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# Central and Eastern Europe and the Baltic states

Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

*Martin Brusis, Iris Kempe and Wim van Meurs<sup>1</sup>*

## Overview

The countries of Central and Eastern Europe (CEE) and the Baltic states are currently in the process of consolidating pluralist democracies and market economies on the path from post-communist transition to accession to the European Union. In transitional states, lack of public transparency and the existence of well-entrenched informal networks, corruption and organised crime are of great concern. With norms set from outside, based upon the conditionality of imminent EU membership, and pressure of EU accession as the main driving force, there is a sense of tremendous intensity in anti-corruption programmes supported by international organisations and financial institutions. Regional policy efforts now focus on tightening control and regulations in corruption-prone 'grey zones' such as party financing, border and customs services and public procurement.

Current levels of corruption in CEE and Baltic countries do not pose a vital threat to the functioning of democracy, state administration or the market economy as such. With the institutional and legal framework for the fight against corruption now largely in place, the implementation of preventive and punitive strategies now heads the agenda.

The privatisation of state assets continues to be the greatest focus for anti-corruption initiatives that involve the private sector. Some sensitive economic sectors, such as banking, construction, telecommunications and healthcare, have been hit hard by corruption scandals. In a number of countries, domestic NGOs have taken the lead in campaigns to raise public awareness about corrupt practices and to promote codes of conduct for politicians, civil servants and the business community.

## International and regional

International and regional organisations, but above all the EU, have been the driving force in the fight against corruption in CEE and Baltic countries. The EU regards addressing corruption as a vital element in building administrative capacity, strengthening the judiciary and ensuring financial control. CEE and Baltic countries hoping to accede to the EU have to meet stringent objectives if they are to

qualify for membership and manage the substantial financial transfers envisaged for new member states.

The European Commission highlighted corruption as a major deficit of democratic stability in CEE countries in its 2001 progress reports, which monitor how well the accession countries have fulfilled the conditions for EU membership. All progress reports concluded that recent efforts to curb corruption should be reinforced, but criticism was pronounced in the cases of the Czech Republic, Latvia and Poland. In the Czech progress report, the Commission concluded that the government's anti-corruption activities were insufficient and noted a worrying penetration of legal activities by criminal organisations.<sup>2</sup> The report for Poland noted positive changes in the fields of legislation and police cooperation, but criticised the absence of a coherent approach to corruption, above all in the development of a corruption-resistant administrative and business culture.<sup>3</sup>

The EU expects accession countries to align their legislation with the Convention on the Protection of Financial Interests of the European Communities and its protocol on corruption – norms that define national management of EU resources. According to the 2001 progress reports, none of the countries fully conformed to these norms. The EU anti-fraud office, OLAF, has initiated an exchange of information with national prosecution agencies, while Europol has signed cooperation agreements on combating organised crime with Estonia (October 2001) and the Czech Republic (March 2002).<sup>4</sup> EU member states have provided technical assistance under the Phare programme, such as the Latvian Anti-corruption Training, Legislation and Information Programme or the long-term secondment of anti-corruption experts in Slovakia.<sup>5</sup>

While the EU has enormous political and economic power in the region, it has not formulated a comprehensive anti-corruption policy, drawing instead on the know-how and assessment of other organisations that have provided detailed normative templates and assistance to institution building or policy implementation.

The Council of Baltic Sea States set up a Task Force on Organised Crime in cooperation with the Organisation for Economic Co-operation and Development (OECD). In addition, the Baltic Anti-corruption Initiative, an ad hoc regional project aimed at capacity- and institution-building and based on peer review, focused on the fight against domestic and international bribery. The current review phase of national self-assessments and civil society surveys will lead to targeted OECD assistance for further legal and institutional reforms with their actual implementation as well as a community-based process intended to diagnose and remedy corruption in key service sectors.<sup>6</sup>

The past year has seen significant progress in the inclusion of CEE and Baltic countries in the international anti-corruption regime. In September 2001, Slovenia filed the accession instrument for the OECD Anti-Bribery Convention, although implementing legislation was not in force by the time of publication.<sup>7</sup> Estonia ratified the Council of Europe's (CoE) Criminal Law Convention on Cor-

ruption in December 2001 and Lithuania did so in March 2002. Slovenia signed the CoE's Civil Law Convention on Corruption in November 2001, followed by Lithuania in April 2002. The Czech Republic joined GRECO, a CoE programme that establishes a framework for implementing its anti-corruption conventions, in February 2002.

