DEMOCRACY THAT DELIVERS: UNLOCKING THE POTENTIAL OF TRANSITION

International Conference

May 21, 2008

Sofia, Bulgaria

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THE ORGANIZERS

The American people, through the United States Agency for International Development (USAID), contributed more than $600 million in economic and technical assistance between 1990 and 2007 to support Bulgaria's transition to democratic governance and a market economy. The USAID program in Bulgaria evolved from humanitarian aid and political party strengthening to a broader development approach designed to help the country overcome the challenges of its transition. Together with its partners, USAID assisted with developing private businesses, improving local democratic governance, supporting rule of law reforms, enhancing human capacity to manage these changes, and addressing the needs of vulnerable populations. Economic assistance provided by USAID under the Support to Eastern European Democracy (SEED) Act ends in September 2008 following Bulgaria's accession to the European Union in 2007.

USAID established two funding mechanisms to continue reform work beyond 2008 in key areas. The main mechanism is the America for Bulgaria Foundation, which became operational in 2008 and was established with the liquidated assets of the Bulgarian-American Enterprise Fund. The three-year Bulgaria Fund was established with the German Marshall Fund in November 2007 to give targeted grants to NGOs.

CSD (www.csd.bg) is a Bulgarian multi-disciplinary think tank combing a broad range of capacities – survey research, legal and regulatory analysis, policy expertise in market economy transition, European integration, institution building, security sector reform, and anti-corruption strategies and practices. Established in 1990, CSD is a non-partisan, independent organization fostering the reform process in Bulgaria through impact on policy and institutional development. CSD pioneered the analysis and monitoring of corruption in Bulgaria in the late 1990s through its Corruption Monitoring System and annual Corruption Assessment Reports. CSD's seminal analyses *The Drug Market in Bulgaria, Transportation, Smuggling and Organized Crime* and *Organized Crime in Bulgaria: Markets and Trends*, based on extensive primary research by CSD experts, have enhanced the professionalism in the policy debate on law enforcement policies and have assisted the government in designing effective countering strategies. The Center produces analysis of another weak spot in transition reforms in Bulgaria and the region: the gray economy. *The Hidden Economy in Bulgaria and Corruption and Tax*

Compliance look into the mechanisms of various types of fraud that sustain commercial activities completely outside or at the verge of the legal economy. CSD's efforts are also aimed at fostering the legislative and judicial reform by strengthening the institutions working for the prevention of and fight against crime and the promotion of good governance and fundamental rights. CSD is the National Focal Point for Bulgaria of the European Union Agency for Fundamental Rights. CSD's research arm, Vitosha Research (www.vitosha-research.com), specializes in social research and consultancy services covering a broad range of activities: monitoring economic behavior, gauging political attitudes, determining value orientations, conducting media and audience research, advertising and consumer behavior studies, crime, and others.

INTRODUCTION

After seventeen years of active support for Bulgaria's transition, USAID is closing its mission in the country. Bulgaria is now a member of the European Union and is firmly engaged with supporting the stabilization and democratic transformation of the Balkans.

The promotion of democracy was an area where USAID made a substantial contribution by supporting reforms of key institutions of governance as well as the development of civil society. It was thus appropriate that a concluding USAID-Bulgaria event should focus on the lessons learned from the joint work with our Bulgarian partners. This publication contains the materials from an international conference, "Democracy that Delivers," that was held in cooperation with the Center for the Study of Democracy on May 21, 2008, in Sofia.

The construction of democracy has never been an easy undertaking. The constant trade-offs between openness and security, oversight and efficiency, between pluralism and the need for consensus on strategic reforms make sure that democracy is never taken for granted. Its advancement becomes all the more difficult when – in times of transition from repressive regimes – it is associated with great expectations that have to be met within short periods of time. The massive transformation from authoritarian regimes to open access societies that was prompted by the fall of communism required the unbundling of the concept of democracy. Reforms had to be sequenced, the provisions of public goods prioritized, the need for various institutions demonstrated. Post-communist transition became a giant laboratory for the engineering of democratic governance.

Bulgaria has been in the midst of this process and had its fair share of vicissitudes on the road to democracy. Having experienced political instability, financial crisis, impoverishment and corruption in the 1990s, it is now a member of the European Union, with functioning democratic institutions and increasingly attractive to foreign investors. A key contribution to this transformation has been made by the assistance the country received from the United States and international and European institutions – notably USAID, the IMF, the World Bank, the European Union and the Council of Europe.

This assistance has been a learning experience for both sides. Strategies for support and reform had to be constantly adapted, allowing for changing circumstances. A crucial factor in the success for reforms has been the capacity of foreign partners to enlist the support of local NGOs. Thus, Bulgarian and international partners have generated a wealth of experience about what works and what should be avoided in

building a democracy. As the scale of transition is still considerable – many countries in the Middle East, Asia, Africa and Latin America have not shed off dictatorships – this experience should be deployed for the benefit of those who are only now setting out on this path.

At the same time, Bulgaria's neighbors to the West have been undergoing their own transformational process. The Western Balkans region has been, however, more a source of mistrust resulting in wasted opportunities than a factor for trade and cooperation. This is beginning to change, not least because of the Euro-Atlantic perspective opening to the countries in the region. The perspective is, in turn, the result of progressing democratic reforms at home.

The Western Balkan states and Bulgaria have faced similar challenges, mostly as regards the advancement of the rule of law. As a new EU member, the country has graduated from many donor assistance programs, making 2008 an opportune time to revisit the lessons – both good and bad – from Bulgaria's road to the EU and the role that has been played by international partners and donors.

In this context, discussions took stock of the Bulgarian and Western Balkan transitions and the role of international assistance in this process, with particular reference to the legacy of USAID programs and the future role of the EU. The discussions produced an exploration of ways in which Bulgaria's experience could be used by other countries that are still struggling with similar development and transitional issues. A key achievement of the conference was the identification of some pillars of sustainability of reforms, in particular the expected effect of EU membership.

In addition to substantive ideas generated on successful democracy-promotion strategies, the conference managed to facilitate a dialogue among the representatives of many public and private institutions about the unfinished reform agenda in the region. The event brought together experts and leaders from eight Southeast European countries, which yielded a substantial network-building effect. This being a transitional time for regional states not just in terms of institutions and laws but also in terms of donor support, the program development ideas and plans spawned by the conference exchanges were particularly useful for the sustainability of best practices already developed. Feedback from participants indicated that it was the opportunity to establish contacts with significant programming potential that was of primary value to them.

The organizers hope that these proceedings will facilitate a lasting dialogue that will encourage civic participation in future democratic processes and reforms throughout Bulgaria and the Western Balkans.

Michael Fritz, USAID Bulgaria Mission Director

INTERNATIONAL CONFERENCE

DEMOCRACY THAT DELIVERS: UNLOCKING THE POTENTIAL OF TRANSITION

May 21, 2008

Sheraton Hotel, Sofia, Bulgaria

Conference agenda

10.00 **Opening**

Dr. Ognian Shentov
Chairman, Center for the Study of Democracy

Ambassador John Beyrle
U.S. Ambassador to Bulgaria

10.20 – 11.20

Morning session: **Democratic Transition and the Role of International Assistance**

Keynote Speakers: *Conflict and Democratic Change: the Role of the International Community*

Andrew Natsios
Former USAID Administrator; Distinguished Professor, Walsh School of Foreign Service at Georgetown University

European Integration: Is it a Primary Factor for Democratic Reforms?

Quentin Peel
International Affairs Editor, Financial Times

11.20 – 12.30 **Panel discussion**

Moderator

Boyko Todorov
Program Director,
Center for the Study of Democracy

Panelists

Suzana Kunac
Coordinator,
B.a.B.e. – Be active Be emancipated (NGO), Croatia

Ivan Vejvoda
Executive Director,
Balkan Trust for Democracy, Serbia

Auron Pashaj
Executive Director,
Institute for Development Research
and Alternatives, Albania

Discussion

12.30 – 14.00 **Lunch**

Lunch address by

Gergana Grancharova
Minister of European Affairs, Bulgaria

14.30

Afternoon session: **Civil Society that Delivers: Ideas and Policy**

Keynote Speakers: *The Role of Civil Society as an Agent of Demand-Driven Social Change*

Ambassador A. Elizabeth Jones
Former Assistant Secretary of State for European Affairs, Executive Vice President, APCO Worldwide

Ambassador Tove Skarstein
Royal Norwegian Embassy, Sofia

15.10 – 16.30 **Panel discussion**

Moderator

Ambassador Ilian Vassilev

Panelists

Ginka Chavdarova
Executive Director,
Association of Municipalities in Bulgaria

Vladimir Milcin
Executive Director,
Foundation Open Society Institute Macedonia
(FOSIM)

Dr. Muhamet Mustafa
President of the Board, Riinvest Institute, Kosovo

Discussion

16.30 **Closing remarks**

Michael Fritz
USAID Bulgaria Mission Director

LETTER BY THE CHAIRMAN OF THE NATIONAL ASSEMBLY OF BULGARIA*

Esteemed USAID Bulgaria Mission Director,
Esteemed Chairman of the Centre for the Study of Democracy,
Mrs. Minister,
Your Excellency,
Esteemed guests,
Ladies and Gentlemen,

I would like to greet the organizers of this conference, which is intended to highlight the successful work and the tangible support that the United States Agency for International Development has been delivering to Bulgaria in the course of seventeen years.

Since 1990 the USAID has been assisting various Bulgarian projects, investing an amount of over US$ 600 million.

The United States Agency for International Development started in Bulgaria with a humanitarian assistance programme for delivery of food aid and medicines; it then shifted its focus to support the conduct of free and democratic elections of the new Bulgarian institutions; and it expanded its activity in succeeding years to various new forms of active facilitation of the processes of transition, a large part of which proved critical for the development of our country.

