional and legal environment for curbing corruption:**

- Public Administration Reform
- Establishing new institutions and offices with controlling and monitoring functions, and improving existing ones
- Developing the public procurement system
- Reform of the political party sphere

End of the box

Second Action Line: Reforming the Judicial System

The public in Bulgaria perceives the judiciary as one of the most corrupt sectors. The reform of the judicial system was therefore initiated as an initiative for purging corrupt magistrates from the system, and for the creation of conditions for its greater transparency. The goals of the proposed reforms are thus aimed at asserting both the independence of the judiciary as an autonomous sphere within the democratic separation of powers, and its specific role in the law-enforcement process and in penalizing incriminated forms of corruption.

Box

The Second Action Line focuses on **reforming the judicial system:**

- Implementing a legislative reform in order to curb corruption
- Reorganizing the operation of the judicial system
- Improving staff recruitment procedures and professional training
- Taking measures to expose corruption in the judicial system

End of the box

Third Action Line: Curbing Corruption in the Economy

In the absence of clear and transparent rules and civic control, the privatization process has become a natural ground for corrupt practices. ACAP envisions discussions in the areas of different ways of rationalizing privatization mechanisms; changes in the regulation of privatization methods and procedures; the acceleration of privatization via the stock exchange which offers a transparent mechanism for securities sale; optimal use of tenders and competition as a form of privatization; the increased importance of control over the execution of privatization contracts; the establishment of a legally-regulated “embargo” regime for potential investors who have not observed commitments included in the privatization contract, etc.

The document also stipulates the effective monitoring of the post-privatization process for deals that do not require full payment at the moment the privatization contract is concluded.

The liberalization of the conditions for private entrepreneurship through the removal of bureaucratic mechanisms and forms of state regulation is another component of anti-corruption measures to be implemented in the business area.

On the other hand, the Plan envisages restraining corruption within the private sector itself, first of all in financial and economic relations.

Box

The Third Action Line is aiming at **curbing corruption in the economy**:

- Transparency and accountability in the privatization process
- Liberalizing the conditions for private business development
- Limiting corruption in financial and economic relations within the private sector
- Enhancing the effectiveness of economic arbitration procedures

End of the box

Fourth Action Line: Enhancing Civic Control in the Fight Against Corruption

During the drafting of the Anti-Corruption Action Plan, it was taken into account that while changes in the legal-institutional environment, the judicial system, and the business area are to a great extent prerogatives of the public authorities, the task of organizing anti-corruption education and dissemination activities, and of strengthening civic control over administrative services and other social spheres subject to corruption deals is in the hands of the third sector. It should be acknowledged that despite the progress in the establishment of non-governmental organizations—associations and foundations—during the last ten years of post-communist transition, Bulgaria’s third

sector is not yet an equal partner of the authorities. This situation is often used by politicians for exercising various forms of pressure and insinuations, through which they try to create and maintain their clientelistic networks within the NGOs.

The document makes recommendations for the institutionalization of civic control over corruption in the state administration, political organizations, and the judicial system. An important part of this control would be the introduction of systematic monitoring of the public administration, including the presence of representatives of civic organizations at meetings of state institutions and institutions of local government, and the inspection of documents adopted by them.

In addition, the document contains the task of reviving traditional professional ethics in different areas of life as a counterpoint to corrupt practices. The document focuses on the importance of rebuilding occupational and branch organizations on the bases of codes of ethics for each profession. The success of any civic-public campaign is unthinkable without the interaction and cooperation with the media. The Plan envisages a number of initiatives in this sphere: development of basic anti-corruption rules for the journalistic profession; establishment of an award for journalists who have contributed most to the fight against corruption; organization of courses for young journalists on the problems of corruption and countering its manifestations, etc.

Box

The Fourth Action Line provides for **enhancing civic control** in the fight against corruption:

- Developing the institutional framework of civic control
- Involving professional associations and trade unions in the Anti-Corruption Campaign
- Cooperation with the media in implementing the Anti-Corruption Campaign
- Cooperation with religious institutions to foster moral integrity and counteract corruption

End of the box

Fifth Action Line: Changing Public Perceptions of Corruption

The goal of this campaign is to change public perceptions of corruption—from tolerance of and reconciliation, towards dissociation and opposition against this phenomenon.