International financial institutions were also involved in the broader anti-corruption network on several levels in an auxiliary role. The World Bank has elaborated national and sector analyses as well as policy recommendations in Poland and has supported the establishment of a permanent Corruption Prevention Bureau in Latvia.<sup>8</sup> The International Monetary Fund has encouraged member states to comply with its code of good practices on fiscal and monetary transparency, which aims to provide public information on government activities and budgeting, establishing clear competencies and responsibilities in government and developing independent integrity assurances. The Czech Republic's observance of the code was monitored in July 2001.<sup>9</sup> Until December 2001 the United Nations Development Programme supported state audit offices, as well as related financial control and management institutions, to improve accountability systems in the CEE countries.<sup>10</sup> Hungary has been running a pilot project with the UN Office for Drug Control and Crime Prevention to apply the UN's Global Programme against Corruption.<sup>11</sup>

Taken together, the activities of these organisations can appear somewhat patchy and uncoordinated. On the one hand, they reflect demands of individual states; on the other, they are the result of international and regional organisation-related factors, rather than local needs in the region. Their main impact is probably not the improvement of specific anti-corruption policies, but the creation of a general external environment that publicises the problem, supports the diffusion of best practice and encourages domestic actors to engage in greater efforts to stop corruption.

## National

CEE and Baltic countries are characterised by a broad rhetorical consensus that corruption should be addressed as a strategic priority. The key problem for national governments is how to transform this declared policy priority into effective action. In states in political transition, new institutions have to be created and new rules established, without recourse to examples from the preceding era.

Overlapping competencies and institutional proliferation within and between the relevant ministries and other agencies have sometimes impeded implementation. Governments have created various institutional arrangements to coordinate their anti-corruption policies. The Slovak government has endowed a deputy prime minister and the government office with coordinating functions. Latvia established a coordinating Crime and Corruption Prevention Council in January 2002, chaired by the prime minister with the ministers of justice and of the interior as deputies. In

## Political party funding in Latvia

Former Bank of Latvia governor Einars Repše showed that legal requirements are not the only way to increase transparency in political party financing. In late 2001, even before his new party, Jaunais Laiks (New Era), had been officially established, anyone accessing the party's website could view a listing of all the donations coming into its coffers. Since the party's official founding, its expenditures have also been accessible on-line ([www.jaunaislaiks.lv](http://www.jaunaislaiks.lv)).

The public had already been able to obtain information on-line about contributions to other Latvian parties – but only once a year and without much detail. Since the law imposing disclosure requirements came into force in 1995, journalists have been exploring the sources of party finance. But the information has done little more than increase the level of distrust of political parties among the voters. Polls suggest that only 12 per cent of Latvians have confidence in their political parties.

In cooperation with the Soros Foundation Latvia, Transparency International-Delna launched a project to provide independent monitoring of political advertising costs in the run-up to municipal elections in 2001. Parties were invited to submit information voluntarily, but only nine of Latvia's 47 parties actually delivered data and just two of the six represented in parliament participated in the project. In a country where 70 per cent of campaign funds are spent on advertising, it is essential to know exactly how much parties allocate to different types of media – TV, radio, press and other means of advertising. The project's most important results were not the publication of the sums that parties spent on advertising, but rather its recommendations for ways to improve party funding legislation. These were fully adopted into law by the end of May 2002. Media scrutiny, combined with TI-Delna's proposals, prompted the ruling coalition to

support radical changes in the rules governing political contributions. All parties in parliament, including the opposition, supported amendments that should bring about a transparency revolution in Latvian elections.

In one notable legal change, parties must report in detail the identity of their funders and how much they spend on each election. Other novel steps include requiring parties to post each contribution on the Internet within five days of receipt. Politicians also approved the establishment of an anti-corruption agency to monitor party finances. Until 2002, no independent agency was actively reviewing parties' financial reports. The new agency will monitor the flow of donations and has powers to impose fines of up to 10,000 lats (almost US \$17,000). Furthermore, in 2002 parties began reporting the amounts of money to be spent *prior* to elections (see [www.pretkorupcija.lv](http://www.pretkorupcija.lv)).

