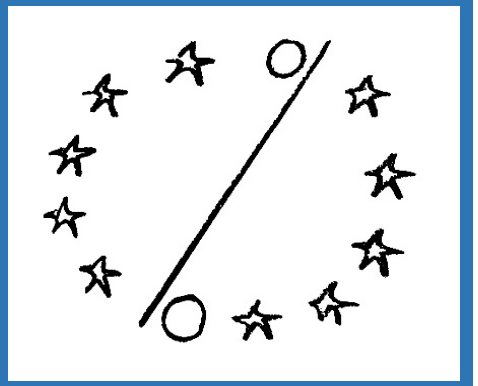
ROMANIA IN EU at TEN
The Governance Story



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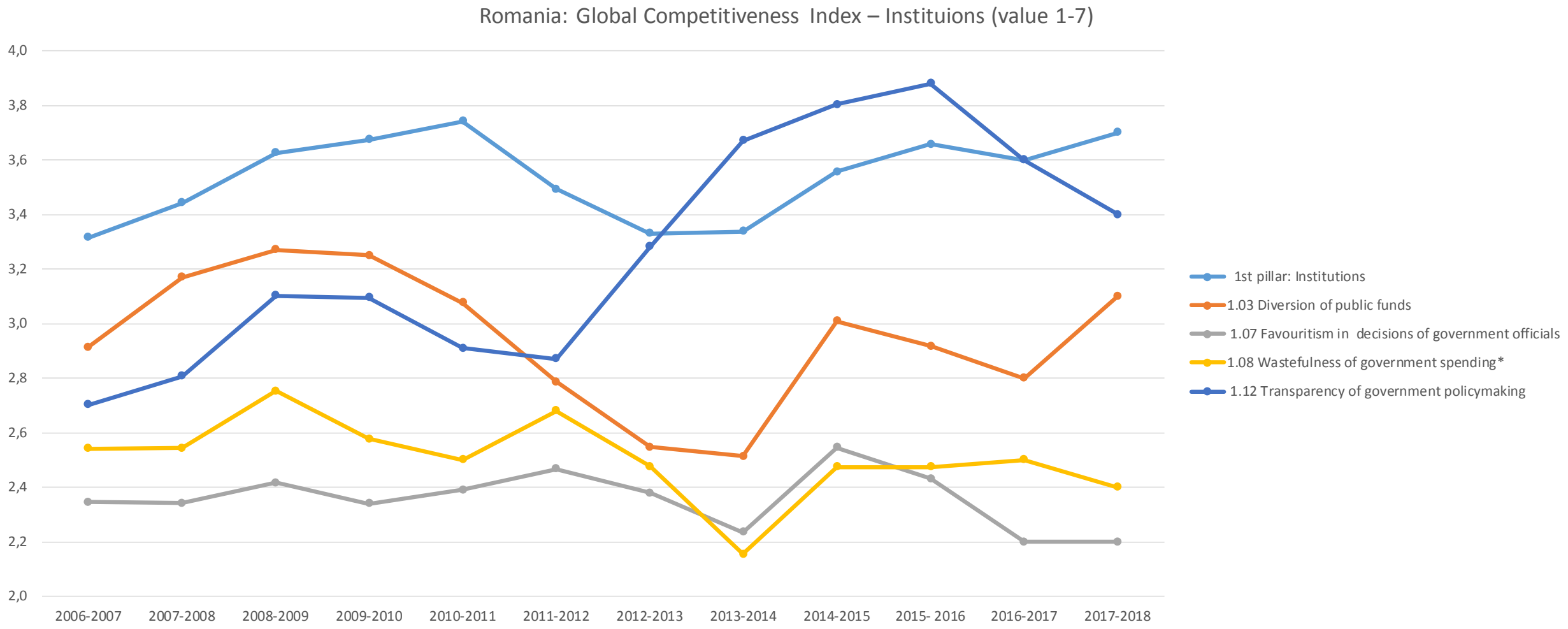
This project is co-funded by the Seventh Framework Programme for Research and Technological Development of the European Union