Throughout the period of its presence in Bulgaria, USAID firmly pursued the three principal objectives with which it began its activity in this country: fostering a competitive market economy; support for the transition to transparent and accountable governance and encouragement of citizen participation in the democratic process; and improvement of the quality of life.

The USAID/Bulgaria Financial Report shows that more than two-thirds of the funds were indeed provided for various economic growth projects and for democracy and governance activities (43% and 26%, respectively).

We have sufficiently convincing examples of a viable civil society, of effective local governments, of independent media, of the rule of law, of sustainable growth of private enterprise.

** Translation from Bulgarian*

I will cite two examples of recent parliamentary history, which illustrate democracy at work.

The transformation of the Stability Pact concluded the immediate commitment of the international community to a special relationship and interaction with the countries of the region. Immediately after that, the Regional Cooperation Council was established for the purpose of revealing the resources and the willingness of the new democracies to develop their own policies not only within their countries but on the regional scale as well. A Memorandum of Understanding on Interparliamentary Cooperation in South East Europe was signed just a month ago, on April 14, at the Seventh Conference of Speakers of Parliament of the South-East European Cooperation Process (SEECP).

It reflected the aspiration of the states of South-East Europe, including the states of the Western Balkans, to a European democratic perspective; the shared interest in achieving the Euro-Atlantic and European interests everywhere in the region; the desire of the democracies to turn regional cooperation into a leading political format for cooperation among the countries of South-East Europe. The designation of the National Assembly of the Republic of Bulgaria as a host of the Regional Secretariat for Parliamentary Cooperation in South East Europe (RSPC SEE) acknowledged the maturity of Bulgaria's Parliament to organize the process of interparliamentary cooperation ensuring a befitting entry of the SEE countries into the European, Euro-Atlantic, Black Sea and Mediterranean communities.

The ratification of the Treaty of Lisbon by the National Assembly on March 21, 2008 was carried out democratically: in a broad discussion, both inside Parliament and in public space. The Treaty of Lisbon assigns new responsibilities to Parliament, above all requiring it to be a successful intermediary between citizens and the EU institutions. We, Bulgaria's present-day lawmakers, realize that democracy can unlock its potential only if the branches of government seek democratic dialogue with citizens and citizens' structures. Such dialogue alone can make the challenges of the contemporary models of modern development more acceptable to citizens and guarantee them decent life, safe work and democratic security.

I would like to address the United States Agency for International Development Bulgaria Mission Director to express my gratitude for the financial and logistical support provided to Bulgaria for implementation of the rules of the democratic process, as well as for the assistance in building the new democratic, business, social and civic institutions and communities.

I wish all participants in today's Conference "Democracy that Delivers: Unlocking the Potential of Transition" successful work and a fruitful discussion.

May 21, 2008

GEORGI PIRINSKI

OPENING REMARKS BY DR. OGNIAN SHENTOV

Nearly two decades after the beginning of democratic changes in Bulgaria, there is sufficient experience on the important linkages between political reform, economic freedom and civic initiative. On the one hand, to claim that political and economic reforms in post-communist countries are incompatible would be extreme. On the other, we are all now aware that the popular idea, in the early post Berlin wall years, about the "end of history" – the idea that liberal values, economic development and human rights would always and in all setups work in the same direction – was a bit naïve. The reality of the last decade, in particular in Asia, Russia and the Middle East, was that alternative forms of non-liberal modernization emerged and took hold of popular imagination. And although such an alternative is not on Bulgaria's agenda, global political and economic troubles – called by some "democratic recession" – are bound to have an impact here as well.

These developments render today's conference of high importance – we need to build democracies that deliver, that promote cultural progress and that aid the sustainable growth of the economic welfare of the nations.

It was not by chance that the second half of Bulgaria's transition – which started in the late 1990s – was dominated by the anti-corruption initiatives of the Bulgarian civil society. It was the pioneering support of our Euro-Atlantic partners, and in particular the United States Agency for International Development that helped anchor anti-corruption reforms in the Bulgarian public agenda. As these initiatives matured and bore fruits they prompted political reforms and mainstreamed good governance as one of the key values and benchmarks of democratic transition. It is in this context that I would like to thank Ambassador Beyrle for his outstanding professionalism and commitment to the democratic reforms in Bulgaria; and also to acknowledge USAID Mission Director Michael Fritz for his support to good governance.

In Bulgaria we were lucky to have our reforms propelled further by EU integration. Following Bulgaria's effective EU membership in 2007 the implementation of the European standards of accountability and transparency became a condition for the financial support of reforms.

In fact, it was the combined pressure from our Euro-Atlantic partners and Brussels on the one hand, and the Bulgarian civil society on the other, that made Bulgarian politicians understand and implement anti-corruption reforms as more than just a

rhetorical instrument by tackling issues such as conflict of interest and rooting out unacceptable governance practices.

A partnership triangulation is possibly the shortest way to describe the formula for the success of reforms in transition. This includes reformist politicians, active civil society and political and financial support from international partners. A case in point is the anti-corruption initiative *Coalition 2000*, which brought together in 1998 policy makers, NGOs and foreign partners. Ten years later it saw administrative corruption reduced by half, while this year the government took the tough political decision to close down a major source of political corruption – the duty free trade at Bulgaria's (and currently also EU external) land borders.

This is the context, in which the United States government support made a difference in this country. Since 1989 successive US administrations and the Embassy in Sofia had the vision and the will to engage directly the Bulgarian civil society organizations, unlike the European Commission and some of our European partners. Partnership between NGOs and foreign partners is important for reforms for at least two reasons:

First, this places local NGOs in an international context under the healthy global competition for good ideas and practices. This, in turn, makes them sustainable and active participants in a globalized civil society. Here, I would like to take a moment to say a few words about the Center for the Study of Democracy. We see ourselves not only as a think tank but also as an institution for change – a think and action tank. Or, as Ambassador Beyrle once aptly put it, "a think tank with teeth". Achieving this standing has only been possible because since the now seemingly distant 1990 we have received support from our American friends and have been active participants in the international exchange of ideas and best practices.

Second, this approach ensures that fledgling civil society organizations would not be captured in the clientelistic nets of unreformed and often corrupt public administrations. It is widely acknowledged in Bulgaria that public procurement and some grant programs, unfortunately also involving EU funds, often serve to maintain not only "loops of companies" but also "loops of NGOs". Operating at arms length from the governments of the day would allow NGOs to experience – as the *Economist* newspaper once eloquently put it – "the joys of detached involvement."

Such partnership needs, of course, to be preceded by a process of explicating the public interest driving democratic reforms. I am confident that today's conference will be an important part of that process.

OPENING REMARKS BY AMBASSADOR JOHN BEYRLE

Thank you, Ognian and thank everyone in the room today. It is a pleasure to see that we were actually moving chairs in. I was worried when I saw people standing. We are going to cover a lot of ground here today and sometimes you don't think best on your feet.

A lot of you have traveled great distances to be here today. As the American Ambassador, I especially recognize our American panelists who have traveled farther than anyone: Ambassador Beth Jones, former Assistant Secretary of State, a good friend and mentor, and Andrew Natsios, former Administrator of USAID, thank you both very much for joining us. And thank you to the many Bulgarians that I see in the audience today who are really pioneers in the democratic transition and development of this country – people like former Prime Minister Philip Dimitrov, Anastasia Mozer. I'm glad to see the UN and the World Bank representatives here today.

If we are going to tackle an issue such as democratic transition in a one-day conference we need to be ambitious, but we also need to have a little bit of conceptual thinking that goes into it ahead of time. Democracy is overused as an organizing concept, but it's never more relevant than it is today and especially in this part of the world as we look at the development of the Western Balkans and in particular at the successes that Bulgaria has accomplished. Taking accountable and participatory government for granted is the danger here. You cannot confine democracy to a slogan and if you don't reinvent your commitment to it almost every day then you are running a big risk. I speak to groups in this country all the time about democracy and one of my favorite quotes comes from probably one of the most notorious revolutionaries of the 1960s: an American named Abbie Hoffman, not someone that you would consider to be a poet, someone that Quentin and I were talking about indirectly last night when we were reminding ourselves of what happened in the United States in the 1960s. Abbie Hoffman said that: "Democracy is not something that you believe in; it's not a place that you hang your hat. It's something that you do, you participate. And if you stop participating, democracy crumbles."

Now what gives us confidence that this conference can make some sort of a meaningful contribution to all of this is that it's bringing together civic and political leaders from countries that are both important regional partners but also that have different traditions and perspectives. I agree with President Putin when he says that not all democracies are alike, democracies come in different flavors. We need to explore that issue, that truth, here.

We also thought it was crucial to bring perspectives from both sides of the Atlantic as well, although Abbie Hoffman has passed on. The U. S. and the European countries are strong partners of the countries in this region. We are deeply invested in the success of Bulgaria and the Western Balkans in consolidating the gains of democracy, so that democracy really does deliver.

So, why did we decide with CSD to organize this conference at this moment, right here in Bulgaria? The idea for the conference really sprang from a conversation that Mike Frtiz and I had about a year ago when we were planning ahead, anticipating the events surrounding the close-out of USAID activity here. Overall we were looking very carefully at what had been accomplished in Bulgaria with the help of USAID, with the help of UNDP, with the help of the World Bank and others, what were the successes – in fact what were the failures, what were some of the things that just flopped flat and were there lessons that we could draw from that; were there best practices and worst practices that we might be able to share. Much of what we accomplished here was the result of a real synergy that was created between the American Embassy – and USAID in particular – and a lot of highly motivated and creative Bulgarians, some of whom I am looking at right now, who were committed to taking advantage of that great window of opportunity that opened in the 1990s – what President Clinton called 'the gift that history gave us' – to be able to make meaningful and sustainable changes. As we looked at some of the best practices and some of the worst practices that we needed to be able to share with our neighbors in the Western Balkans as well. My own appreciation for all of this was only heightened by the fact that – as most of you know this is my second mandate in Bulgaria – I served here as a younger diplomat from 1985 to 1987, at a time when the first trembling was being felt. That trembling was being felt out of Moscow and rolling very slowly as the shift from an epicenter of an earthquake down to Bulgaria. Bulgarians may remember very well this was the time that Todor Zhivkov recommended to his comrades that we all just sort of hunker down and let the storm blow over. Of course, we know that history had something different in store for us.

