

By Alexenia Dimitrova

At 6:28 a.m. on July 3, 2008, Ivan N., a Bulgarian small-business owner, was shaving. Suddenly, a loud crash came from the kitchen. In the distance, a powerful bomb had exploded. The detonation was so intense that it shattered Ivan's kitchen window. Ivan's frightened wife asked him: "What happened?"

Thousands of pieces of broken glass lay on the balcony. Thick black smoke spread in the distance. Minutes later, more explosions were heard. "I am fed up," Ivan recalls angrily thinking. "Who has not completed their work this time? What sort of country do we live in? We joined the European Union, but it seems we still live in the past." In the recent months, not one week had passed without a scandal.

A television newscast later explained that the likely cause of the explosions was misconduct in a military warehouse where old munitions were kept. "It was more or less the result of an improper job. The officials only think of what benefit could come from the power," Ivan said, noting he was reminded of other recent scandals.

Corruption in High Places

On Feb. 1, 2008, Veselin Georgiev, the Director of the State Fund for Republican Road Infrastructure (Darzhaven Fond za Republikanska Patna Infrastructura — DFRPI) resigned. His resignation was most likely due to the public revelation in January that the company Binder, managed by Georgiev's brother, had allegedly received work orders from DFRPI for 120 million leva (US\$90.5 million). In fact, Georgiev was the manager of Binder until two years ago. After Georgiev was appointed as director of the DFRPI, his brother took control of it. What's more, the public procurement register showed that Binder was among the preferred contractors for road construction projects.

Days before this resignation, two employees of DFRPI, Lubomir Lilov and Ivan Vladimirov, were arrested with 25,000 leva (US\$18,859) in marked bills. According to the director of Sofia police, they had demanded 50,000 leva (US\$34,746) in exchange for a construction permit for a plot of land near Hemus Highway. Lilov was director of the EU Funds Acquisition Directorate. Vladimirov was head of the Preparation, Tenders and Negotiation Department within the Directorate. Days later, the European Commission (EC) halted funding for road infrastructure in Bulgaria until an investigation could be launched.

Another high-level scandal hit Bulgaria in March. Gen. Atanas Atanasov, ex-chief of the National Security Service (Natsionalna Sluzhba za Sigurnost — NSS), and now a member of the opposition in the Parliament, revealed that Ivan Ivanov, deputy director of Main Directorate “Fighting Against Organized Crime” (Glavna Direkcia “Borba s Organiziranata Prestapnost” — GDBOP), had warned alcohol producers about planned police action against them.

Ivanov was appointed to his position by Minister of the Interior Rumen Petkov. Petkov was the leading member of the Bulgarian Socialist Party (Bulgarska Socialisticheska Partia — BSP), who was responsible for his party’s campaign funding and was chief of President Georgi Parvanov’s 2001 campaign. Petkov’s subordinate Ivanov was arrested and an investigation began, but Petkov said that he saw no reason to resign.

Days later, on March 26, Gen. Vanio Tanov, ex-director of the GDBOP, was invited to a closed-door hearing held by the Parliamentary Commission for Internal Security and Public Order (CISPO). “In every investigation during those two years the names of officials from the Ministry of the Interior were connected to the information leaking out. During every investigation of the gray sector [not-quite-illegal business] there had always been a name of a state officer who is helping those people. We can’t be successful if we don’t remove these officials,” Tanov said. He also stated that in December 2006 Petkov met with Angel Hristov and Plamen Galev, both of whom were known as the Galevi brothers — businessmen from Dupnitsa who were then under police investigation.

Later the State Agency for National Security (Darzhavna Agencija za Nacionalna Sigurnost — DANS) confirmed the meeting. Petkov also admitted it took place. He maintained that the brothers were of “operative interest” and that he had tried to stop the tension between crime groups. He confirmed that he did not tell the prime minister about this meeting, but he did not feel guilty. The prime minister and the president expressed support for Petkov.

A few days later, CISPO reported that the meeting between Petkov and the Galevi brothers was not legally punishable. The report concluded that there were disturbing practices in the Interior Ministry with respect to its activities to combat drug production and distribution. These activities, the report found, led to decreased levels of crime detection and leakages of classified information to organized crime groups. The reports also discovers “strange contacts” between top officials of the Interior Ministry and persons from the underground world, who are

being investigated, many of them for drug trafficking and smuggling. The chairman of CISPO Mincho Spasov said that the report will be sent to the Chairman of the Parliament, Prime-Minister, Prosecutor's Office and DANS

Bulgarians barely had time to absorb these scandals before another erupted. On April 7, Georgi Stoev, described as the "chronicler of the criminals" was shot dead. Days earlier, he said on BTV that he wanted to reveal evidence against a man who was allegedly connected to the underground, but the Sofia Prosecutor's Office refused to guarantee his security.