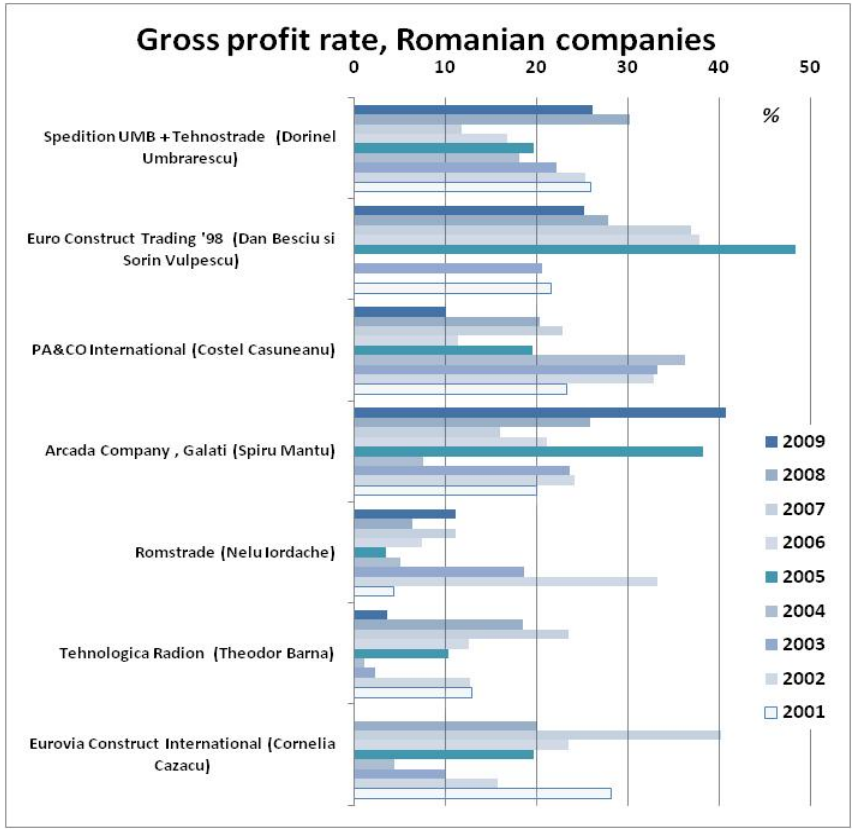
www.againstcorruption.eu

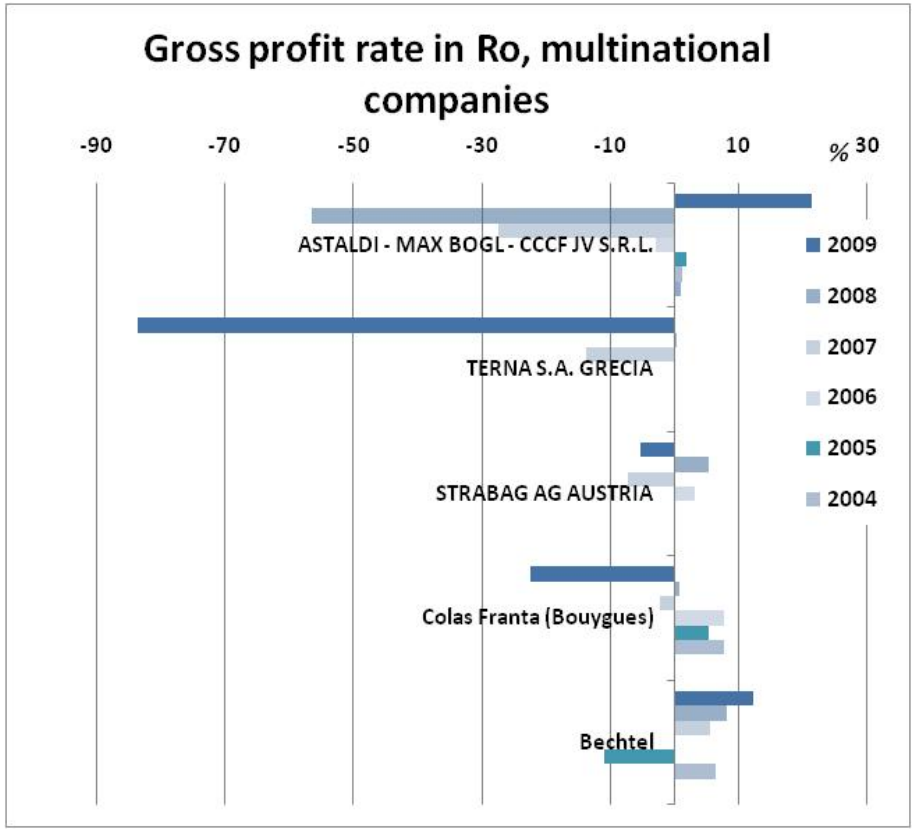
www.romaniacurata.ro

Romania’s ambiguous evolution. Transparency better, but corruption not



This is where it started from- systematic corruption with market distortion (2001-2009)