We though that the timing of this conference frankly was also very apt, because we were marking the end of development assistance, the partnership between the United States and Bulgaria, that was forged and implemented by USAID. I am proud of nothing more than the contribution that the United States through USAID made to Bulgaria's democratic development over the last 18 years. We invested close to six hundred million dollars in Bulgaria over that time – a figure that is cited many times and some people say 'that was a lot' and other people say 'that was practically nothing at all.' But we figured it out one day as we did the math and it turned out that we spent less than ten dollars per year per Bulgarian over that time. So a lot of the work was done by Bulgarians here. It wasn't done for free but you can't put a price on it and that's why we thought that again Bulgaria's experience was if not unique, at least very, very instructive for what still needs to be done, especially in the Western

Balkans. And our support for civil society here – as Ognian said – was really aimed at finding Bulgarian partners who understood what democratic change meant. Because as Americans the worst thing that we can do is to think that we know the answers. The best thing that we can do is to recognize that Bulgarians have the answers and what they need from us is support. What they need from us is everything that we can do to enable them to win the debate and win the battle. I think – I hope modestly – that we were successful in that.

Today's discussions, I hope, are going to help us enlighten the debate on how to counter the threats to good governance that Ognian already referred to, how to ensure the long-term health of these still fragile democratic institutions that we've helped build here, both in Bulgaria and in other countries in the region. The people who are, after all, supposed to be the beneficiaries of democracy have to feel that the democracy is delivering something. And as I've traveled around this country I have met many Bulgarians who don't feel that democracy delivered much to them, unfortunately. We need to examine why that is so, we need to examine what role government and NGOs have in helping people better understand that even though they may not feel the direct benefits of democracy that there has been an improvement here, that democracy does deliver.

Governments have to provide public services, they have to facilitate the economic growth, they have to improve standards of living, they have to provide a level playing field for entrepreneurship. People have to feel that that is real, not just words. Democratic governments are defined by their responsiveness to public needs and demands. Civil society, the general public, the media all have to articulate the public interest as well. Part of this is this presentation; part of this is marketing – for lack of a better word – to the people of a democracy to help them understand things which are may be buried a little bit below the surface. I hope that in today's conference we will be able to get at some of these issues to explore what went right, what went wrong and what application it has.

I am not going to do the usual ambassadorial drop-by, I am going to stay for almost all of the discussion here, not because I want to jump in and contribute things, but mostly because I want to take notes, because I've still got a lot to learn and I hope that some of the things I hear today may prove useful as I go on to other challenges.

So, thank you all, and I look forward to being a participant with you in this debate.

KEYNOTE ADDRESS BY ANDREW NATSIOS

Thank you, Ambassador Beyrle, Mike Fritz, and Dr. Shentov, for your invitation for me to speak today. It's a pleasure to be back in Bulgaria. Except for what happened in the United States, my trip in 2001 was a great trip. I often tell my friends "go to Sofia" when they say "where should we go in Eastern Europe or the Balkans?" and they are all surprised by that. They talk about the Dalmatian Coast or Croatia but I say "No, you need to go to Bulgaria." It is a jewel that has not been discovered, at least in the United States, and in Europe it is being discovered now. It's a beautiful country and I'm pleased to be back here.

We know a lot of things from this massive transition that has taken place after the Cold War, about what works and what does not work in democratic transitions. We also know a lot more about what happens in post-conflict situations. There are a lot of parallels between democratic transitions – no war, in the case in Bulgaria, while elsewhere democratic transitions took place under conditions of war – Bosnia, Afghanistan, or many countries in Africa are examples. And one thing that we know is that the layering of incentive structures that affects the behaviour of elites in countries that are going through transition has a profound effect on the outcomes.

A major factor in the successful transition of Eastern Europe and the Balkans to democracy and market economy is the European Union and the incentive structure that it brings. Quentin Peel is going to deal with it, but I need to emphasize that these things layer on top of each other. If you apply one of these incentives alone it has a lot less effect, so we need to look at what the effect is when you layer the incentive structures of the European Union, the World Bank, the United Nations and then other bilateral agencies like USAID.

I'm going to talk about USAID because I know the most about it. I should say also that we know from a lot of work political scientists have done that democratic institutions do not ensure peace or eliminate conflict. The United States, certainly one of the great democracies in the world, had a terrible civil war that killed half a million people and soldiers; it took a hundred years for us to fully recover from that civil war. So we have had our own experience with this. No one should assume that there are some quantum mechanics, or principle of physics, that if you resort to democracies then war will end – that's not true. But the evidence is that the likelihood of internal conflict or conflict between states diminishes if there are robust democratic institutions in different societies.

There is a school of economics in the United States, created by a man named Douglass North, who received the Nobel Prize for economics because of his contribution about ten years ago. Douglass North's school of economics is called *institutional economics* and it's about the importance of institutions in economic growth. He finds that many of those not only affect economic institutions but also affect the larger institutions of society. And so a lot of what we do in the USAID community is based on the notion of institution building. We do a little bit too much service delivery, in my view, and not enough institution building. There are a variety of reasons for that, which I am not going to go into today. But the good thing is that the USAID program in Eastern Europe and the Balkans, the World Bank program and others were heavily focused on institution building. I think that made a big difference because it meant we were not creating confusion by pulling in different directions, which we do in some areas of the world – we go in one direction, other institutions go in another direction. This causes people to come to me and say "so what we are supposed do; you are telling us this is how to do it, but what the bank is telling us and the Union is telling us is different." That did not happen from what I can see in the Balkans or in Eastern Europe in terms of the importance of institution building in democratic transitions.

The USAID contribution, the State Department contribution, was an insignificant one, certainly small compared to European Union funding. But we also learned that the amount of funding is not quite as important as how you spend the money and how consistent the flow of money is over a long period of time. One thing we do know is that one way of ensuring that democratic and free market transitions will fail is to have erratic funding streams. That is very dangerous. There is a lot of empirical evidence now that one way of ensuring that it will fail is not to fund it properly over time. Of course, funding does not ensure it is going to be successful. Dani Rodrik, a prominent development economist at Harvard, and Nancy Birdsall, who used to be the chief economist of the Inter-American Development Bank and now runs a premier think tank, the Center for Global Development in Washington, wrote a very important article for *Foreign Affairs* several years ago in which they summarize the current state of evidence on development. Their principal finding was that local leadership, local ownership and sustainability in the country that's going through the transition are the most important factors. The international community, the World Bank, the UN agencies, the international NGOs can contribute and support the people in the country that's going through the transition but they cannot force the issue if there is no local leadership. If you have predatory, tyrannical, abusive, corrupt elites that control all sources of power and money, it doesn't make any difference what the international community does, you are going to fail.

It is obvious that there were reformers in this country and that's why the country is where it is now. Without those reformers we would not be here no matter what the international community did.

And finally, there are different routes to get to the same goal. As I mentioned, there are no quantum mechanics, no absolute principle of physics that governs democratic transitions. In science-based development, like health, we do know that if a certain amount of money is invested you will get these results in almost every country in the world; that's also true in agriculture. But it is not true in governance; it is not true in democracy building, because values affect democracy.

So what has been the USAID contribution? First, in terms of business models, it is the fastest disbursing of all the aid agencies. This has strengths and weaknesses, as all institutions do. USAID can disburse funds faster than any of the bilateral or multilateral aid agencies because of the reforms in the 1990s of our business model. We also are better connected into civil society – our mechanisms for programming are heavily focused worldwide on local women's groups, human rights organizations, local NGOs, farmers' cooperatives, political parties, free press, and in training the institutions of governance.

The most advanced part of USAID that is relatively new is the democracy and governance area. Those tools that were developed over the last ten, twenty years in terms of programming and democracy and governance we used here, I think, to very good effect. It was about a 165 million dollar program; about a third of USAID spending was focused in this one sector between 1990 and 2007. The first thing was political party development because we know that if you have corrupt political parties, you can have corrupt governments, but you can also have corrupt political parties that really do not provide competition. They may have a name or a title, but they are not really functioning political parties. We see it in Latin America and it is one of the great weaknesses of Latin American development. Here, on the other hand, your political parties, while they have gone through a maturing process, have evolved into what we would call western political parties as they are in the Western Europe or the United States or Canada. Training parties and grassroots campaigning, polling, the promotion of civil society's involvement in the elections, is a critical part of this part of governance.

The second part of the program was focused on local governance and that has been a great success. There are 140 municipalities involved in the effort to increase citizens' control, citizens' influence, and service delivery for municipal governance in Bulgaria. This is called a one-stop shop and I actually visited one of these when I was here in 2001. Another important change in terms of local governance was the capacity to deliver on waste management infrastructure, local economic development, and other services at the local level.

I believe Ambassador Beyrle is right – if democracy doesn't deliver, people get disillusioned with it. The evidence, however, is also that people's expectations in most democratic transitions are so high that it is almost impossible to ever meet all of

them. Are things actually better in the practical sense for people? They are. People are disappointed in the United States with democracy, and we have had it for 200 years, so it is not a perfect institution.