When discussing this part of the document, the experts noted that what makes it important is that the rest of the Plan's components depend to a great extent on the professional execution of the information and educational campaign. On the other hand, it is solely organizations from the third sector that define the goals to be achieved in the course of such a campaign.

One of the peculiarities of the campaign is that it is of the “social marketing” type, and it utilizes both a traditional advertising set of instruments and tools specific to the advocacy of socially important causes.

Box

The Fifth Action Line is aiming at **changing public perceptions of corruption:**

- Implementing an Anti-Corruption Public Awareness Campaign (“Clean Future”)
- Public education campaign about the rights of citizens and obligations of the administration in the sphere of administrative services
- The Anti-Corruption Campaign within the system of public education at its various levels

End of the box

Sixth Action Line: International Cooperation

With the globalization of trade and economic cycles, and with the deepening of integration, especially in Europe, the fight against corruption was made a priority in the programs of most international organizations and multilateral agencies. A considerable amount of knowledge and experience has already been accumulated internationally. A number of initiatives for assisting countries that face serious corruption problems are being implemented.

The ACAP focuses on cooperation between Bulgaria and leading international organizations participating in efforts to resolve this problem—the Council of Europe, the Organization for Economic Cooperation and Development, the World Bank, the European Union, the United Nations, and a number of regional initiatives.³⁶

³⁶ In the period following the Plan’s adoption, Bulgaria was one of the first member-states to sign the Criminal Law Convention on Corruption of CoE, and among the first non-OECD members to sign and ratify the Convention on Bribery in International Business Transactions. Bulgaria’s accession to these conventions has various implications for local legislation. Changes in the latter correspond to a considerable extent to the recommendations contained in the respective sections of the Plan.

Bulgaria’s cooperation with the Council of Europe is especially important. In order to monitor the observance of the leading principles and the implementation of international instruments adopted in compliance with the Council’s 1996 Program for Action, a Group of Countries against Corruption (GRECO) was created in the form of a partial and comprehensive CoE agreement. The agreement will come into force after 14 states declare their intention to participate in it. The Republic of Bulgaria was the tenth country to give its consent for participation in GRECO (January 26, 1999).

Bulgaria also took an active part in the second phase of the “Octopus” project which is carried out jointly by the Council of Europe and the European Commission. The main objectives of this second phase of the “Octopus” program are: assistance for the preparation of legal and institutional reforms; training and practical instruction that would increase the capacity of the member-states to counter corruption and organized crime, and improved international cooperation in this area.

As far as the European Union is concerned, cooperation with it in this area is an important part of the country’s preparation for accession in the so-called “third pillar” sector. It should be pointed out that the so-called “achievements of the *acquis communautaire*” in the sphere of law and domestic affairs include not only the EU anti-corruption instruments, but also the international CoE and OECD instruments in this

Box

The Sixth Action Line: **enhancing international cooperation:**

- Cooperation with international organizations and integrated structures
- International economic, financial and trade institutions and organizations
- Cooperation with other international organizations
- Interaction with regional organizations and initiatives
- Regional cooperation on multilateral and bilateral bases
- Cooperation with government aid institutions on a bilateral basis

End of the box

Following its adoption by the Policy Forum, the Action Plan was perceived as a long-term reference document. Having been agreed upon as a result of an inclusive process of extensive consultations at the expert and policy level by the major governmental, non-governmental, and international organizations concerned with the issues of corruption in Bulgaria, the Action Plan is providing coherence to broad anti-corruption efforts. At the same time, it is an open document directed to society as a whole. In this sense, the ACAP is an attempt to formulate an agenda for Bulgarian society in its fight against this social phenomenon. In other words, the Plan's fate—its successful implementation or failure—is only partially in the hands of the third sector, in the face of the *Coalition 2000* founding organizations.

In line with the principle of separate but complimentary roles of the different actors in the anti-corruption public-private partnership, the leading *Coalition 2000* NGOs have concentrated their activities in those areas and forms of influence that give the third sector an opportunity to most fully realize its potential.