Now that politicians have accepted the need for transparency, media owners are beginning to worry. It seems that many do not want parties to reveal the confidential advertising agreements they have made with political candidates. A similar fuss arose when a TI-Delna study in 2001 revealed hidden advertising in many media outlets in connection with municipal elections. Although draft proposals on media and advertisement transparency were not adopted into the new law in May 2002, NGOs remain persistent in their efforts: in mid-2002, media companies were called upon to release their election earnings voluntarily; 14 already provided this information in 2001. Ironically, although journalists helped to bring about the new rules governing political contributions, it appears that those at the business end of the media are harder nuts to crack than politicians.

**Inese Voika**

July 2001 the Slovenian government established a specialised government agency for the prevention of corruption.<sup>12</sup>

In the other CEE and Baltic countries, implementation is coordinated by ministries of justice or the interior together with interministerial working groups, and/or with specialised cabinet committees. Centralised, cabinet-level or prime ministerial coordination seems to be an important precondition to the implementation of broader anti-corruption strategies, but it does not guarantee effective policies. This was the case in the Czech cabinet's Committee for the Protection of Economic Interests, which ceased to lead the 'Clean Hands' campaign.<sup>13</sup>

With the exception of Poland, all CEE and Baltic governments have developed national anti-corruption strategies defining an institutional division of labour, policy objectives and measures. In 2001–02, the Lithuanian parliament approved the government's strategy and the Hungarian government adopted a similar one. In May 2001 Poland set up the new High-level Anti-corruption Group, which consists of parliamentarians representing the whole political spectrum, public officials as well as NGO representatives. As a result, an anti-corruption strategy was published and distributed to decision-makers, but, like a previous strategy initiated by the government, only parts of the recommendations have been translated into policies.<sup>14</sup>

### Political corruption

In the period under review, cases of large-scale political corruption were rare. Despite this possible indication of a consolidation of democratic procedures and public awareness, the region witnessed some dramatic incidents of political corruption, some involving conflicts of interest or major corporations exerting influence on political decision-making.

On 9 November 2001, a Hungarian court found a parliamentarian and political state secretary in the ministry of culture guilty of negligent dealing with public monies. The state secretary was sentenced for having sold real estate belonging to the municipality where he was mayor to local companies in exchange for financial support for his electoral campaign.<sup>15</sup>

A former under-secretary in the Slovenian ministry of economy was pronounced guilty on charges of arranging state aid for an entrepreneur for a US \$90,000 bribe. Also in Slovenia, a deputy mayor of Koper and entrepreneur was arrested for allegedly managing land and municipal estates for the benefit of his own business.<sup>16</sup>

Nevertheless, many CEE countries sought to increase the transparency of party financing by setting rules regarding state allocations and the publication of annual financial statements. Slovakia obliged parties to provide audited and public financial accounts, including the name, address and identification number of all donors. Restrictive legislation on party financing was prepared in Hungary.<sup>17</sup> Hungary and Slovakia, among other countries, also prepared laws regulating the

lobbying activities of interest groups. But in the Baltic countries politicians hesitated to open party finances to public scrutiny.<sup>18</sup>

Typically, with increasing public sensitivity to corruption issues, accusations of political corruption become part of politicking, particularly during electoral campaigns. In July 2001, the Polish minister of telecommunications was dismissed after corruption charges concerning the allocation of third-generation mobile phone licences were alleged against officials in his ministry.<sup>19</sup> In addition, several high-ranking politicians have been accused of corruption. There were calls for the foreign minister to resign after it became clear that he was a member of the supervisory board of the company Business Management Consulting.<sup>20</sup> In July 2001, the Polish prime minister tried to improve his public position by dismissing the minister of justice for 'failing to put an end to activities that question principles of law and order'. In reaction, the minister founded the Law and Justice party, focusing on the fight against corruption. It won 9.5 per cent of the vote in the September 2001 parliamentary elections.<sup>21</sup> Corruption was a major issue in these elections after opposition parties uncovered cases allegedly involving members of the ruling coalition.

In Latvia, the head of the central bank formed his own party, hoping to win half the votes in the October 2002 parliamentary elections on an anti-corruption platform. Ironically, before its foundation in February 2002, the Jaunais Laiks (New Era) party was accused of violating anti-corruption laws by accepting large corporate donations and offering the central bank president a large fee to head the party – to make it 'independent from influence by financial groups'.<sup>22</sup>

In Hungary, police launched an investigation against Péter Medgyessy, the prime ministerial candidate of the largest Hungarian opposition party, the Socialist Party, suspecting him of having lobbied Budapest councillors to secure the sale of a building to a company he advised.<sup>23</sup> The investigation was stopped before the election and Medgyessy went on to become prime minister.