We have also developed community foundations, which I don't think exist in most other western democracies. It's a phenomenon in the United States in the last 25 years. I was on the board of a community foundation in my hometown, Holliston in Massachusetts, so I know what they do. We transferred that successful innovation in American society to Bulgaria – there are ten of these now and from what I am told they are actually doing very good work at a very sustainable level.

Another part of the program here was to train the news media in reporting. Thomas Jefferson once said that if you have a choice between abolishing the government and abolishing the news media, he would abolish the government, which tells you much about what the U.S. government was. I wouldn't go quite that far myself, but the argument is that the news media is critically important. All of us in Washington are afraid of the news media. The worst thing is to wake up in the morning and know that whatever program you are working on, if you are in the government or even if you are in a non-governmental organization, will be on the front page of the *Washington Post* or on television. And then you will have to explain to your children what the article means if it is embarrassing. So there is a fear of the media in the United States that constrains the power of government and that is beginning to happen in Bulgaria. We can see it by the way in which the news media are reporting on corruption – there is a TV program now which was established by some of the training programs and is now going to continue well beyond the presence of USAID or of other international institutions.

Finally, the National Institute of Justice was created with USAID support as the lead institution for training people in the judicial system. It is arguably the premier capacity building in terms of the judicial systems in Eastern Europe and the Balkans.

I like to tell people that development is like venture capital funds in the United States. When you have a venture capital fund, you know when you are investing it that some of your investments are going to fail and some are going to be a huge success. There are very few venture capital investments that are just mediocre. They are either a big bust or a huge success, and when they average out they make a big difference.

The expectation in the United States is that all money has to produce results, which is why we are moving, unfortunately, to pure service delivery in too much of our programming, away from institution building, particularly in Africa. Sometimes it works, sometimes it doesn't. But I just want to say it is obvious to me from my short visit here that Bulgaria is a different country than it was in 2001.

The best international interventions in development, whether it is by the World Bank, the UN, or the bilateral aid agencies, is when they search out and find the genuine reformers who care about the society, who care about the common good and the public interest. These are two terms that sometimes the old western democracies forget. The common good and the public interest are critically important, because if we do not care about that, democracy doesn't last too long. If you find who those people are – talented and courageous people – and you support them through difficult transitions, they can transform their own society. So your job is basically to find who to support and then find who not to support.

I remember a Prime Minister – I won't tell you which country – who had a public relations firm and he actually managed to convince me, temporarily, by giving this speech against corruption (and his country is one of the most corrupted countries in Africa, or maybe even in the developing world), that he was a reformer. I found out later that all his speeches had been written by this public relations firm that had been reading my speeches and the policy papers of USAID and the State Department and simply took the language and put it in his talking points. In the meanwhile, he was stealing money from aid programs. We found out a little later, and I began to ignore the speeches of most leaders visiting the United States, and only watched they do, because this is what really counts.

I would like to thank you for inviting me today. Unfortunately, I have to leave to make the trip back because I have meetings tomorrow in Washington, but it was a pleasure to be here again. The next time I come I'm going to take my wife and we are going to be on vacation here.

KEYNOTE ADDRESS BY QUENTIN PEEL

Thank you Ognian very much for that introduction. Thank you above all for your invitation to come here. I hope you will take it as an intended compliment that when I got your invitation I said straight away I'd like to come. And it is actually because the CSD is the sort of organization without which journalists like me couldn't do a decent job. Journalists are only as good as the people we talk to and coming to a country like Bulgaria and finding that there is an NGO like the CSD, an NGO with teeth, a think thank with teeth, that actually does good homework, does its studies very well and gives one an alternative view.

Thank you too, Ambassador Beyrle and USAID, also for helping organize this conference. I think this is a fascinating moment – it is a moment of transition when Bulgaria is actually saying 'we move on' from a world in which organizations like USAID were absolutely crucial to institution building, to all the things that Andrew Natsios has been just talking about. I would like to talk a little bit just to give the context about this new game and how it relates to the old game and how to come to terms with it.

First, a word of warning. You really should never listen to an Englishman when he talks about Europe. We are hopelessly semi-detached, we sit out there on a foggy little island; there is saying – 'there is fog in the Channel – Europe is cut off'. I was the FT correspondent in Brussels back in the 1980s and some of you may remember that those were the years when a lady called Margaret Thatcher was battling to get her money back. Every meeting she came to there was only one issue 'I'm paying too much money and I want my money back'. They used to tell a little story in Brussels about those days, 'how would you recognize the British airplane when it lands at Zaventem airport?' 'Well, it's the one that goes whining after the engines are switched off'. So with that weather warning I would nonetheless say that may be as a troublesome, difficult, semi-detached member-state of the European Union there could be a certain objectivity that you will get, or at least a different view.

I am not representing the European Commission or the European Union, I am just a journalist. But on the other hand, I have been covering this extraordinary operation for many years now – too many to count – so I'll try and give you an element of that perspective. The title that Ognian gave me to talk about was 'European Integration – is it a primary factor for a democratic reform ', and I would thus like to talk about *what* is European integration, what is this extraordinary creature, the European Union, that you have joined, that others of you here in the audience – from Croatia,

for example – are negotiating to join, and still others from the rest of the Balkans hope to join. Why do you really want to?

Let's think about what the EU is. It is not a super-state but nor is it an alliance. A classic example of the British problem with Europe was expressed by our former Prime-Minister Tony Blair when he said to one of his advisors one day 'you know, the most important alliance we have is the one on our doorstep – the European Union'. No, it's not an alliance. NATO is an alliance – an entirely inter-governmental organization. But the European Union is more – it involves a real pooling of national sovereignty, not total, but partial. An idea that you can create – through pooling economic rules and regulations – a structure where the process of working together heals the wounds of the past. And this was, of course, the inspiration of it from the very beginning – that France and Germany would never go to war again if their steel industries, the foundation of their armaments industries, would have to co-operate and they would not be competing any longer. That is now history but it's still the fundamental element of this strange structure.

It is a clumsy structure, a bureaucratic structure and it's very difficult to understand sometimes how it operates. As a journalist I find it difficult to explain the decision-making process. A colleague calls it the dead fish syndrome – again and again the same decision is dragged past your nose like the stinking fish. You have to decide when to write about it, when is the moment of truth. It's very difficult to understand but at the same time I think it is probably the most democratic international institution that exists. It has a directly elected parliament one of the most transparent organizations that you could possibly have.

With 27 member-states it's a journalist's dream – there is always somebody who will tell you what's going on, although sometimes they don't entirely understand it. Journalism is often like a jigsaw puzzle – finding bits of the puzzle, and then suddenly one day you realize that they actually fit together and there is a bit of a picture. Sometimes you get the wrong bit of the picture and there is another bit up there that says something quite different. It is still being created, it is still being transformed and your countries are all in the middle of this process. One of he messages I want to get across today is: 'you are not outsiders; you are insiders in this process'. It is a transformation from what this organization was back in 1957 when there were only six people around the table.

There is a story about a very senior British civil servant sent down to the negotiations for the Treaty of Rome which took place in Messina in Sicily. When he came back to London he was asked what he had been doing and he said 'Oh, it's just some archaeological dig in Sicily, nothing very important'. Well, he was wrong – it really did happen. So I want to argue that the answer to the question that Ognian Shentov set 'is the European integration a primary factor for democratic reforms' is undoubtedly 'yes'.

But the trouble is that the European Union is not very well designed to do it, it was set up taking democracy for granted. That wasn't the purpose back in 1957 and it wasn't he purpose in 1973 when the Brits and the Danes and the Irish joined. It was rather to create a common market with the subtext that we would never go to war again. So, the thought of building and sustaining democracy only started coming in when the Greeks joined in 1982 which was direct reward for Greece throwing out the colonels and becoming a democracy. And then again we got the bug and decided to let in Spain and Portugal because they got rid of Franco and Salazar. That is when the idea of democracy as a very important foundation stone of the whole thing started really to matter.

But the tools to do it were never invented and so, here you have this organization that is dedicated to democracy with no tools to promote it– not a very clever idea. With big bang enlargement the ten member states joining in 2004 and then Bulgaria, Romania in 2007 it's a whole new game because the sort of transition that many of your countries are making to democracy is in a way much more challenging and demanding.

Today, of course, the European Union is much more than the common market that it started as because it is trying to do an awful lot more, like forge common foreign policies, a common security policy, common justice and immigration policies. With justice and immigration, however, you are starting to get very close to domestic politics which is something that every nation feels very strongly about. And with common energy policies; common environment policies suddenly the European Union is not some archaic thing out there that is setting a few common standards for a common market. It is affecting people's daily lives which is why it is absolutely fundamental that at the European level it is subject to democratic control.

The old member-states, countries like France and the Netherlands, who voted 'No' to the European constitution, are having serious indigestion with the enlargement process, bringing in so many different countries with different traditions, different histories, very different standards of living. But on the other hand, the new member states have brought us an extraordinary exciting challenge in Europe. It is a political transformation that is going on because we are bringing East and West Europe together for the first time since Charlemagne, perhaps even longer. It is the first time ever that we are bringing prosperity to the East and we are underpinning democracy and in this we are also harnessing the dynamism that somebody like me sees when I come to places like Sofia. There is dynamism about the transition process that we need in old, comfortable, stolid Western Europe to galvanize our slow moving economies.

That is the ideal for what we should be doing but, as I said, we are making awfully heavy weather of it. There is a backlash in the West against enlargement seeking to slow down the process. The European Parliament is debating the whole issue in June and there are a lot of people asking whether we can absorb any more. At the same

time, there is undoubtedly reform fatigue in many of the countries of the new member states in Eastern Europe. There is a tension between the national democracies – after all, all your countries, the countries of former Yugoslavia, that have got back real sovereignty, or have got new sovereignty and independence – do they want to give it up again to Brussels?

