

Good Governance and Reform of Public Administration in Bulgaria

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Summary: The paper's objective is analyze the relation between good governance and public administration reform and to outline the key challenges in achieving a modern type of governance and well functioning and transparent administrative system in Bulgaria, capable to apply the best European practices and policies. The research summarizes the main results, achievements and shortcomings of the reform process and reveals that the progress has been slow and more limited than expected despite all efforts of the governments during two decades of purposeful reforms and important financial and technical support from the EU in the pre-accession period.

In Bulgaria the reforms for establishing a democratic society and market economy started in the early 1990s and it was expected that the new democratic institutions could develop necessary capacity to carry out reforms and implement their policies. The experience of Bulgaria, as of other former communist states in Central and Eastern Europe, shows that in the period of transition the capacity for policy formulation and implementation is crucial for the transformation of the country. To facilitate this process two major requirements are: adequate capacity for political leadership and firm institutional arrangements. Traditionally, the responsibility of the political leadership is assumed to relate to policy, while the translation

of policy decisions into implementation is the key function of administration.

Bulgaria obtained credit of trust and was accepted as an EU member state in 2007 and it was expected to demonstrate its willingness and ability to observe the European norms and standards. The analysis reveals that three years later Bulgaria needs to drastically intensify its reforms and enhance substantially its administrative and judicial capacity, because the public institutions' work and the country's governance lag well behind the standards of good governance.

Key words: governance and public administration reform, good governance, principles of good governance, effectiveness of governance and governance indicators.

1. Relation between good governance and public administration reform

Ideally public administration should be a bridge between politics and society, effectively channeling societal inputs into policy options, delivering public goods and services fairly and effectively and providing the necessary regulatory framework for economic activities. In Bulgaria, like other countries from Central and Eastern Europe (CEE), public administration was politicized and fragmented for a long period of time and the gradual move to reforming systems of public administrations in these states could mark a turning point in administrative development.

For the Post-communist countries of Central and Eastern Europe reforms of public administration have emerged as a key element of the reform of governance systems during the period of transition. The growing emphasis on administrative reforms stems from the understanding that an inadequate public administration system constitutes a main obstacle to economic development and good governance in a country. Systems of public administration are one of the key factors that determine what type of governance system develops in a state, but throughout the 1990s the conditions for the development of open, representative, effective and efficient system of public administration in Central and Eastern Europe were far from favourable. And an important reason for that was the legacy of the previous regime, which in terms of public administration has been highly negative. The economic slowdowns and reversals in late 1990s brought an increasing awareness of the link between economic underperformance and the present of weak systems of public administration. In parallel, there was a growing recognition of the potential role of state administration in facilitating economic development. In that context it was generally recognized the importance of good governance for achieving stable economic development and the need to develop open, professional and efficient systems of public administration.

In the context of this paper it is obvious how the subject of public administration reform relates to building good governance, but it is necessary to clarify the concept of good governance. Sometimes its meaning is not fully explained and often the difference between governance, democratic governance and good governance is not clear enough. In this paper the clarification of these concepts is based mainly on what is understood in UNDP programmes¹:

- Governance is viewed as the process through which societies take and implement decisions on the allocation of public resources to address societal needs. Governance as such is a neutral term and does not carry a positive or negative "loading".
- Democratic governance implies that the governance process is organized based on broad participation of all groups in society, that the institutions through which decisions are formulated are open to societal participation that these take full account of inputs from society. This means that the implementation of decisions proceeds based on participatory principles. At the same time democratic system of governance does not guarantee that this system can be defined as good governance, because if democratic governance is not well managed, it can be highly ineffective and resulting in a waste of public resources. In short, democratic governance is a necessary condition for the development of good governance and is not sufficient on its own.
- Based on that understanding, good governance is considered as a combination of democratic and effective governance. Good governance implies that the governance process is not only conducted based on democratic principles, but it can also respects the principles of effectiveness and efficiency. This means that the societal problems are addressed timely and with a minimum use of available resources. So, if we accept UNDP perception of good governance, it is obvious that its development requires that systems of public administration should be both open and democratic and effective and efficient. Open and representative systems of public administration can hinder the development of systems of good governance, if they are not able to deliver policies in a timely and efficient manner. Effective, high quality systems of public administration can still constitute an impediment

¹ UNDP/RBEC: Policy Advocacy Papers. Rebuilding State Structures: Methods and Approaches. The Trials and Tribulations of Post-Communist Countries, pp. 1-2.

to the development of good governance, if such systems are not representative of the interests of society and closed to public participation.