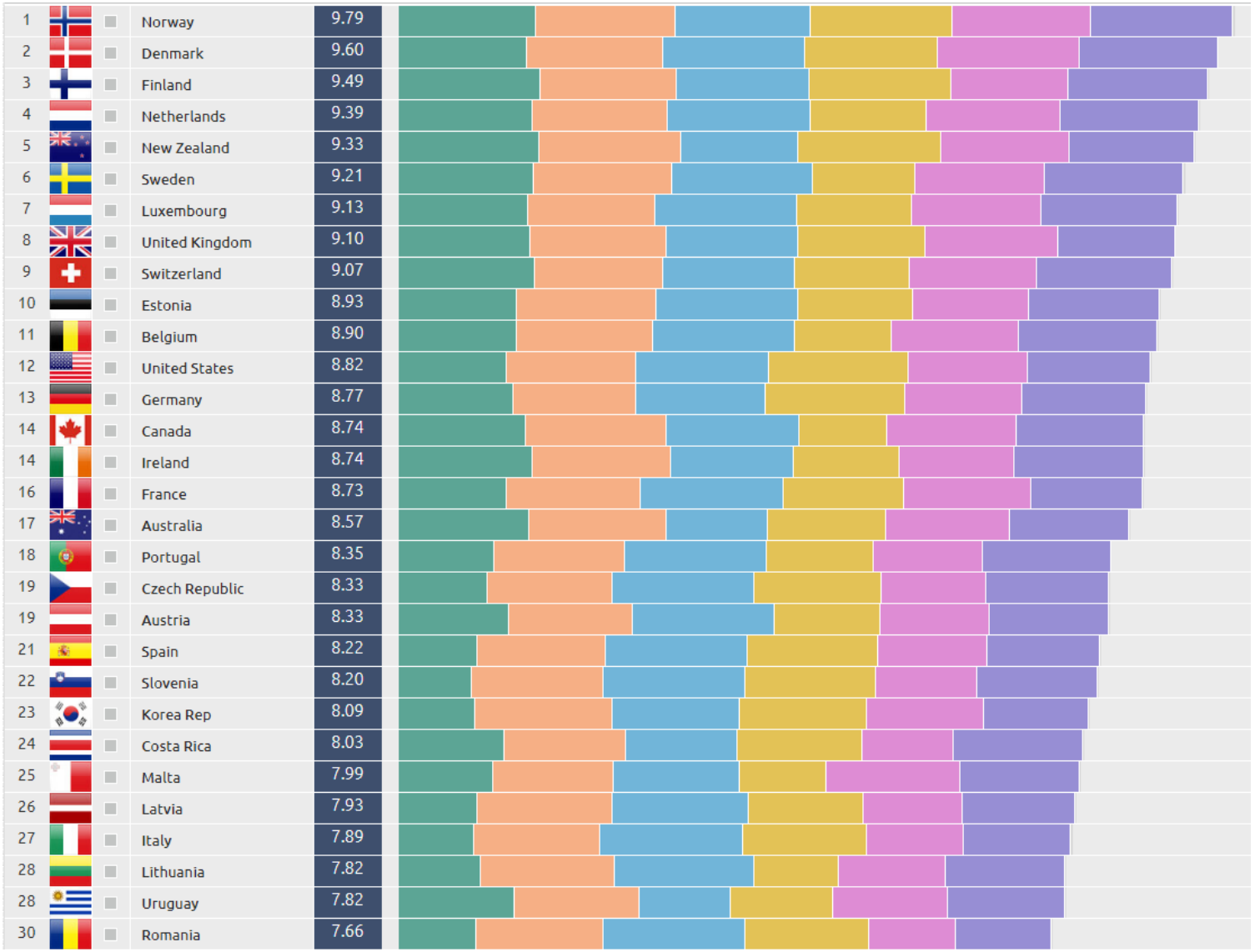
Public works contracting before and after EU accession (up to 2009)
Gross profit rate Romanian 'networked' versus foreign companies
Highest infrastructure investment in EU (6%) –more than education, health, etc.

Then anticorruption prosecution started – Corruption in public construction market during crackdown (2007-2013)

	2007	2008	2009	2010	2011	2012	2013	2007-2013 change
VALUE								
Single bidder	31%	24%	22%	26%	22%	13%	8%	↓↓
Political connection[2]	23%	31%	20%	16%	20%	17%	14%	↓
Agency capture[3]	19%	12%	17%	21%	22%	9%	19%	↔
Total particularism	52%	53%	44%	53%	49%	34%	39%	↓
N CONTRACTS	2007	2008	2009	2010	2011	2012	2013	
Single bidder	30%	28%	20%	24%	24%	18%	12%	↓↓
Political connection[2]	23%	21%	20%	19%	20%	18%	17%	↓
Agency capture[3]	9%	8%	8%	7%	8%	8%	6%	↓
Total particularism	48%	45%	41%	43%	44%	37%	33%	↓

Legend: Time series of particularism indicators in Romanian public procurement during intensive judicial anticorruption, 2007-2013, resulting in a decrease by a fifth of problematic transactions; ↓ indicates small change; ↓↓ indicates change over 10%; ↔ indicates no significant change.
Source: Romanian Academic Society, www.sar.org.ro.
[1] *Single bidding*. i.e. only one bid is submitted to a tender on a competitive market.
[2] *Political connection*. Allocation to a company with political connections (politician shareholder, board member or party donor company, according to digital interest disclosures or donation reports)
[3] *Agency capture*. Public agency awards 51% contracts or value of total contracts to one bidder.