Now let's focus on what can the European Union do – or will it do it – to replace the support for civil society, for this transition process, you have been getting very importantly from organizations like USAID. And my honest answer to this question is that it is not going to be very good at it. The European Union is very top down, it is very bureaucratic, very government-focused, if you like. And once Bulgaria becomes a full member state the EU money gets focused on public projects, on infrastructure, on rural social development and not so much on civil society.

There is also a tension between what Europe is and what the transition that you have been used to so far has actually done. We are talking about a huge amount of money out there that is potentially available, and that's a transformational amount in terms of the economy, in terms of raising the prosperity. And with the prosperity one can see automatically coming a much higher demand for a higher standard of democracy, of political responsibility. So in a way, these are complementary things; it is something Andrew Natsios was also saying earlier. It's a layering process where the layers actually work together if they work well.

There is something like nearly 10 billion euro available to Bulgaria alone between 2007 and 2013. If all goes well you can absorb the money to be invested in infrastructure, to be invested in social projects, in the rural infrastructure and so on. But just imagine how much of that money can go astray if only one percent is hived off in corruption. One percent of ten billion is a hundred million euro. That's an awful lot of money that could go astray. So there is a huge amount of pressure on the government to get its act together and to really clamp down on corruption in the system. The EU pressure for reform, however, does not come from the bottom up which we need very much, as much as we need it from the top down.

Pressure also comes in another very important way and that's by the integration of new member states into the wider EU process. Far too many people see joining the European Union as just 'oh, we've got to take all those rules and regulations'. It's the *acquis communautaire*, that great bundle of laws that is 80, 000 pages long in English and, guess what, more than a 100, 000 pages long if you speak German. But it's much more than that because the European Union is a *whole* political process; it is as important in process terms as it is in effect in the end game. It's learning to operate the interplay between the Commission, that strange creature that is both a bureaucracy and an executive, the Council that is also a strange creature – both an executive and a legislature – and the European Parliament.

Now with 27 member states it has become much more complex but also much more political than it used to be. Power has shifted away from the Commission. If you sit down here in Sofia you tend to think, 'it is the Commission that matters – they are the people who come visiting, they are the people who have the office here' and so on. The Commission is significantly weaker today than it used to be 10 years ago. They now are scared stiff of the Parliament. The Commissioners have to go to the Parliament, give evidence to the committees every single week. A member of the present commission, who used to be Finance Minister in his own country, was telling me that when he was a Finance Minister in his country he had a majority in parliament, so he decided what he wanted to do and he would go to parliament and his majority would vote for it. The problem for the Commission today in dealing with the European Parliament is they don't have a majority. They have to go along and persuade the Parliament that what they are doing is a sensible thing. That actually makes them much more accountable than they used to be and in many ways much more accountable than national government ministers are. So there is a political process out there into which countries like Bulgaria, future member states like the rest representatives from the western Balkans must and should participate in a really active way.

We see the Parliament actually blocking commissioners now, it blocked the appointment of the first Italian commissioner who was proposed, saying 'he is not up to the job; we don't want him', and the Italian government had to produce somebody else. We didn't get to that stage with the first Romanian commissioner, because the Commission President said 'I'm sorry, the person you've proposed is not going to get through the European Parliament'. Thus, the political process in Europe is no longer just a nation state to nation state bargaining process but has become also a left-right, liberal, green, former communist process. They are caucusing in political groups and national alliances much more, so that actually these big political families that are represented in the European Parliament are operative now in the Council of Ministers; not always but sometimes. There is at the moment a clear majority in Europe of the centre right, so there is a centre right economic agenda. That was precisely what was causing the problems, for example, in the French referendum – there was a left-wing backlash against what they perceived as an excessively right wing European Union.

In all of that it is absolutely of paramount importance for a country like Bulgaria to play the game, to be part of the game. In Europe you can't just be a trouble maker; I should know – I come from one. Look at the Poles, for example, – they elected the Kaczynski brothers, who just caused trouble, trouble and finally the Polish voters said 'there is no point in having these people representing us in Brussels; they are getting up everybody's noses; let's elect a government that actually can do business in Brussels'. There is a great and very important pressure on all the national governments of the European Union to look for alliances, to create coalitions of support. So top down there is genuine pressure building to prevent this transition process to democracy from producing populist parties, extremist parties, nationalist parties. But if you

happen to elect one, people will come to regret it pretty quickly. It may be an anti-democratic thing to say but there is a pressure for consensus in the middle that people end up supporting good centrist, centre-left, centre-right, perhaps a bit of liberal, perhaps a little bit of green, but not the extremes.

It has, of course, always taken time to integrate new member states. Greece took 15 years to become an effective, co-operative member of the European Union. For a period, the Greeks would block everything. Just as, if I may say so – and I always end up offending somebody – Cyprus is being at the moment with having only one obsession in life and everything else is made to hang on that. Governments like that don't work well but it takes new member states time to realize that. Greece took 15 years; for Spain and Portugal it didn't take quite so long because they spent a lot of time negotiating before membership. Nowadays Spain is regarded as a model member state. Today Javier Solana, a Spaniard, is running the foreign policy or from Portugal there's Barroso running the Commission. These countries have really come in from the cold. But with 10-12 countries coming at once, that's 12 new member states all having problems at the same time. So no wonder we've got indigestion. And let's be honest – Bulgaria and Romania were not very well prepared. You had a real problem with your whole early transition process, dominated so much by the old communist parties who sort of reformed but up to a point.

With this considerable top-down pressure for the governments to clean up their acts – will they do so? Perhaps there is a temptation here in Bulgaria to think that all that money from Brussels has all those strings attached – pressure about corruption and organized crime – while we can do much better deal with Russia; why don't we do a good deal with Russia on energy – there are no strings attached. But guess what – I suspect there are strings attached. This is like countries of Africa today who are all rushing to China and saying 'there are no strings attached – we are going to do a good business'. Well, it's going to be problem too and the Chinese are learning that actually that may not be the easiest way to operate.

Bulgaria is in a fantastic position to give to the European Union as well as to receive. On the energy security front, you are right astride vital routes into the European Union. What I wouldn't say is 'forget about the Russians'. No, what Bulgaria can do is do both South Stream and Nabucco – two routes into Europe to ensure that Europe is much more secure in its future energy supplies rather than putting all its eggs just in the Russian basket. The other thing that Bulgaria can do is exactly what you are doing here today – provide an example, an experience and lessons perhaps in what not to do for future member states of the Western Balkans. The trouble is that in Brussels Bulgaria's voice is virtually unheard on these issues; you are not standing up and saying 'there is a problem that the Western Balkans are facing – we are going fight for them'. The other problem is that if Bulgaria doesn't really crack down on corruption and organized crime the hurdles for the next group of member states are

going to get much higher. We can see that already in the European Parliament debate I mentioned some are saying that these countries came in too soon and we now need to raise the hurdles even for Croatia, certainly for other countries in the Balkans. So Bulgaria owes it to its neighbours to get its act together, to prove that it actually can work in a democratic way.

There is still a huge role in all of this for civil society and the NGOs in demanding good governance, in demanding more transparency and independent media, protection of minorities but that is exactly the same agenda as the European Union as it has been the agenda of the US. We are all actually trying to kick the ball in the same direction. But you need to look now for a much wider range of support – not just form the bureaucracy in Brussels – from the European Parliament, from the political parties, from all the institutions that support these political parties like the amazing German foundations with more money than they know what to do with sometimes, and other smaller organizations. They might not be the same as the one stop shop you could go to with the USAID but nonetheless there is a greater variety there.

The EU institution themselves are very bureaucratic and we all need to make them more democratically answerable. But it's important to see Brussels as our creation. It's not a foreign entity out there, it is what we actually control, we the people, we the media, we the voters, we the NGOs – get engaged, get involved, because we can use the EU rules and EU resolutions to bring pressure on our governments at home. And where governments are corrupt or incompetent you have not just one level of democracy to hold them to account – the national level – you've also got European level of democracy to hold them to account to, which why countries like say Italy and Belgium love the European Union so much.

The other thing we need to do – perhaps it is stating the obvious in Bulgaria but it's not obvious in London or Dublin or Paris or Berlin – is to sell the European enlargement story as an enormous bonus. This is the best thing that has happened in Europe for decades, for centuries – bringing its halves together. It is a good thing but there is a danger that we take it for granted, particularly in the old member states; that we think it was all over in May 2004, on January 1st 2007 and now we don't need to do anything. No, we have to continue selling it, engaging people and getting people to participate in the process.

I would like to finish with one last thought about the European Union which strikes me. I have an Irish wife. Now, for an Englishman to have an Irish wife is a very good thing because the Irish have an expression, they say 'the Irish never forget and the English never remember'. The Irish through many generations because of having been a British colony are and always were obsessed by that relationship. What Europe did for Ireland was to liberate it from that sense of history. It made Ireland a European state and not just a former British colony – a very important psychological change.

Ognian Shentov talked about the end of history – I agree that we have not seen the end of history. But what the European Union can do is at least liberate us a little bit from our history and actually help us re-write the history books so that we are not quite so obsessed by it. I think that if there are two things that the European Union can do today is bring the halves of Europe together again liberate us from our history so it's worth again. Thanks.

SUMMARY OF DISCUSSIONS OF MORNING PANEL

Ms. Suzana Kunac, Coordinator of "Be active Be emancipated", an advocacy NGO in Croatia, outlined some of the activities and policies of donor assistance to Croatian NGOs. She argued that assistance approaches make a significant difference in long term democratic reforms. Divergent agendas and lack of overall policy vision compromise the effect of external funding. Internal democratic and accountability procedures by civil society organizations are crucial if they are going to be credible advocates of democracy.

Regarding the role of NGOs in reforms, it is their advocacy work that is most important to democratic reforms. Donor support, however, should avoid focusing on a narrow segment of non-governmental institutions with little popular base, which may become accountable only to their donors. Ms. Kunac also highlighted the need for more civic education in schools.