The concept of good governance is also an important element from the debate on the future of Europe and reforming European governance. The European Commission proposed five principles that underpin good governance. They are described in the White Paper on European Governance (2001), which sets down markers for the future governance of Europe. These principles underpin democracy and the rule of law in the member states, but at the same time they apply to all levels of government². Each of them – openness, participation, accountability, effectiveness and coherence – is important both for establishing more democratic governance in the EU member states, and for the Union in order to respond to the global challenges:

- **Openness:** it refers to the work of the institutions that should be more open, and together with the member states, they should actively communicate what the EU does and the decisions it takes. There is also a specific requirement in connection with language used that must be accessible and understandable for the general public.
- **Participation:** it ensures wide participation throughout the policy chain – from conception to implementation. This principle creates more confidence in the end result and in the institutions delivering policies.
- **Accountability:** it refers to clarifying the roles in the legislative and executive process, because each institution must explain and take responsibility for what it does in Europe. More clarity and responsibility from member states and all involved in developing and implementing policy at whatever level is also needed.
- **Effectiveness:** it is mainly connected with policies that must be effective and timely,

delivering what is needed on the basis of clear objectives, an evaluation of future impact and, where available, of past experience.

- **Coherence:** the need for coherence in increasing and this principle refers to both policies and action that must be coherent and easily understood. Coherence requires also political leadership and a strong responsibility on the part of institutions to ensure a consistent approach within a complex system.

These five political principles of good governance are proposed to guide the EU in organizing the way it works and in pushing reforms forward. In this way Europe makes its contribution to the debate on global governance and by seeking to apply the principles of good governance Europe demonstrates its global responsibilities. It should be noted that each principle is important by itself, but they can not be achieved through separate actions. Policies can no longer be effective unless they are prepared, implemented and enforced in a more inclusive way.

2. Review of Public Administration Reform in Bulgaria

The reform process started *de facto* in 1998, although a change of political regime took place at the end of 1989. At that time there was a strong political consensus concerning EU and NATO integration and the aspirations of Bulgaria to integrate into the EU played a major role in setting the direction of the reform. Since that time no one government has changed the direction of the reforms and when Bulgaria joined the EU in 2007, it was the most important achievement and a great success after serious efforts to reform the Bulgarian economy and the state's politico-administrative system in order to cover requirements and criteria set by the EU.

² European Governance: A White Paper, European Commission, Brussels, 2001.

A key requirement for any state applying for membership in EU is that functioning and management of its national administration should be carried out on the base of common European principles, rules and regulations. In other words, meeting the European requirements in relation to nation administrative system means that any government should conduct a policy of reforming and modernizing state administration. In the process Bulgaria faced two interrelated challenges: first, to develop administrative capacity in areas directly related to membership obligations and second, to perform comprehensive modernization of the public administration.

In fact, the Public Administration reform program was initially formulated by the Bulgarian government as building, not reforming the administrative system in its 1998 "Strategy for Building a Modern Administrative System"³. During that period the reform was mainly focused on legislative and institutional arrangements for the modernisation of the administration. The adopted legislation defined the scope and the principles of the civil service and the status, rights and obligations of civil servants, as well as the structure of public administration, its responsibilities and functions. The important pieces of legislation, adopted and later amended several times, include the Civil Servants' Law, which is the basic regulation for the civil service, and the Law on the Administration, which delimits the structural organization of political and administrative organs in the state and local administrations and their powers. There are specific statutes that regulate the judiciary,

police, diplomatic corps, and other branches of public administration.

In mid-2002, administrative reform moved higher up on the government's agenda and some of the main initiatives were the adoption of "Strategy for Modernisation of State Administration – from Accession to Integration"⁴ and the follow-up of an anticorruption strategy. Later, in 2003 the Strategy was updated⁵. In addition, based on the understanding that the success of the reform is to a large extent an issue of establishing an appropriate administrative context in which civil servants can perform their obligations in a professional, politically neutral, transparent and accountable way, there was adopted a "Strategy for Training of Public Administration Employees"⁶. It was aiming at improving the professional skills and qualifications of the employees in the administration in order to develop the capacity of the Bulgarian civil service. A number of other important measures were taken to strengthen the administration and fulfil the membership criteria, which was one of the reasons that made the European commission to conclude in its Monitoring report on the state of preparedness for EU membership of Bulgaria and Romania⁷ that Bulgaria "has made further progress to complete its preparation for membership, demonstrating its capacity to apply EU principles and legislation from 1 January, 2007". However, the report identifies a number of areas of continuing concern such as the need to ensure the sustainability of public administration reform. In addition, monitoring finding also focused on the areas needing immediate action or further efforts such as the justice system, fight against corruption and financial control. In fact, there

³ Strategy for Building a Modern Administrative System, Co M Decision № 36 from 09.02.1998.