The leading role of the non-governmental organizations is accomplished first and foremost in the area of the systematic monitoring of corrupt practices in the country. Such an activity has benefited from the considerable experience of the founding NGOs in related sociological and marketing research, and from their good reputation and the high level of their work. At the same time, the monitoring of corrupt activities was also a practical realization of extreme importance and unique function of the civil society in offering impartial observation, analysis and assessment of processes in the public sector. In other words, corruption monitoring has not only been of cognitive-informational importance; its products are also a part of the “internal control” process within the initiative. It has also supplied an objective basis for an assessment of the effectiveness

area. In this way, the participation of the Republic of Bulgaria in the CoE and OECD conventions, which are open to it, and also the harmonization of the country's legislation and legal practices with their standards, as well as with the standards of EU instruments, is becoming a precondition for prospective full membership in the Union.

and achievements of the *Coalition 2000* process itself. These activities will be examined in greater detail in Part II of this study.

The second most important area in the practical implementation of the ACAP was the Awareness Campaign. Launched under the name “Clean Future,” it was aimed at provoking the latent social intolerance towards corrupt practices through an intense awareness of the serious nature of the threat that such practices pose, and their long-term consequences for society as a whole. Simultaneously, the campaign sought to affirm the high standards of transparency and accountability comprising the core of the anti-corruption effort. In this sense, we could say that the Awareness Campaign has a preventive character in the broadest sense of the word; and at the same time, it emphasizes positive messages related to the introduction of modern standards of social conduct that exclude corruption. The main aspects of this campaign will be presented in Part III.

Using the ACAP as a strategic reference point, *Coalition 2000* has nevertheless continued to refine concrete tasks in various areas, in accordance with changing balance of power along the pro-corruption/anticorruption axis. It can be said in this respect that while the NGOs made consistent efforts to convey the program’s objectives in the language of specific anti-corruption activities, those in power, after their initial commitment to the fight for transparency and accountability, later started to demonstrate inconsistencies with regards to anti-corruption reforms in the legal-institutional environment and administrative practice. Likewise, the government gradually distanced itself from serious discussions of the proposed measures for curbing corrupt practices. Respectively, some representatives of public institutions who had committed themselves to the *Coalition 2000* objectives were also disappointed by the growing resistance against the critical approach not only toward the pre-existing non-transparent mechanisms and practices, but also by those manifestations of clientelism and nepotism that implicated the new ruling coalition.

The negative changes in the government’s attitudes to the problems of corruption and the fight against it are attributed to several reasons:

First, anti-corruption was formulated as a party strategy. Government rhetoric referred to the previous socialist cabinet, and it significantly facilitated personnel changes within government institutions that were to some extent inevitable.

Second, the government was confident that its measures for financial stabilization, acceleration of privatization, stabilization of government agencies within the framework of processes of centralization of authority, introduction of a relatively modern legislation in the administration sphere, and so on, were in themselves sufficient for overcoming corruption as a social problem. In this sense, statist illusions proved to be deeply rooted, and they adapted well to transition realities.

In themselves, a number of these measures had a beneficial impact on the macro-framework of the transition:

- Financial stabilization within the framework of the agreement with the International Monetary Fund, and as a result of the activities of the Currency Board;
- Acceleration of privatization in all economic spheres;
- Institutional stabilization and consolidation of the executive branch;

- Acceleration of the country's Euro-integration, definite overcoming of the previous geopolitical ambiguity of Bulgaria in favor of a union with the West;
- Candidacy of the country for NATO membership and initiation of a multifaceted cooperation with the Alliance, etc.

In the course of time, though, some **unfavorable tendencies and processes in the state administration** became evident. Speaking of them as a whole, it can be pointed out that the government's efforts to overcome the financial destabilization, institutional paralysis, and disintegration processes at the level of the central government led to the opposite effect, namely—to **over centralization of power and stronger state interference in all social spheres**.³⁷ Because this process was going on under conditions of rapid change of personnel at the different levels of the state administration, and in a situation where party demand for loyalty became prevalent, this tendency, in effect, bred a **new symbiosis between the ruling coalition and the state apparatus**. These changes created a new institutional environment charged with high corruption risks, and the control over those gradually slipped from the government's hands (where and when a will to curb corruption existed). In this situation, the otherwise positive acceleration of privatization benefited new clientelistic and nepotistic structures and damaged a large portion of Bulgarian and foreign entrepreneurs and investors, as well as society as a whole. Naturally, the non-transparent reforms and the revival of non-market mechanisms for redistribution of state resources generated renewed alienation between state and society.³⁸