Mr. Ivan Vejvoda, Executive Director of the Balkan Trust for Democracy, discussed the way in which the international community had become a factor of domestic politics in Serbia. He acknowledged the work of many multilateral, public but also bilateral and private donors in the country. Giving the example of European donors filling the gap opened by USAID's withdrawal, he emphasized the need for long term approaches in all types of assistance. Mr. Vejvoda highlighted the importance of support for political party reform, given the increasing demands for accountability of campaign finances.

In the Balkans, regional networks of reformist politicians and social actors is crucial to the success of reforms since the countries function as communicating vessels and problems tend to spill over borders. Efforts were needed, according to Mr. Vejvoda, to re-dignify politics in the eyes of citizens who still carry over political skepticism from the times of communism. In a functioning democracy it is also important to strike – and maintain – a balance between public and private interests, a task in which NGOs have a crucial role to play.

Mr. Auron Pashaj, Executive Director of the Institute for Development Research and Alternatives in Albania, pointed out that exchanges between Bulgarian and Albanian NGOs have changed since Bulgaria joined the EU, which could be an indication of the impact of membership on regional cooperation. He discussed the approach of foreign donors whose documents and strategies are not always understandable to citizens and opined that USAID's strength was in supporting the demand for good governance

by local civil society organizations. He outlined three important characteristics of a civic environment, beneficial for democracy – the availability of reliable information, the significance of negotiations, and the possibility for individuals to have a voice. Mr. Pashaj also discussed the positive and negative effects of a turnover of reformist individuals between NGOs and politics.

Mr. Philip Dimitrov, former Bulgarian Prime Minister and member of Club de Madrid, an influential think tank whose mission statement is "Democracy that delivers," highlighted that democracy – in particular the Western, liberal kind – should be a matter of conscious choice. He acknowledged the role of USAID in supporting NGOs in Bulgaria, saying that the Agency has had a crucial role in the existence of the sector overall. Mr. Dimitrov discussed the effect that the new democracies of the former communist countries have on the democratic Atlantic community. He believes that the enthusiasm of the 1990s, when everything looked fine, has diminished and now it seems that the fall of the Berlin Wall has created as many problems as it has solved. There seems to be tangible disenchantment that the new democracies have not contributed to the strengthening of the international democratic community.

In an intervention, **Mr. Florian Fichtl**, Country Manager for the World Bank in Bulgaria, mentioned that transitions thrive on positive energies and highlighted the need to earn not just democracy on a daily basis but also economic stability. He gave the example of Germany after the Weimar Republic when economic instability contributed to the rise of Nazism. He also reiterated the need to promote European values, pointing out that he self evident issues after the Second World War are not as evident today, and the fact that the European project is a shared project. From that point of view the existence – or even the perceived existence – of a top-down approach would be counterproductive. Mr. Fichtl touched on the issue of modesty applied to the international exchanges on democracy, quoting a recent interview by Helmut Schmidt who said that Germany was a young democracy.

LUNCH ADDRESS BY MINISTER GRANCHAROVA

Ambassadors, Ladies and Gentlemen,

Thank you John for your kind introductory words. I would like to take this opportunity to say how much we appreciate the work done by the USAID in Bulgaria. Eighteen years ago when USAID opened its mission in Bulgaria our country was at the verge of the unknown, although we accepted it with a certain amount of enthusiasm. USAID and the U.S. Embassy in Bulgaria have made an outstanding contribution, fundamental to Bulgarian civil society and for reforms in government, justice, the business environment, project development, public administration, the regulatory environment, and many other areas, with an investment of over 600 million dollars. Thank you for that!

At the morning session and the panel discussion, Quentin Peel, Susana Kunac, Auron Pashaj and Ivan Vejvoda all elaborated on the impact of European integration as a factor for democratic reforms. Now, I would like to focus your attention on the Western Balkans and the EU perspective as a major driver for the radical transformation of the countries of the region. Bulgaria is a strong supporter of the EU's enlargement policy and a great advocate of the European perspective for the Western Balkans.

It is worth recalling the mood in 2005. This was the year when the referenda in France and the Netherlands caused a setback to European integration. Still, 2005 was a very good year in the integration process of the Western Balkans. Since then, each Western Balkan country has taken a major step forward towards EU integration – thanks to each one's own achievements.

This proves that the EU does indeed respond to real progress, despite any internal problems we may have to deal with. Therefore, the EU's internal challenges should not be used as any excuse for not making progress in the candidate countries and potential candidates in the Western Balkans.

In 2006-2008, under Austrian, Finnish, German, Portuguese and Slovene EU Presidencies, several concrete steps were taken under the Thessaloniki agenda. For example, the establishment of the CEFTA is positive for the entire region. It has strengthened the impact of the overall reform efforts and it enabled its signatories to follow the successful example of new EU Members. After all, Southeast Europe is the fastest growing region in Europe!

Since July 2006 the Energy Community Treaty between the EU and South Eastern Europe has been operational, in January 2007 the new Instrument for Pre-Accession Assistance regulation entered into force. It provides substantial backing to the candidate and potential candidate countries in their efforts to pursue political, economic and institutional reforms. Last fall, Montenegro, and quite recently Serbia, joined the club of the countries with Stabilisation and Association Agreements (SAAs).

Last but not least, the Stability Pact did valuable work. Bulgaria supported its successful transition into a more regionally owned cooperation process. Today we look forward to hearing more on that from the Summit at the end the Bulgarian Chairmanship of the SEE Cooperation Process.

Dear friends,

The European perspective for the Western Balkans can only successfully be implemented with the active participation of citizens. We need to better communicate it, and make it more tangible to the citizens in the region.

That's why people must be able to travel and extend their horizons. I am fully aware of the importance that the peoples in the Western Balkans attach to the prospect of liberalising the visa regime. We have heard enough sad stories, from Serbian businessmen to students from the Republic of Macedonia.

We have taken measures to make it easier in particular for students, researchers and businessmen to acquire short stay visas for the EU. Substantial progress has been achieved, and we look forward to implementing the respective roadmaps.

Let me also take this opportunity to call on EU Member States to review how their staff actually implements rules in their embassies and consulates around the Western Balkans. Are we doing our best to minimize frustration and to give good service? Or are rules maybe applied in an overly strict fashion, with little human understanding for the applicants' situation?

Despite the progress I just listed in the area of regional cooperation, I still find that 2008 is more of an intermediate year in the integration process of the Western Balkans.

So far there have been positive developments and progress, yes.

But the pace of reforms slowed down in a couple of countries. Last year some SAA negotiations ran into stalemate or were not concluded as smoothly as expected. And 2007 was a year when boycotts of democratic institutions took place, even though boycotting parliament has no place in European democracy.

That's what has caused obstacles to the integration process of the Western Balkans – not the EU's internal challenges.

Let me therefore ask you: How will the year 2008 go down in history?

We all know that Kosovo's status and Serbia's future are crucial factors for the future of the region. We need to work with consistent determination for a sustainable implementation of Ahtisaari's Plan and building a democratic and multi-ethnic Kosovo. Thus, we will ensure the stability of the region. Serbia is truly at a crossroads today. They have to make the right choice – I hope that a new reform-oriented and pro-European government in Belgrade committed to making a new start in European integration will make rapid progress towards the EU. Thanks to its institutional capacity, Serbia should be able to implement the Stabilisation and Association Agreement quickly, and thus open the door to achieving candidate status for EU membership. As soon as Serbia has achieved a solid track-record in implementing the SAA, the EU would be able to consider an application for membership.

Each and every country can influence its own future. Now the question is how you see your countries in particular, and the region in general, develop in 2008. Will 2008 be a good year?

Thank you.

KEYNOTE ADDRESS BY AMBASSADOR A. ELIZABETH JONES

Thank you very, very much. Thank you for inviting me to speak before this distinguished group at a very important time in Bulgaria, very important time in Europe, very important time in the world. I took a look at the title of my talk and the title of the conference and thought that I should step back and think about, think with you about some of the loaded terms that are understood in very different ways, that are incorporated in the title of the conference and the title of this talk. Let me start with the term 'democracy'.

I think democracy now is a very loaded term. In some places democracy can be seen as accompanied by chaos, by instability, economic deprivation and even poverty. And very unfortunately democracy in recent years has even generated fear, because some think it's going to be accompanied by military force.

For us today, I'd like to strip democracy back to what I consider its true meaning: simply the voice of the people, or, in more practical terms, political choice. I have started to use the term political choice sometimes rather than democracy, because I think it provides a better understanding of what we are talking about.

One thing that this definition does – political choice, voice of the people – is to remove a common criticism of democracy, criticism that comes often from autocratic governments who say, I quote: "the people aren't ready for democracy."

I contend that it is a very rare person who does not take an interest – at some level – in what happens to him or her personally. And when a person takes an interest in what happens to himself or herself, that means that they begin to want to determine what does happen to them – they want to express their choice, to express an opinion in some way in a political context. Thinking of democracy as a political choice also removes the complaint that democracy somehow must be the American version of it or a particular European version of it, that when the U.S. promotes democracy it is promoting the form of democracy that exists in the U.S.

No. I think democracy simply means that people have an interest in – and a right to – make choices about how they live, to choose who among them will decide on the laws that govern them, to decide which economic system is best for them, to decide how much revenue the government should collect, and how those monies should be used for schools, for health , for social services, for public safety, for national security.

Second: Civil society.

Civil society is most commonly thought of as simply non-governmental organizations. Certainly NGOs are a critical and an important part of civil society, but they are not all that there is.

I argue that civil society is the full extent of society, including the government. I argue that "civil society" is a term that should be used to connote the collection of groups that have a say in how a society is governed.