⁴ Strategy for Modernisation of State Administration from Accession to Integration, Co M Decision № 465 from 09.07.2002.

⁵ Strategy for Modernisation of State Administration – from Accession to Integration – 2003-2006, Co M Decision № 671 from 24.09.2003.

⁶ Strategy for Training of Public Administration Employees, Co M Decision № 85 from 14.02.2002.

⁷ Monitoring report on the state of preparedness for EU membership of Bulgaria and Romania, Commission of the European Communities, Brussels, 26/09/2006, COM (2006).

has been made a slow progress in these areas, for which Bulgaria was strongly criticized by the EC in its 2008 Report on Bulgaria's Progress⁸.

When Bulgaria joined the EU, special provisions were made to facilitate and support its smooth accession, at the same time, safeguarding the proper functioning of EU policies and institutions. As required of all Members States, on entering the EU, Bulgaria took on the rights and obligations of membership and as is the normal practice, the Commission monitors the application of law (*the acquis communautaire*) to ensure that these obligations are being met. Bulgaria's accession was accompanied by a set of specific accompanying measures, put in place to prevent or remedy shortcomings in different areas. In the most problematic areas of judicial reform and fight against corruption and organized crime a Cooperation and Verification Mechanism was established, setting out benchmarks to provide the framework for progress and support in dealing with these shortcomings⁹. The mechanism lets the European Commission monitor reforms and imposes sanctions. It was put in place because of the fundamental importance of having a well functioning administrative and judicial system to ensure that Bulgaria would be able to deliver on all the obligations as well as to benefit from the rights of membership.

In the field of state administration, most of the government initiatives were an attempt in direction of modernizing the system in order to be in full compliance with the priorities and objectives of the Lisbon strategy. Establishing effective administrative structures, attaining high-quality administrative service delivery focused on citizens and business, application of

the principles of good governance, introduction of information technologies in the work of the state administration, as well as improving human resources management in state administration form an integral part of the implementation of the reform of public administration. A number of programs and projects aimed at civil service improvements were developed and started to be implemented. Thus, for example, the development of a clear concept of the goals and results in relation to the management of civil servants was entitled Human Resources Management in the State Administration Strategy 2006-2013¹⁰. As a long-term comprehensive program it set out the scope of activities in the field of human resources management and determined a strategic and consistent approach of targeted impact on the employed in the state administration in view of increasing the work efficiency and improving administrative capacity. Part of the measures, envisaged in the program, meets the requirement to enhance transparency and integrity in the state administration.

No doubt, the principles of transparency and integrity endorsement in the activity of the civil servants is of prime necessity for good governance and this understanding lead to the adoption of Strategy for Transparent Governance and for Prevention and Counteraction of Corruption. The development and implementation of the Strategy was followed by elaboration of Transparency program for the state administration and the high-level state officials' activity. The program contained measures related to transparency of competitions and appointment, strengthening the position of the civil servant, training for new administrative culture, foreign languages and communication technologies, administrative regulation and

⁸ EC Report on Bulgaria's Progress in Justice and Home Affairs (Report from the Commission to the European Parliament and the Council on Progress in Bulgaria under the Co-operation and Verification Mechanism), Brussels, July 23, 2008.

⁹ Commission Decision of 13 December 2006 establishing mechanism for cooperation and verification of progress in Bulgaria to address specific benchmarks in the areas of judicial reform and the fight against corruption and organized crime, EU (2006/929) OJ L 354/56 of 14.12.2006.

¹⁰ Human Resources Management in the State Administration Strategy 2006-2013, adopted by CoM in July 2006.

improvement of the dialogue with the media and the public. With this program Bulgaria also joined the European transparency European Commission's initiative aiming to intensify civil participation in the decision-making process. However, public expectations concerning the results of the implementation of such programs and mechanisms are higher than the achieved ones.