These unfavorable tendencies, which deepened during the second half of the United Democratic Forces' four-year term (2000-2001), necessitated a change of emphasis within the framework of the anti-corruption public-private partnership. First of all, it was necessary to re-channel and concentrate more efforts and resources in anti-corruption pressures on political elites, the governing political elite in particular. In this way, the public-private formula itself underwent an evolution, with the non-governmental organizations stating more clearly the need to overcome the ambivalent attitude of the authorities towards a number of anti-corruption priorities. This formula increasingly expressed the necessary balance between collaboration and criticism, and delineated more clearly the various interests within the broad anti-corruption coalition. It can be said that the efforts of the leading NGOs to motivate the authorities to undertake anti-corruption activities became more focused and selective, aiming at the achievement of concrete steps in the direction of greater transparency and accountability.

Changing conditions within the framework of the public-private partnership highlighted the growing significance of the interaction within the third sector itself, as well as between NGOs and the independent media. This experience demonstrated that publicizing the major *Coalition 2000* products, comments upon them and the motivation of journalistic investigations aimed at uncovering corrupt practices turned out to be a very important anti-corruption instruments targeting not only the participants in the

³⁷ It is hardly surprising that critics of this policy argue that it leads to the imposition of "state capitalism" in the post-communist setting. (See the *24 Chasa* daily, June 8, 2001.)

³⁸ This tendency was demonstrated most clearly by the June 2001 parliamentary elections, when the ruling coalition United Democratic Forces lost nearly 2 million votes, and its leader Ivan Kostov had to resign.

corrupt transactions, but also the above-mentioned inconsistency and ambiguity in the actions of the authorities.

Another component of the *Coalition 2000* activities, whose importance stands out especially as a result of the negative tendencies within government institutions, was the anti-corruption partnership with a number of international institutions and national agencies, whose priorities included the spread of transparency and accountability in the transition countries. Their support for the anti-corruption initiative, as well as their constant interest towards its products and results, helped neutralize the attempts of some individuals and institutions in the country to underestimate or openly oppose *Coalition 2000*. It can be argued that the specific domestic evolution of views on the corruption problem provided an additional impetus for a more active involvement of the *Coalition 2000*'s foreign partners, who increasingly saw the Bulgarian anti-corruption initiative as a corrective of the authorities and a source of objective and independent information on some of the most delicate (from a political point of view) problems faced by society.

The redirection of part of the Coalition's efforts towards anti-corruption collaboration at the local level was an immediate result of the complicated partnership between the non-governmental organizations and the representatives of the central government. At the beginning of 1999, a separate program, "Transparency in Local Government," was initiated, and it considerably widened the scope of action of *Coalition 2000*. This step was facilitated by the relative autonomy of local government. Also, there was a better chance that the majority of elected mayors, part of whom did not have a party affiliation and had built their reputations through personal honesty and integrity, would become involved in the anti-corruption initiative. The fact that within the municipalities the "corruption" problem was more clearly linked to the quality of the local government and to concrete bureaucratic obstructions that could be identified and eliminated more easily constituted another favorable prerequisite.

The introduction of projects promoting the transparency in local government as an integral part of *Coalition 2000* activities made possible the inclusion in its activities of dozens of NGOs based in over ten cities around the country. This step created prerequisites for the formation and functioning of a national network of non-governmental watchdog organizations that in the future can form a permanent structure for monitoring and civic control. Activities within the framework of the Coalition's local projects will be examined in greater detail in Part III, Chapter 2 of the present study.

As a result of these changes, in the course of its activities in line with the Anti-Corruption Action Plan, *Coalition 2000* itself has experienced an evolution that has made it more adequate to the political situation in the country, and more open not only to its partner organizations but also to civil society as a whole. At the same time, this redefinition of accents within the framework of the initiative reflects also some necessary developments in the practical execution of the public-private partnership, which point to lessons for other similar initiatives. Without questioning the validity of the formula itself, such conclusions, based on the *Coalition 2000* experience, make possible reconsideration and a stricter definition of the parameters of the anti-corruption partnership. This can be done in a way that permits the complete unfolding of the existing potential in the fight for transparency, accountability and integrity within national boundaries.

The authors of this study have the ambition to outline the achievements, lessons and perspectives of the anti-corruption coalition seen through the prism of the concrete

results and problems of its activities. Last but not least, this effort is part of the necessary *Coalition 2000* recapitulation, with a view to formulating priorities for future activities of Bulgaria's anti-corruption initiative.