So this includes parliament, political parties, the opposition. It includes the media, it includes community groups, women's associations, PTAs, teachers unions and business organizations. It includes charities, faith-based organizations, professional associations, trade unions and self-help groups. It includes public safety officials, law enforcement, judges and election officials. It includes the government in the sense that government is, after all, the people who serve in government jobs, whether appointed, elected or selected on a merit system.

So let's think about what do all these groups have in common? Why were they formed? I argue they were formed to do something in the interest of the group. So action is a critical point here. This is the theme we've heard a lot this morning, such as the 'think-tank with teeth'.

For me in a broader sense, civil society is the result of the ability to come together for collective action.

Third: *Transition*. Transition in English sounds like a calm and gradual shift of some kind.

But any transition brings change – by definition. Change is sometimes welcomed: in the U.S. election campaign now underway, for example, each of the candidates has scrambled hard to be seen as the "candidate for change."

Change – here – is taken as positive, as refreshing and as energizing.

But change is not always exhilarating. Not everyone sees change as something new and better.

It can be quite scary. Change brings the unknown and the unknowable.

And in a more difficult sense it can reduce one's position, it can reduce one's standing in the community, one's financial situation. It can reduce or eliminate political or economic advantage.

Change – or transitions – a key word of this conference – can have the varied effects I've mentioned. But transitions come in all varieties also, especially in the political and economic world.

Ukraine's Orange Revolution, Georgia's Rose Revolution were both dramatic examples of the citizens deciding for themselves that they would not tolerate election fraud. They refused to accept government manipulation of voting results – and forced the sitting governments to leave office and to turn over the reins of power to the properly elected party.

Less dramatic, but no less an important transition, was the death of President Haidar Aliyev in Azerbaijan and the election a few months later of his son – also a kind of transition.

The transition of Russia and all of the former Soviet republics from command to market economies was a monumental transition, one very well appreciated by Bulgaria and the other countries in the region.

The Balkans have seen all kinds of transitions as well.

But Germany's transition from Schroeder to Merkel, France's transition from Chirac to Sarkozy, the UK's from Blair to Brown, Russia's from Putin to Medvedev/Putin, they are all interesting, if not as dramatic as some of the other transitions.

But the point is this: transitions are standard. They are routine. They are expected. They are predictable in the sense that they are absolutely inevitable.

So if change – if transition – is inevitable, how does civil society harness this to produce the social change that is in the interest of its membership?

How does civil society – the topic of our discussion this afternoon – assure that it can act as an agent for demand-driven social change?

If it is the ability to come together for collective action – one of my definitions earlier, who decides what that action should be and to what end? For what goals?

Some agents for change are inspired by the Universal Declaration of Human Rights. Some are energized by their constitutions, or constitutions of other democracies, other countries. Some refer to principles of various international or regional organizations, such as the Organization of Security and Cooperation in Europe, in particular its arm that is focused on democracy and international human rights.

In other words civil society takes it upon itself to define the goals it wishes to work toward – and how to do so.

Civil society – the organizations and groups that it consists of – provides citizens a vehicle for getting involved in policy debates.

As interesting as policy debates are, the most effective ones are those that result in decisions to act – decisions to do something, to advocate for improvements, to press for change.

It is through advocacy efforts of civil society that individuals can have a voice in formulating public policy, enhancing citizen oversight of public institutions – a theme we have heard this morning, and improving public dialogue. These organizations often act as champions for issues not in the mainstream or for issues that are controversial.

Many civil society organizations take on controversial issues such as women's rights, ferret out government corruption, and serve as watchdogs. Their presence and activities help assure that government and citizens comply with the rule of law – a key concept here.

Civil society groups, often NGOs, contribute to democratization through nonpartisan election monitoring. International election monitors are important, but in the long run independent nonpartisan organizations are the key to free and fair elections.

NGOs and other civil society organizations can also benefit governments directly by providing social services that governments cannot.

In some cases, states have even contracted with NGOs for delivery of social services, because NGOs can deliver them more effectively and more cheaply than the state can.

In other words, letting citizens assume responsibility for managing their own affairs, such as condominium organizations, so government doesn't continue to have responsibility for providing services, is one of the ways that NGOs participate in governance.

Whether this results in wheelchair ramps in Uzbekistan, or a Water Users' Association in Armenia, or a Drivers' Association in the Russian Far East or a literacy effort in American jails – citizens will organize themselves to press government for change or to take charge of issues that governments can't or will not handle.

But there must be an environment that permits this kind of action. That should be the first-line goal of civil society – and of any government responsive to the people – that is, in any democracy.

NGOs and other civil society groups serve as intermediaries between government and general citizenry – this gives the government "someone to talk to" on a variety of issues.

This helps government understand issues and pressure points and gives citizens an outlet – the sense that they have a voice on issues that affect them.

Government and local government partnerships have helped identify and prioritize as well as address community needs. Civic involvement has made lives better for residents and contributed to stability.

Civil society groups take responsibility, in other words, to work for agreed change.

Responsibility. I believe this is a key word in civil society's collective action. It is a key word in any democracy. Regrettably, it is a word that is very seldom used in these connections. It has gotten lost in all the emphasis on promoting democracy. I believe this results in some serious misunderstandings of democracy, both on the part of those who wish to practice democracy and governments who oppose it.

Too often democracy is equated solely with rights. Rights are a key element of democracy. But there are no rights without responsibility for assuring that those rights are properly protected and carried out responsibly. Rule of law provides this fundamental underpinning to providing a properly functioning democracy.

For example, free speech is a right – and must be protected. But it must be protected only to the extent that free speech does not impinge on the rights of others. Thus, free speech has limits in the interest of society. Laws against hate speech, against slander, against pornography are some examples in which free speech is limited.

Any government must have the financial resources to govern. Democracies can assure a more equitable distribution of wealth and can carry out programs decided on by the voters through their elected representatives. A democratic government does not relieve the citizen of the responsibility to pay taxes. Responsibility for paying taxes is a key element of a properly functioning democracy.

Obeying the law, cooperating with police, participating in national security – all of these are responsibilities of the citizen and are every bit a part of democracy as is the right of free speech and the right of assembly.

And when you assure that with democracy comes responsibility, I believe strongly that the descent into chaos, the argument used against democracy, is no longer seen as inevitably linked with the onset of democracy. Democracy with responsibility brings a good, stable government, not uncertainty and instability.

The transition we celebrate here today is an easy one. It is a graduation. Bulgaria emerges into the family of states, the family of societies that take responsibility for themselves, for their citizens and, beyond its borders, for societies undergoing similar transitions.

Bulgarian civil society has developed the habit of action – a key element in a mature democracy. Bulgarian civil society groups, whether NGOs or community groups, know the importance of generating and shaping community opinion and for galvanizing that into collective action.

Bulgarian groups already know the importance of being inclusive, of generating interest in participating among communities that have traditionally been left out.

I am impressed by the number of Bulgarian NGOs and other groups – having accomplished their goals at home – see their responsibilities in broader terms. They have jumped the borders and are working in the region or even further afield.

Let me talk about, in conclusion, some of the lessons that are touchstones of what I think is important in demand driven civil society.

Vibrant, politically active civil society is a crucial element of all democratic systems of governance.

Because transitions are inevitable, there will always be a need for an active, engaged civil society.

Transitions are not automatically benevolent, not automatically positive. Governments don't know by magic how best to govern.

That's why civil society is important and why its work is never done.

Communities, school systems, health providers, national security apparatuses, cannot function in ways that benefit society without the active participation of that society – in the form of collective action.

Collective action can be as simple as expressing opinion through voting. Voting requires voter registration – and voter education. Civil society generates countless groups across the globe to pursue this form of civic action.

At the other end of the spectrum, collective action is critical when a transition has collapsed into chaos. Civil society member shows up and starts meeting with people, to facilitate discussion of goals, to galvanize individuals into action, to suggest inclusiveness when communities are organizing along more insular lines.

No society can afford to leave any group behind. This is why I would emphasize inclusiveness. Inclusiveness is a measure of a mature, developed, democratic society.

In the middle range between those two extremes is another set of issues: to do the kinds of things that governments aren't particularly good at – or to take over action when governments no longer have the budget – or the inclination.

NGOs are an important element of civil society. They are the manifestation of demand-driven social change. They fill voids on issues that government can't or won't handle.

NGOs are flexible and action-oriented. NGOs should not be a static element of the status quo, however, but should be formed and disbanded depending on demand.

When a particular NGO has served their purpose, we should thank them and let them disappear.

NGO continuity is no doubt an issue in this assistance transition. When an NGO finds that it is focused more on staying alive, however – on seeking funding – than on doing the real work that it set out to do, maybe it is time for a reality check. Time for the NGO to reinvent itself. Time to go back to communities to take a measure of what is actually needed.

Seeking funding is the perpetual companion of NGOs and other civil society groups. The U.S. government, through USAID, through Public Diplomacy's Democracy Small Grants and through other assistance mechanisms, has funded truly excellent programs, here and elsewhere. The best are always local initiatives.

One of the funding sources I wanted to mention is local business. Business leaders have every interest in participating in community action. When George Soros's Open Society organization left Russia, a wealthy businessman oligarch– Mikhail Khodorkovsky – took over the funding of all the Open Society programs through his Open Russia Foundation. His fate and that of his company, Yukos, and his Foundation are not to be recommended, but is nevertheless a good illustration of business stepping in to fund civil society advocacy and action.

In conclusion, let me summarize: A committed civil society plays an integral role in the deepening of democracy that leads to democratic consolidation. Success hinges on the abilities of NGOs to organize in ways that maximize their leverage over available resources, as well as their capacity to mobilize potential allies and stakeholders. In

transition countries, civil society often remains weak, fragmented and dependent on external donors. Thus, a key issue in the sustainability of democratic, economic and social reforms is the growth of an NGO sector – civil society – that ensures that reforms remain demand-driven.