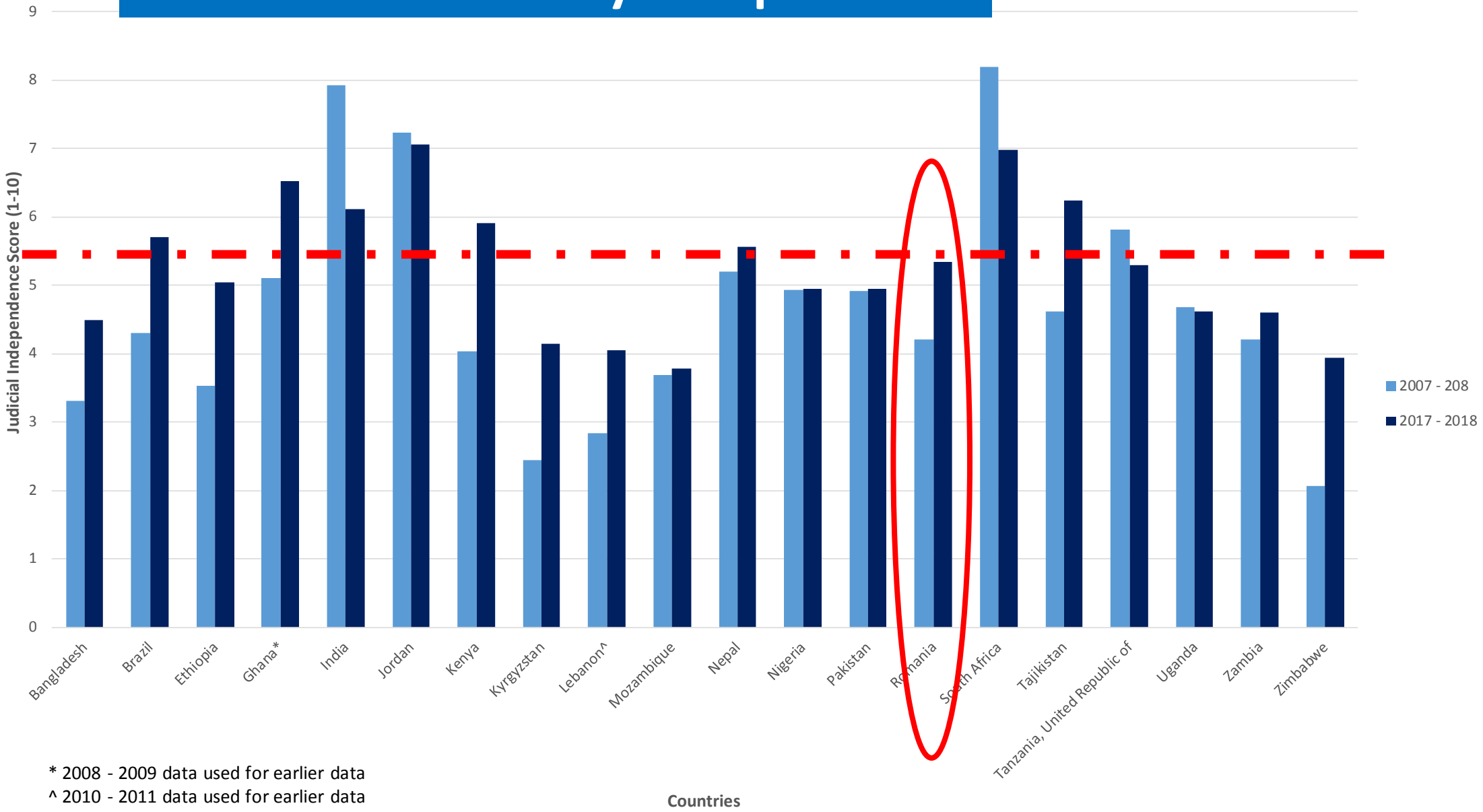
And it amounts to… Global rank 30, but EU laggard still 2017 -Index of Public Integrity, www.integrity-index.org



And it amounts to… Global rank 30, but EU laggard still 2017 -Index of Public Integrity, www.integrity-index.org

Components	Component Score	World Rank (109 countries)	Regional (European) Rank	Income Group Rank
Judicial Independence	5.49	52/109	23/30	10/28
Administrative Burden	8.96	35/109	21/30	5/28
Trade Openness	10	1/109	1/30	1/28
Budget Transparency	8.71	20/109	10/30	6/28
E-Citizenship (Household internet + Facebook users)	6.05	48/109	30/30	10/28
Freedom of the Press	6.74	40/109	26/30	5/28