In general, the progress made in public administration reform is out of doubt, but serious weaknesses in administrative and judicial capacity, be it at local, regional or central level, make Bulgaria not able to reap the full benefits of the EU assistance. The Bulgarian administration suffers from a high turnoff of staff, unattractive salaries, which create opportunities for corruption, and outdated, centralized procedures. The lack of accountability and transparency in public procurement when tendering EU funds is considered by the European Commission a grave problem. In that connection, appointments to management positions must avoid any potential conflicts of interest. Actions needed include eliminating existing or potential networks of conflicts of interest in the overall management of funds, improving the supervision and transparency of public procurement procedures at central, regional and local level in strict conformity with the applicable EU rules.

Though considerable efforts have gone into setting up institutions and procedures, the reform has not yet produced sufficient results, because the adoption of laws, the introduction of procedures and the creation of institutions is necessary, but not sufficient – the laws have to be implemented and the institutions have to work effectively to produce more concrete results. The fight against high-level corruption and organized crime is still not producing enough results and

for this reason the EC concluded in its 2008 report that "the administrative capacity of both law enforcement and the judiciary is weak"¹¹. So, without strengthening administrative capacity and irreversible progress on judicial reform and fight against corruption Bulgaria runs the risk of being unable to correctly apply EU law.

3. Dimensions and evaluation of governance effectiveness

The basis for evaluating the governance effectiveness is the Governance Indicators used in the research report on Governance Matters 2008 at the World Bank¹². The data report provides a summary of the governance indicators and displays the country's performance for the years between 1996 and 2007. These indicators are used worldwide as a tool to assess governance challenges and monitor reforms. The indicators cover 212 countries and territories, drawing on 35 different data sources to capture a diversity of views on good governance and discussed together they display the government performance. It is highlighted in the report that where there is commitment to reform, improvements in governance can and do occur and thus some countries are making rapid progress. Good governance can also be found with some emerging economies matching the performance of rich countries on key dimensions of governance. For the past decade countries in all regions have shown substantial improvements in governance, even if at times starting from a very low level. Obviously, there is large variation in performance across countries, and even among neighbours within each continent.

For the purpose of the present analysis, the scope of countries is restricted to focus mainly

¹¹ EC Report on Bulgaria's Progress in Justice and Home Affairs (Report from the Commission to the European Parliament and the Council on Progress in Bulgaria under the Co-operation and Verification Mechanism), Brussels, July 23, 2008, COM (2008) 495 final.

¹² www.info.worldbank.org/governance/wgi/index.asp

on countries from Central and Eastern Europe, focusing on Bulgaria. There is no doubt that in these countries progress reflects reforms where political leaders, policymakers, civil society and the private sector view good governance and corruption control as crucial for sustained and shared growth. Better governance helps to improve living standards and researches over the past decade show that improved governance raises development, and not the other way around. According to the data report of the World Bank in this case examples include Slovenia, Estonia, Czech Republic, Hungary, Latvia and Lithuania that score higher on key dimensions of governance than industrialized countries such as Greece or Italy.

The overall evaluation of the government performance is based on the following definition of governance: it consists of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them. The performance of governments is evaluated against six indicators and higher values indicate better governance ratings. A full and objective picture of the governance is displayed only when all indicators are viewed together though each indicator sheds a light on the situation today. The cross-country set of governance indicators are grouped into the following categories:

- Voice and Accountability
- Political Stability and Absence of Violence
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

The total result of the aggregate indicators for Bulgaria ranks the country just above the middle in the line among the other 212 countries. Bulgaria gets the best score for Regulatory Quality, which is about 70 % and the worst scores for Rule of Law (50 %), Political Stability and Absence of Violence (57 %) and Control of Corruption (57 %). Compared with the other countries from Central and Eastern Europe it should be noted that Bulgaria's score on this dimension is one of the lowest, while the highest score of 78 % is for Slovenia. Significantly better score Bulgaria gets for the dimension of Voice and accountability (65 %). As for the dimension of Government Effectiveness, the score is reaching 60 %. To sum up, according to the average scores on the six dimensions Bulgaria is lagging behind the countries from the region, because the country is about 10-15 % slower in making its progress (even 20 %) than Slovenia, Slovak Republic, Hungary or Czech Republic.

In comparison with other members of the EU, it is also important to note that there is a large distance between East and West Europe, because if Slovenia gets the highest value for all the six aggregate indicators within the range 75-80 %, the values for countries from Western Europe, including Great Britain, France, Belgium and others, range from 94-97 %. From all West European countries, the governance profile in Italy has the lowest value. Sweden is the country with the highest scores for all governance indicators ranging from 97-100 %. The government indicator values of Finland, Denmark and Norway are approximate to these of Sweden, for which they could be separated in a group of the best performers. The table below presents the values for the aggregate governance indicators for several West and Eastern European countries, including Bulgaria.