Bulgaria demonstrates the truth of this statement and the value of this work. I look forward to hearing about – in the months to come – how Bulgarian civil society uses its experience to support the work of civil society in places that have not yet made this very commendable transition.

Thank you.

SUMMARY OF DISCUSSIONS OF AFTERNOON PANEL

In her intervention, **Ambassador Tove Skarstein** pointed out that after USAID leaves Bulgaria, Norway and Switzerland will remain as the primary bilateral donors in the country. The topic of her speech was the Norwegian Cooperation Programme in Bulgaria and the European Economic Area (EEA) Financial Mechanism.

With Bulgaria's accession to the EU, Bulgaria became eligible to take part in those two financial instruments, which cover the period of 2007 – 2009 and aim at reducing economic disparities and helping Bulgaria reach the standards of Western countries. According to the Ambassador, the programs have several priority areas, among them being environmental issues, sustainable production, health, childcare, and implementation of the Schengen acquis.

The Ambassador announced that a new NGO fund with €2 million would be set up together with the Bulgarian Ministry of Finance in early July . The fund is designed especially for smaller or regional organizations that were not able to take part in the complicated application procedures under the two larger programs. There will also be a scholarship fund for studies in Norway. The two funds, together with the two larger financial mechanisms, support Norway in becoming more visible in Bulgaria and contribute to the good mutual relations between Norway and Bulgaria.

After Ambassador Skarstein, there was a short intervention by **Ms. Lidia Shuleva**, Member of Parliament, who expressed the gratitude of all Bulgarian institutions for the work of USAID. She pointed out that as the Minister of Social Affairs and Minister of Economy of Bulgaria, she worked with USAID for four years , on various initiatives related to reform of the pension system, civil society, market economy, and development of a procurement law. According to Ms. Shuleva, the initiatives of USAID will remain as good practices and models for the future work of Bulgarian institutions.

In the panel discussion on *Civil Society that Delivers: Ideas and Policy*, the first panelist, **Ms. Ginka Chavdarova**, Executive Director of the Association of Municipalities in Bulgaria, pointed at local democracy as the cause for which the Association of Municipalities was created 15 years ago, when decentralization was still unthinkable. According to Ms. Chavdarova, when one is committed to his or her work, one can always find partners – the Association first started with one-third of the municipalities in Bulgaria and gradually included all of them to become a strong voice of local governance and a pressure tool for necessary change.

Ms. Chavdarova stressed the importance of civil society being a proactive partner for change instead of just criticizing the moves of the government. She gave an example of the difficult process of financial decentralization and highlighted the importance of NGOs being able to organize all kinds of actions – from network building to organizing protests, if needed to provoke social change. Ms. Chavdarova declared that civil society organizations could not strive for democratic change if they are not driven by democratic principles themselves.

In his speech, **Vladimir Milcin**, Executive Director of the Foundation Open Society Institute Macedonia (FOSIM), compared the European Commission to Shakespeare's Hamlet, tormented by the question whether to do or not to do things and whom to do them with – just with governments or also with civil society. He recalled the history of his country, where transition had been a chain of crises – from military action, to embargoes and influxes of refugees, and mentioned that Macedonian society was still divided between "patriotic" and "pro-European" positions.

Mr. Milcin then pointed out the importance of the various projects USAID had undertaken in Macedonia, including the translation of the Ohrid Agreement in 2001-2002 and a large project to include Roma in the education system. In conclusion, he emphasized that civil society organizations should diversify their funding in order to avoid being too bound with domestic governments or being accused of acting against the interests of their country by using foreign money.

Dr. Muhamet Mustafa, President of the Board of the Riinvest Institute in Kosovo, pointed to Bulgaria as a success story, just like Hungary and the other countries that joined the EU in 2004. He highlighted the importance of the increase of the absorptive capacity of civil society, especially when it is in a process of development. He defined sustainable development as development driven by society itself and stressed that economic growth should be transformed into benefits to society. Initiatives should have local ownership, because this leads to accountability and responsibility of governments, which they usually try to avoid. He also pointed to the fragility of governments and the marginalization of parliaments in the process of reforms and declared how important are the ex-post evaluation and transparency of the evaluation for any reform initiative.

Ambassador Ilian Vassilev opened the ensuing discussion by pointing out that USAID was helping Balkan countries to become better neighbors in order to be better partners when they joined the EU. Several issues were discussed candidly among the participants. One was the sustainability of civil society organizations, where USAID Bulgaria Mission Director Michael Fritz , pointed to the Association of Municipalities as one of the few civil society organizations which are entirely membership-driven. Dr. Muhamet Mustafa gave the example of his country's Chamber of Commerce, which became nostalgic about the previously mandatory

membership of all companies and lobbied for amendments in the law to restore it. Mr. Todor Yalamov from the Center for the Study of Democracy outlined the rising demand for a new role for NGOs in international relations and expressed hope that NGOs will be able to advocate for a new international democracy. Prompted by Mr. Yalamov's statement, Ms. Ginka Chavdarova and Ms. Dusica Perisic from the Macedonian Association of Municipalities described the networks they are creating between their two organizations and the difficulties they experienced in building sustainable joint structures.

CONCLUDING REMARKS

By Michael Fritz, USAID Bulgaria Mission Director

In his closing summary, USAID Bulgaria Mission Director Michael Fritz thanked the participants for their active contributions. He acknowledged CSD and all the other organizations represented, which will continue to foster dialogue on these kinds of issues in Bulgaria and through their regional network of partners. Most interventions, according to Mr. Fritz, had reinforced the principles that USAID embraced during the process of its work in Bulgaria: that assistance must evolve together with beneficiaries; that only reforms that are sustainable pay off; that innovative approaches are worth the effort; and that it is crucial to find both civic and political champions of democracy.

Mr. Fritz discussed the term Balkanization and the way it related to the conference exchanges. Does the history of the region inevitably doom it to repeated conflicts, he asked? It was interesting to note that there is new thinking about the term Balkanization – it does not have to imply the division of a country or region into small political units which often are hostile or unfriendly to one another. The new competing and positive definition of Balkanization equates the term with the need for sustenance of a group or society (interdependence). That is what Mr. Fritz saw as the future of the Balkans. Just as the region's leaders are meeting today at the Black Sea, the citizens and entrepreneurs of the region are beginning to think differently about themselves, the issues they face and the possible solutions. The Balkans does not need to be synonymous with conflict; it can, and is beginning, to mean cooperation, building on the experience of neighbors and recognizing common goals and objectives.

Mr. Fritz gave an account of a regional meeting of entrepreneurs and investors which he had attended, sponsored by the Center for Entrepreneurship and Executive Development. At that meeting, John May had spoken about Angel Capital and how individuals with wealth and a sense of social responsibility are affecting the environment for small business in Europe, the United States and now the Balkans. According to Mr. Fritz, it was clear that both the entrepreneurs and investors did not see Balkanization as a threat, but as an opportunity – as John May had phrased it, capital does not discriminate. A good entrepreneur is a good entrepreneur.

Mr. Fritz further summarized some key ideas put forward during the morning and afternoon panels. He reiterated Ambassador Beyrle's points about the need to counter threats to good governance and that democratic governments were defined by their responsiveness. He also highlighted Ivan Vejvoda's discussion of the new and

expanded role of "private" donors and corporate social responsibility and importance of work with political parties (political party finance and corruption), as well as the need for Europeans to do a better job of stepping into the void left as U.S. donors leave. He also pointed to Vejvoda's suggestion that becoming an EU member may distance Bulgaria and Romania from their neighbors.

Mr. Fritz reiterated the suggestion by Ambassador Jones that democracy was both rights and responsibilities and that civil society is formed to do something in the interest of the people and consists of many types of organizations including law enforcement, NGOs, and government.

Other key points summarized by Mr. Fritz included:

- Networking is required to protect the gains of decentralization and to energize the neighborhood;
- Foreign assistance should be sequenced given limited absorptive capacity;
- Aid transforms itself into sustainable development through local ownership;
- Civic education is a key component in initiating debates;
- Donors need to ask themselves and local constituencies "are we focusing on the right issues?"
- European non-EU member states have an important role to play in the Balkans – they seem to be hamstringing themselves by using the same mechanisms as the EU.

Mr. Fritz said that USAID Bulgaria was pleased that the conference had generated considerable interest among civil society leaders in the region. He hoped that the conference discussions had enhanced the participants' knowledge, their motivation and partnerships, thus making their work more productive.

Despite this being the last major event sponsored by USAID prior to the closing of its mission in Bulgaria, Mr. Fritz did not see it as the end of the partnership. He concluded: "The U.S. government and the American people will remain engaged in Bulgaria. USAID will also stay involved with the democratic reforms in the countries of the Western Balkans. We plan to continue encouraging and facilitating the establishment of productive regional relationships through events such as today's conference."

CONFERENCE PHOTOGRAPHS

US Ambassador **John Beyrle** (*left*) and **Andrew Natsios**, Former USAID Administrator

Anastasia Moser, Member of the Bulgarian Parliament (*left*),
talks to the keynote speakers in the morning session

From left: **Dr. Ognian Shentov**, Chairman, Center for the Study of Democracy,
Ambassador John Beyrle, U.S. Ambassador to Bulgaria,
Andrew Natsios, Former USAID Administrator,
Quentin Peel, International Affairs Editor, Financial Times

Philip Dimitrov, former Bulgarian Prime Minister

Daniela Bobeva, **Director**, International Relations and European Integration, Bulgarian National Bank

Lidia Shuleva, Member of the Bulgarian Parliament

Florian Fichtl, Country Manager for Bulgaria, The World Bank

Minister Gergana Grancharova