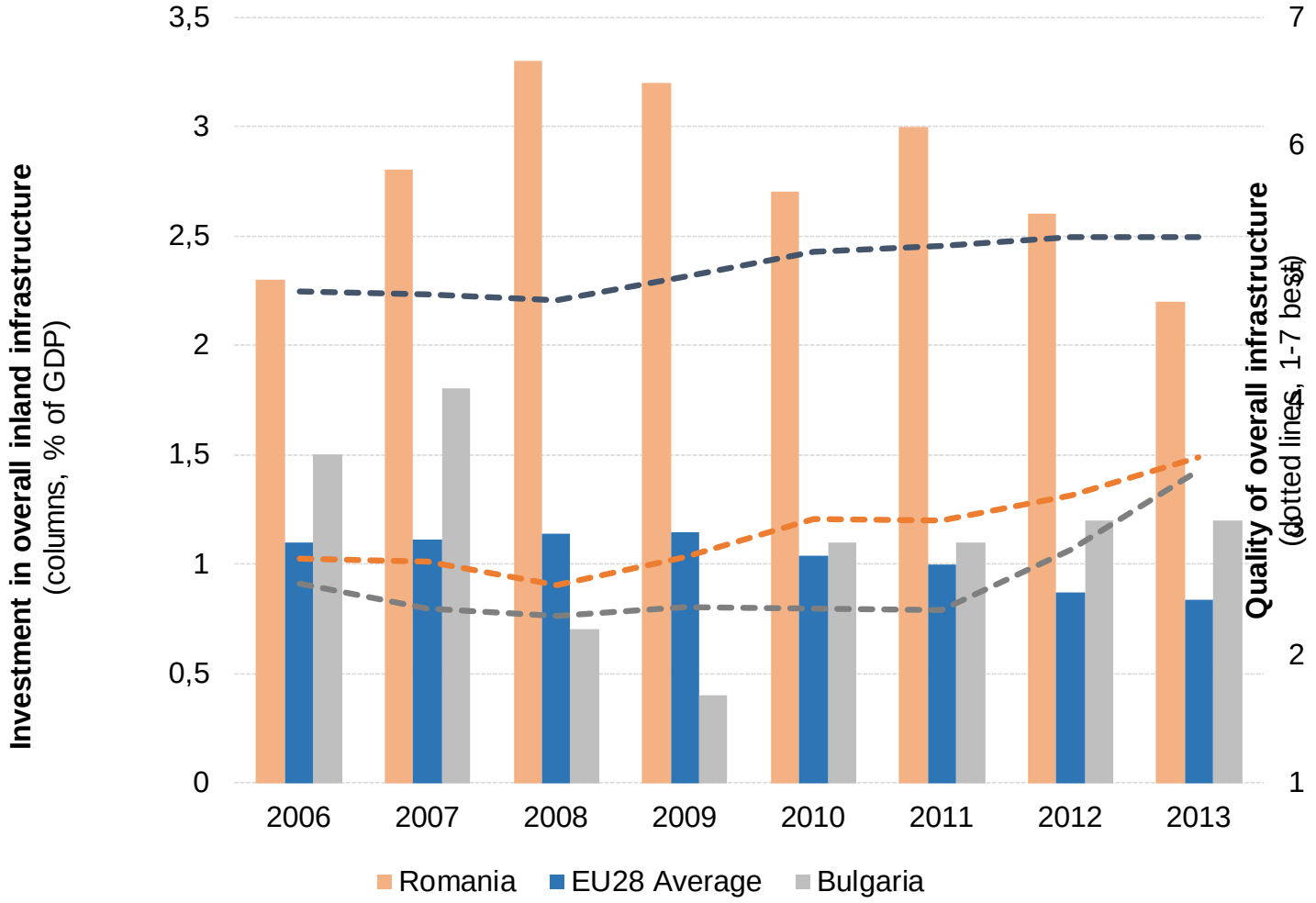
Evolution of Judiciary Independence



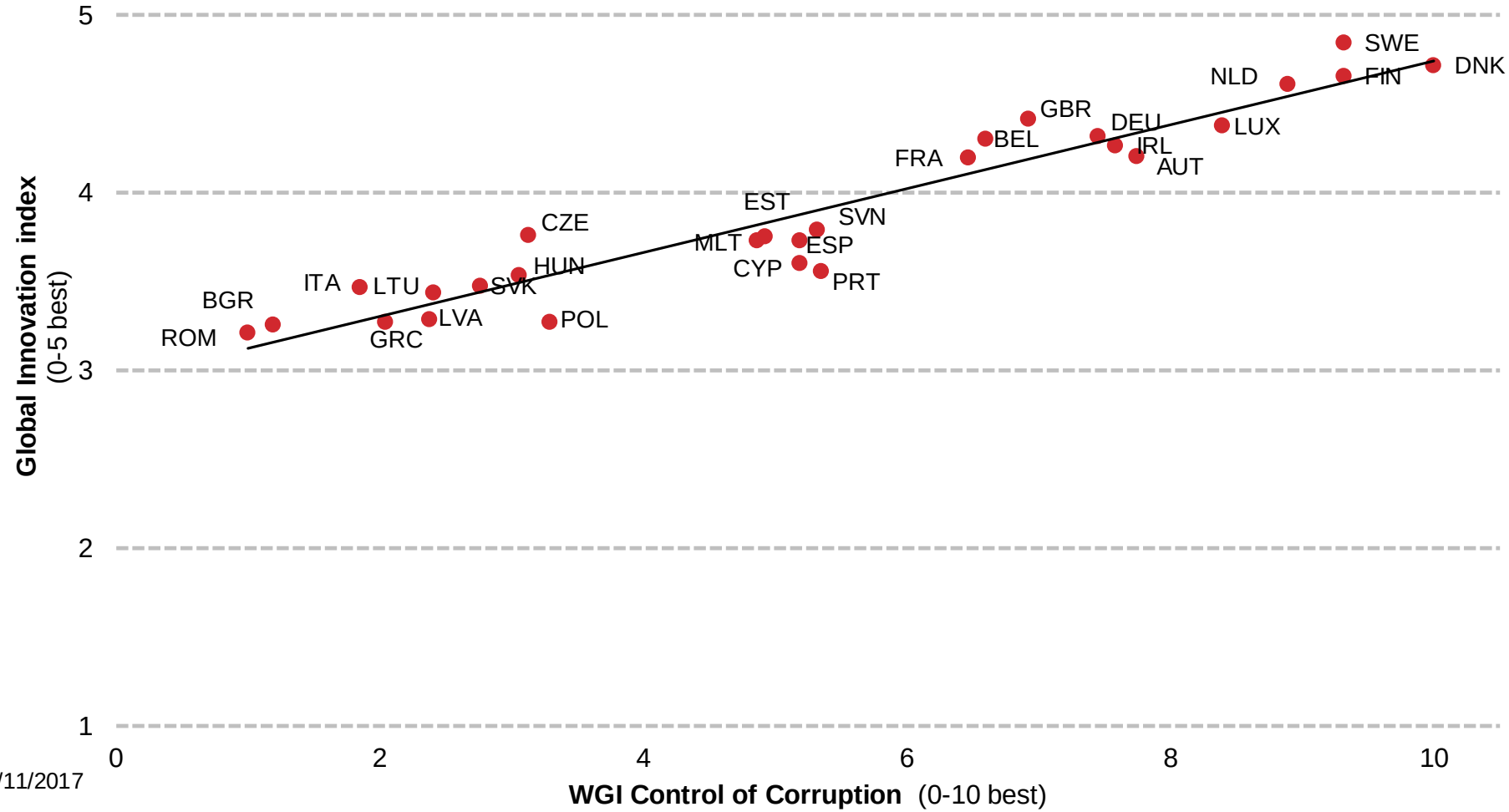
* 2008 - 2009 data used for earlier data

^ 2010 - 2011 data used for earlier data