As the table shows, there are sharp improvements in governance in countries from Central and Eastern Europe, but the overall quality of

governance has not improved much over the past decade. Examples include strong improvements in different governance dimensions such as Voice and Accountability, Political Stability and Absence of Violence or Regulatory Quality. In some countries, no significant change in either direction has been made for the recent years. Especially for Bulgaria, the two most challenging governance dimensions are Rule of Law and Control of Corruption. These two aspects of governance are directly related with the quality of policies and their effective implementation in the areas of the executive and legislation, which indicates the strong need for deep and profound changes in these sectors. This statement is supported also by the Transparency International research analysis of the Corruption Perception Index (CPI) focused on corruption in the public sector in 180 countries¹³. Bulgaria was ranked in CPI for the first time in 1998 with a score of 2.9 points (the index rank countries on a scale from 0 to 10, where 0 stands for extreme level of corruption and 10 stands for lack of corruption). For the period from 1998 to 2002, there was a slow but steady increase in its value: 3.3 points for 1999, 3.5 points for 2000, 3.7 points for

2001 and 4.0 points for 2002. In 2008, the index of Bulgaria is 3.6 whereby it shows a significant decline occupying the 72nd position, which is a negative change. The overall mean CPI value for the EU member states is 6.48 and among the Central and Eastern European countries Slovenia (CPI 6.7) and Estonia (6.6) have the highest scores, while Romania (CPI 3.8) and Bulgaria (CPI 3.6) have the lowest scores. As usual, in Europe the rank list is dominated by the Nordic countries (the first place is occupied by Denmark and Sweden with 9.3 points).

Consequently, based on the summary of findings evaluating the effectiveness of governance, we may conclude that Bulgaria still faces problems in governance, reforms have not yet produced the desired outcomes and two of the most challenging areas in this process are the rule of law and the fight against corruption.

Conclusion

Based on the research findings and the analysis of the reform process in Bulgaria the

Table 1. Governance Indicators for select EU member states

	Voice and Accountability	Political Stability and Absence of Violence	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Bulgaria	65.4	57.2	60.2	66.3	50.0	57.3
Romania	61.5	50.0	53.6	62.0	50.5	53.4
Czech Republic	77.4	70.2	80.1	79.5	73.3	66.0
Hungary	87.0	66.8	72.5	85.9	73.8	69.9
Latvia	72.6	73.6	73.5	82.4	63.8	68.4
Greece	81.3	63.0	71.1	73.2	67.6	68.9
Great Britain	92.8	61.1	94.8	98.0	93.3	93.7
Germany	95.7	75.0	90.5	91.2	94.3	93.2
France	92.3	61.5	85.8	82.9	89.5	91.7

Source: info.worldbank.org/governance/wgi/index.asp

¹³ www.transparency-bg.org

following basic conclusions may be drawn. Three years after joining the EU Bulgaria still faces serious problems in governance, because reforms have not managed to produce the desired outcomes. No doubt, Bulgaria has continued to make progress in remedying weaknesses that could prevent an effective application of EU laws, but there has not been sufficient time to demonstrate convincing results in key areas.

Despite good efforts towards the purpose set – to establish and achieve a modern type of governance and well functioning and transparent administrative system, capable to apply the best EU practices and policies – it has not yet achieved. The main reason is that there are serious difficulties in front of the Bulgarian authority in making real headway in judicial reform and the fight against corruption. The established institutions and introduced procedures and processes have not yet produced the expected results to demonstrate that the system is actually functioning correctly. Obviously, it is hard to assume that deep-seated change would be quick, but the progress has been slower and more limited than expected, for which serious strengthening of the administrative system is strongly needed.

The overall assessment of reform and progress in Bulgaria highlights the most challenging dimensions of governance effectiveness. The rule of law and control of corruption are two aspects directly related with the quality of policies and their effective implementation in the areas of the executive and legislation, which indicates the strong need for deep and profound changes. Deeply rooted problems in these areas require the irreversible establishment and effective functioning of sustainable structures at investigative and enforcement level capable of sending strong dissuasive signals. To conclude, in order to tackle successfully with the significant challenges Bulgaria needs fundamental improvements, intensification of its reforms and

substantially strengthening the capacity of its administrative and judicial system. No one action or effort in this direction is to succeed, if there is no long-term political will and determination.

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