

SURVEY OF THE BUSINESS SECTOR IN BULGARIA

(Sofia, February-March 2004)

In the period February 2-25, 2004, Vitosha Research Agency carried out a survey on corruption among representatives of business organizations in Bulgaria. The survey was conducted by the face-to-face interview method and covered representatives of 471 companies/organizations in this country.

The research conducted is part of the *Coalition 2000* Corruption Monitoring System (CMS). The main goal of the project is the regular provision of information allowing the drawing of conclusions about the scope of corruption in this country, as well as corruption-related attitudes, assessments, and expectations. The surveys also provide feedback about the impact of anti-corruption initiatives in Bulgarian society and assess the effectiveness of the anti-corruption efforts of *Coalition 2000*.

In the latest survey, businesspersons were given the opportunity to describe cases of corruption they have been confronted with since they have been working for their present company. *Table 1* presents the corrupt practices reported by the respondents interviewed. The answers are presented unedited and in their original form. Each is provided together with information about the size of the company in terms of the number of its full-time employees, as well as the main sector in which it is operating.

Table 1.

SECTOR	Number of full-time employees of the company	Would you describe in a few words the most flagrant case of corruption you have been faced with since you first started working for your present company
Construction	2 to 10	People from the Electricity Distribution Company wanted money from me in order to connect the electricity supply for a site of mine.
Industry (mining and processing industries; production)	11 to 50	I won a tender for a certain activity and yet, after the Mayor intervened, someone else was declared the winner, guess why!!!
Other	2 to 10	In the month of December 2003, a 500-Leva fee was paid to have the documents of four operator companies reviewed. There was supposed to be a reply within 14 days but there hasn't been any to this very day. Neither has the money been given back. We're waiting for more four operator companies to apply so that they will process the documents. The deadline is in March. We're waiting!
Industry (mining and processing industries; production)	11 to 50	Years ago, a large bribe was taken from me but I don't want to talk about it anymore because it affected my business.
Retail	2 to 10	We're currently having problems with the final approval of a site.

Construction	11 to 50	Very often, the time for issuing a permit or license is drawn out and then one is forced to “pay”
Retail	11 to 50	Text-book distribution by officials from the Regional Inspectorate who get 20%. On which they don't pay taxes or issue cash receipts.
Retail	2 to 10	In connection with obtaining permits at the time of the registration of the company.
Retail	2 to 10	Three and a half years ago, when I moved one of my outlets to a newly built market, I had to use contacts in order to get a better commercial location.
Construction	2 to 10	There are informal payments when you get loans from financial institutions.
Construction	11 to 50	When faced with difficulties in the process of work, one overcomes them with the help of colleagues from the business associations. It's hard to say what is corruption among colleagues in the private sector. Sometimes there are informal payments, as well.
Construction	2 to 10	Two years ago, we paid to get a construction permit. And when the construction was completed, to get it approved.
Industry (mining and processing industries; production)	51 to 100	They have paid commissions to get orders from another company.
Transport and communications	11 to 50	Obtaining electricity supply authorization. Gifts to customs officers, even though paying the regular duty rates. A certain amount requested to grant a credit (percentage of the loan) – that happened years ago.
Wholesale trade	11 to 50	When I participated in a public procurement tender, because I did not pay informally a certain amount, I was not awarded the contract.
Transport and communications	11 to 50	The biggest problem is posed by customs. Unofficial payments are mandatory.
Industry (mining and processing industries; production)	51 to 100	They only took part in a public procurement tender once because the one on whom the approval of the winner depended had formerly worked for their company and so they simply asked him to make sure the tender was fair and won the contract; in general and in other cases they were always ranked second and have since decided not to participate in public procurement tenders at all.
Wholesale trade	2 to 10	In 1992-95 I witnessed corruption in the allocation of Bulgaria's sheep and goat tariff-rate quota for the European Union. The corruption scheme involved a deputy minister and a head of division with the