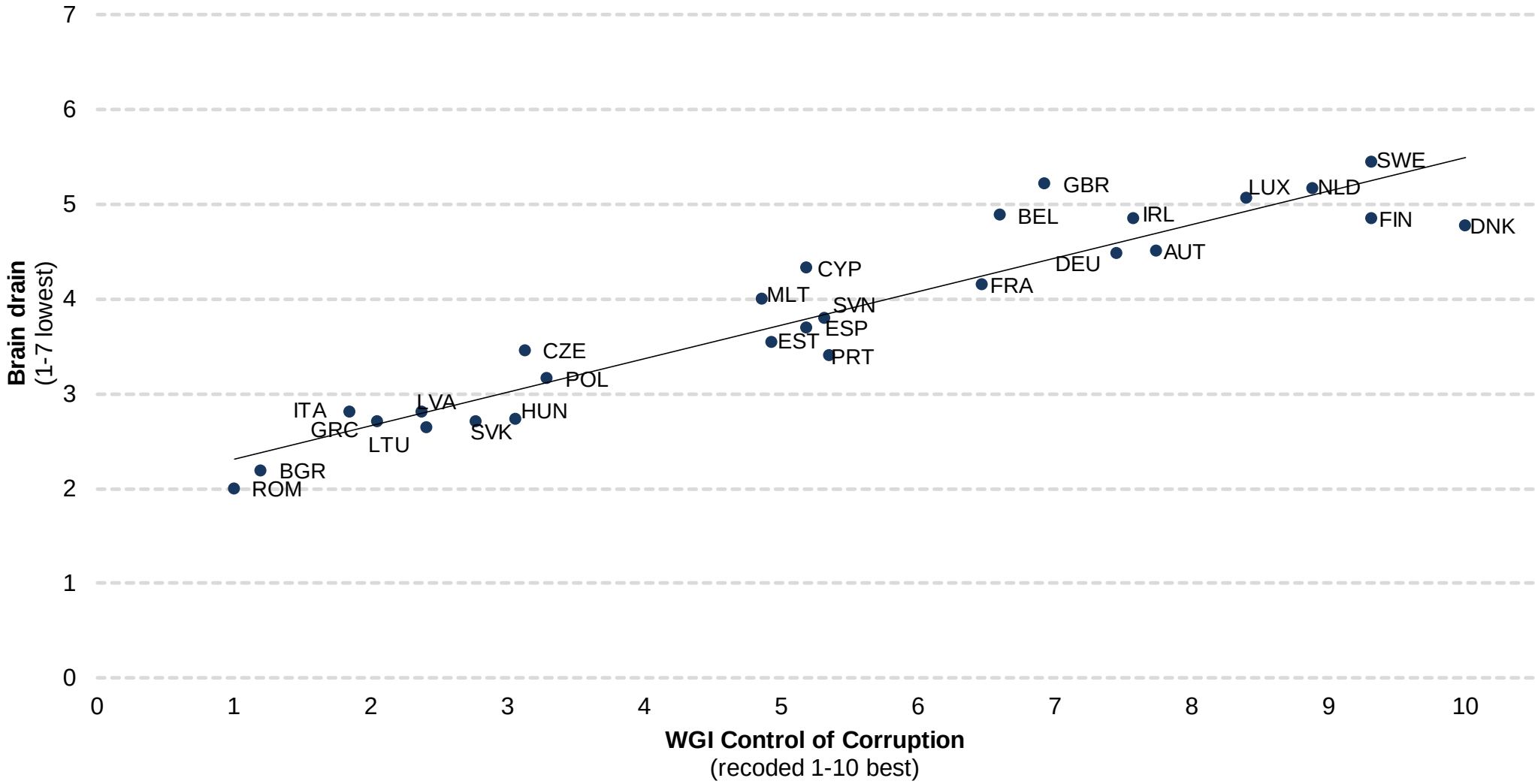
On roads infrastructure, Romania sau Bulgaria still paired, but Romania loses far greater wastefulness of public spending