In the beginning of April, the government faced its fifth no-confidence vote. It failed thanks to the majority of the ruling coalition. Good news followed when, on April 13, 2008, Petkov resigned.

Working Towards Change

Despite all these severe public scandals, the prime minister criticized the opposition for accusing Bulgaria of being the most corrupt country. "This is the only government with a minister resigning because of doubts about corruption," Prime Minister Sergey Stanishev said. He was referring to the former Economy Minister Rumen Ovcharov, whose resignation he accepted in June 2007. Ovcharov was implicated in a scandal after Bulgaria's chief investigator accused him of trying to hinder an ongoing investigation into alleged corruption at the capital's central heating company. Ovcharov denied the accusations and was later cleared. But the former head of the company, Valentin Dimitrov, was sentenced to five years in jail.

After Petkov's resignation in May, Stanishev replaced the ministers of agriculture and food, defense, and health care. He also appointed the former ambassador to Germany, Meglena Plugchieva, as the new deputy prime minister to supervise the absorption of EU funds. Following a critical letter from the EC Enlargement Director Michael Lee that addressed Bulgaria's use of EU money, Plugchieva promised an action plan against corruption and mishandling of European funds.

Among the measures announced were the transformation of units under the Instrument for Structural Policies for Pre-Accession (ISPA) program and the idea of blacklisting Bulgarian firms that improperly receive funds from the EU. "Whoever enters into this list will lose the right to participate in funding application procedures," Plugchieva said, noting that the Public Procurement Act was imperfect. Soon after, duty-free shops on Bulgaria's

borders were closed after being condemned by the EC as the “focal point for local corruption and organized crime.” The customs chief and his two deputies resigned.

Citizens are Skeptical of Lasting Reform

These efforts did not prevent Bulgarian scandals from continuing in another field — vote buying. The media reported that during the partial municipal elections, people living in some small towns said well-dressed people offered them 100 leva (US\$75) to vote for a particular candidate. BTV broadcast hidden-camera reports on the scandal. The Bulgarian president initiated a debate regarding changes in the Bulgarian electoral system, but Bulgarians find it hard to believe that the practice of vote buying will end anytime soon.

Bulgarians are also suspicious because all of the corruption scandals were only revealed after repeated public international warnings. Every six months since June 2007, the Bulgarian government has been criticized in EC reports for failure to take action against corruption. The EC warned that if things did not improve, it would cut off EU funds. However, the situation has only worsened. The EC report published in February 2008 concluded that the previous low-level corruption had been replaced by high-level corruption.

This news was confirmed by research conducted by the European Anti-Fraud Office (OLAF), which was leaked to the Bulgarian press in July 2008. The damning report was accompanied by a letter from OLAF’s director to Plugchieva. “There are influential forces inside the Bulgarian government, and the state institutions in general, which have no interest in punishing any individuals of the so-called Nikolov/Stoikov group,” read the letter, which was sent about 10 days before the release of the next EC report. According to OLAF report, the Nikolov/Stoikov group is a “criminal network” composed of more than 50 Bulgarian enterprises and various other European and off-shore companies. “This criminal company network is managed and/or financed by two Bulgarian individuals, Mario Nikolov and Lyudmil Stoikov, who are said to have close links to the current Bulgarian government,” the report says. Both Nikolov and Stoikov denied the accusations. Days later, an indictment was released against nine people who were accused of misusing of EU funds. Stoikov was not among them.

According to OLAF, Bulgaria has defrauded the EU of about 32 million euros (US\$24 million) due to misinformation regarding the Special Accession Program

for Agriculture and Rural Development (SAPARD) program. The report also slammed the State Agriculture Fund (Darzhaven Fond Zemedelie – DFZ), the prosecution authorities and the courts for their lack of cooperation.

Within this landscape of corruption, recent reports of doctors and magistrates taking relatively small bribes sounded like small potatoes. “The reforms helped push down the small-scale bribery from 250,000 cases per month in 2000 to about 115,000,” said Tichomir Bezlov of the Center for Study of Democracy.

The People’s ‘Last Hope’

The people’s last hope is DANS, an agency that was established in December 2007 to combat corruption among high-ranking officials. It was created after a June 2007 visit to Bulgaria by U.S. President George W. Bush, during which Bush called Stanishev “Mr. Clean” referring to Stanishev’s efforts to fight corruption. Two commissions — on disciplinary proceedings and on corruption within the Supreme Judiciary Council — were established. This gives Bulgarians the hope that events of the past year, which was full of high-level corruption scandals, will not be repeated. Providing additional hope are new laws on public procurement and conflicts of interests, which are on the way.