		Ministry of Trade.
Industry (mining and processing industries; production)	11 to 50	<ul style="list-style-type: none"> • A low-ranking official from the Electricity Distribution Company tried to blackmail us after he realized superiors of his had probably taken advantage of the situation already. • We saw our own public procurement bid (officially submitted) in the office of a competitor two days later.
Wholesale trade	11 to 50	In connection with lawsuits and customs services.
Construction	11 to 50	You don't get a credit until you pay the "necessary amount".
Healthcare/medical services	2 to 10	An official with the Ministry of Healthcare asked for 1,000 Leva in order to let me meet with the Minister. The meeting never took place because I refused to pay.
Construction	11 to 50	People from commissions on whom we depend do not ask for money or favors but want us to work with them and tell us about their private businesses and the possibilities for future business contacts between us.
Wholesale trade	51 to 100	A bribe requested in order to get into the photographic supply market in the big towns – Sofia, Varna, Plovdiv, Gabrovo.
Industry (mining and processing industries; production)	101 to 250	I've had to pay some minor bribes to secure some aluminum-made materials necessary for our normal operation and production.
Industry (mining and processing industries; production)	101 to 250	Customs officers are the most corrupt. In order to process each truck they set conditions involving a bribe or a gift from its contents.
Wholesale trade	101 to 250	Most common are the bribes paid to customs officers and tax officials. There are no words to describe the details!
Transport and communications	2 to 10	The most flagrant cases of corruption since I've been working for the company, have been with customs officers. To a minor extent, with tax officials, as well.
Retail	The respondent only	The most blatant example of corruption in the activity of my company was a favor requested in 2003 - to arrange for someone close to the tax administration to get goods from the sector at discount prices.
Construction	11 to 50	I'd rather not cite them since it's all strictly confidential!

Retail	2 to 10	The examples are many and diverse. It's a shame you can't work normally, without worrying about how much money (gifts) you have to allocate from the profit for corruption demands.
Construction	101 to 250	We pay bribes to the tax administration, to the Institute of Hygiene and Epidemiology.
Wholesale trade	11 to 50	The Sofia branch of the Institute of Hygiene and Epidemiology (IHE). Total disregard for the Law on Public Health (currently in force). I have filed three lawsuits against the IHE. The director is an utterly corrupt public official. He assigned all of the inquiries under my case to the same person, who is supposed to inspect himself. The bribe was taken by the director to issue an unlawful sanitary authorization.
Other	11 to 50	To obtain a certificate (authorization) to buy raw nuts, I was asked for an amount equal to the potential profit and I refused.
Retail	2 to 10	In order to open the outlet in its current location, which is a good business location, I was asked for a bribe, and moreover, in advance. I did not meet their terms and it's been causing me problems ever since – both at the start of the activity and with constant checks and inspections.
Other	11 to 50	I was authorized to set up a fuel warehouse and then I had to pay the arrears of the tenant before me – electricity, water, and other such unpaid bills. I was given the premises without being informed about the debts. I depended on it and paid everything.
Other	2 to 10	In order to expand my activity, I want to use a public building and everyone on whom this depends in some way wants “a little something” – money in an envelope, a sumptuously wrapped gift, and since I depend on my business because I'm handicapped and it's the only thing I can do, I have no choice but to pay up.
Other	51 to 100	In order to get an order from a foreign client, a competitor had made a better offer, probably with the help of an official who had most likely been bribed for the purpose. Though we made efforts to retain the client, he preferred the price offered by our competitor over the quality of our product.
Other	11 to 50	We took part in a tender about a site in the region of Vakarel. Although we are a local company, the winner was the one who “paid” and got the site despite the higher transport and business trip expenses and the fact that we had superior

		equipment.
Wholesale trade	2 to 10	For each truck crossing the border the customs officers want 50 DM. Everyone knows this and pays up because they can't afford to delay the cargo.
Construction	2 to 10	Applying for credit with all the necessary collateral on the condition that 10% of the amount is given to the go-between.
Industry (mining and processing industries; production)	2 to 10	When importing aluminum profiles I'm forced to pay for the speedier clearance of the goods at Burgas or Sliven Customs (ten thousand Leva, hundreds of Deutsch Marks) in a very blunt way: "Just pay up and you can get your shipment".
Transport and communications	11 to 50	We were asked for 50,000 Leva in order to have a company dispute in court settled in our favor, although we were objectively the blameless party. When we refused to meet the demand, the dispute was settled in favor of the other party.
Construction	11 to 50	I try to adhere as closely as possible to the provisions of the Law on Public Procurement but they drive me out of the tenders or set requirements, for instance, for 15-20 or 50 year construction warranty, which I'm unable to provide. Municipal officials are often making things difficult for me, too, and unless I pay them, they stop the respective site. I think the Law on Public Procurement should clearly state the tender conditions and they should not, for instance, be confined to companies from a given region only, banning all others from participating (which runs counter to the Law on Unfair Competition), or to stipulate unrealistically high and unattainable warranty requirements such as the ones I mentioned.