On innovation infrastructure, corruption a major deterrent of talent



So talent flees from societies not based on merit– Brain drain and corruption

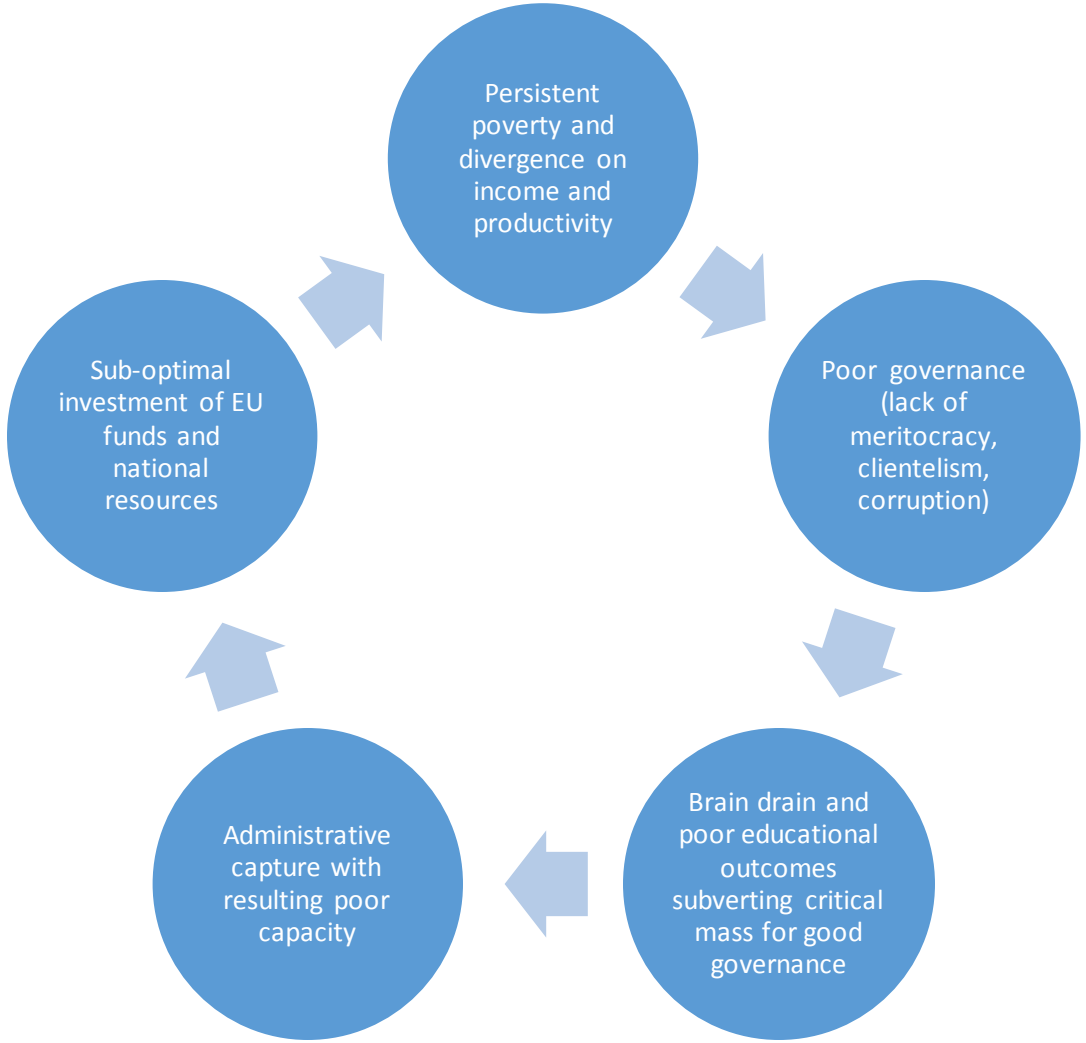


Annual reports published by Romanian authorities (% of maximum possible)			
Year	Sample investigated (N)*	% Formal administrative compliance **	% Substantive administrative compliance ***
2014	106	51%	24%
2013	106	68%	31%
2012	106	57%	30%
2011	106	45%	27%
2010	106	50%	28%
2009	106	41%	19%
2008	106	31%	16%
2007	106	23%	11%
2006	106	25%	10%
2005	106	20%	10%
2004	106	10%	7%
2003	106	3%	2%
2002	106	2%	0%
2001	106	1%	0%
Overall		30%	15%

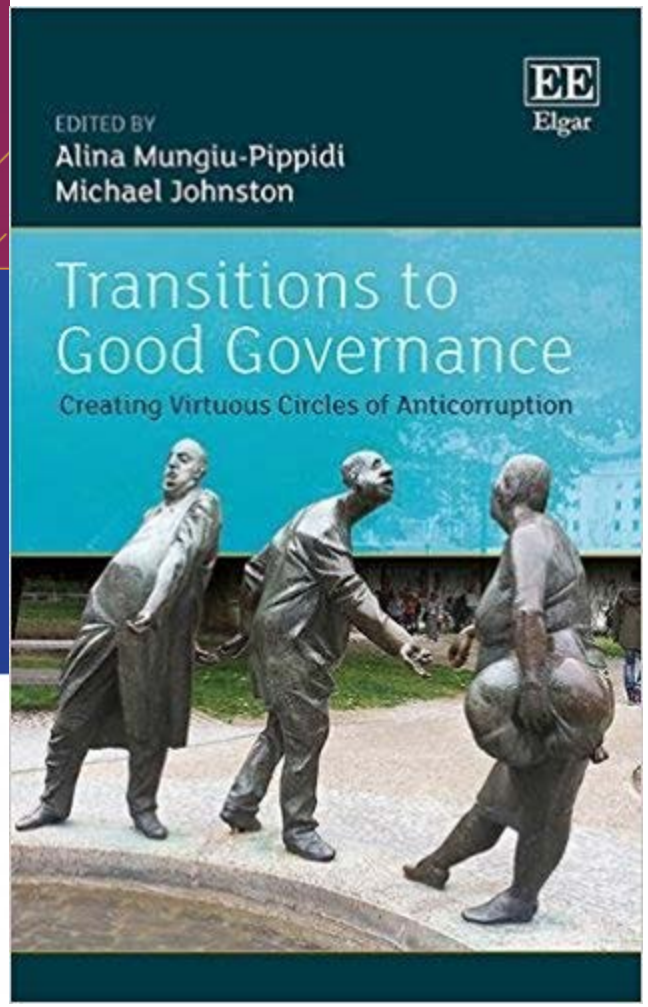
Meanwhile- administrative capacity, slow and inconstant evolution

- * The sample includes all municipal halls of county capitals (including the 6 sectors of Bucharest), all county councils, and ministries (the number of ministries in 2014 is considered constant at 18). All institutions in Romania are legally bound to publish activity reports.
- **Website publication of a yearly report regardless of its conformity to legal standards.
- *** Website publication of a yearly report in conformity to basic legal standards (reports contain objectives, spending per project, achievements, failures and suggested remedies.
- Data was collected in June-October 2015.

What can be done? Breaking the vicious circle



- Romania's crackdown is not sufficient to change systemic patterns of corruption in the absence of decisive administrative and policy action and even backfires politically
- 14 finance ministers in 10 years and 18 at education could not have improved stability and reform – tax collection and educational outcomes have not improved
- Romanian need EU funds which change patterns of poor governance, not reinforce them, as in Greece or Sicily
- Funds with impact, not just 'absorption'
- Funds planned and audited by communities and civil societies through social accountability
- Test case for Romania as well as EU



Link between cohesion and governance already made
http://ec.europa.eu/regional_policy/en/information/cohesion-report/

See also

Mungiu-Pippidi, A., Dadašov, R. (2016)
Measuring Control of Corruption by a New Index of Public Integrity
in *European Journal on Criminal Policy and Research* http://rdcu.be/uwfM
Mungiu-Pippidi, A., Dadašov, R. (2017).
When do anticorruption laws matter? The evidence on public integrity enabling
contexts , In *Crime, Law and Social Change*
https://www.researchgate.net/publication/318736513_When_do_anticorruption_
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