Hungarian opposition parties suspected the Dunaferri Iron Works Corporation of concluding a privileged contract with the quarry company belonging to the previous prime minister's father, substantiating their claim mainly with the complaint of a rival company. The governing coalition prevented opposition parties from establishing a parliamentary investigation committee on the issue.<sup>24</sup>

The fact that election fraud remained minimal in recent polls may be considered an indicator of democratic consolidation: political opponents accuse each other of personal corruptibility, but seldom of electoral fraud.

### **Administrative corruption**

Under socialism, the use of personal networks, bribery and corruption were structural characteristics of administrative dealings. Quite naturally, the legacy has a high impact on corruption awareness among civil servants as well as the public.

EU accession states with exposed borders have witnessed relatively frequent cases of corruption among customs officials and border guards. In 2001, 18 people

## Pursuing conflict of interest legislation in Slovakia

The participation of politicians and civil servants in public functions in the Slovak Republic is regulated by the Act on Prevention of Conflict of Interest in Performance of Tasks of Constitutional Officials and High-Ranking Officials from 1995. The act restricts public officials from accepting or offering gifts in connection with the performance of their duties, mediating a business contract with state companies for profit, receiving other income exceeding the minimum monthly salary (SKK 4,920 or US \$105 in 2001) or running a private business. Under the act, public officials are obliged to submit annual declarations of their assets and property exceeding SKK 1,500,000 (almost US \$33,000), as well as any gifts valued at more than the minimum monthly salary.

There is little evidence that public officials have heeded these regulations. Articles appear in the press almost on a daily basis exposing cases of conflict of interest on the part of public officials. It was recently revealed that one member of parliament owned shares in private companies that were doing business with the state-owned electric company. When the parliamentarian's business activities were made public, he responded to his critics by claiming that he needed to earn more money during his term in office because he did not want to later find himself dependent on unemployment benefits.

Individuals involved in such cases of conflict of interest are rarely investigated because the reporting system established by the 1995 act is inadequate, the sanctions that do exist are too weak to serve as a deterrent and the verification of data provided by politicians to the responsible parliamentary committee is insufficient. As a result, no punitive action has been taken against any public official in the seven years that the act has been in force.

But in mid-2001, the National Council of the Slovak Republic parliamentary

working group began to focus more on the problem of conflicts of interest. Around the same time, the Alliance – Stop Conflicts of Interest (*Aliancia – Stop konfliktu záujmov*) was formed. The alliance, led by TI Slovakia, represents an informal association of more than 240 NGOs that seeks to promote stronger legislation and to improve public access to information about possible conflicts of interest. In addition to organising press conferences, media appearances and publishing information on its website ([www.konfliktzaujmov.sk](http://www.konfliktzaujmov.sk)), the alliance has carried out several conflict-of-interest-related assessments, including a comparative analysis of conflict of interest legislation in various countries. The alliance's public survey found that more than 80 per cent of Slovak citizens support the idea that public officials' property statements should be made publicly available.

The alliance also played an active role in supporting a new conflict of interest bill that was proposed by the parliamentary working group and voted on in May 2002. The alliance had suggested amendments to the bill, some of which were accepted and incorporated. For example, the bill advocated expanding the regulations established by the 1995 act to apply to more officials, including members of local governments, and proposed that property declarations be made public. With parliamentary elections scheduled for September 2002, however, the political will necessary to adopt the new act was difficult to secure: the bill failed to find approval in the May 2002 parliamentary vote. Nevertheless, the alliance remains committed to promoting stronger legislation. After the September elections, the issue will be raised once again and the next government will be compelled to respond.

**Emília Sičáková**

were detained in Latvia in connection with the smuggling of gasoline across the Russian-Latvian border.<sup>25</sup> The head of the Latvian customs service resigned in August 2001.<sup>26</sup> Reportedly he had refused to turn a blind eye to smuggling operations. In Latvia and Estonia, cases of corruption have also occurred among naturalisation officers.<sup>27</sup>

Many governments extended the rules governing the conduct of public officials by focusing on ethical codes, mandatory asset statements for civil servants and political office-holders, conflict of interest rules and the creation of agencies supervising these rules. In 2001, Hungary introduced mandatory asset statements for all public sector employees. In July 2001 and March 2002, respectively, Slovakia and the Czech Republic adopted civil service laws that made property disclosures compulsory for civil servants and envisaged the introduction of codes of conduct.

### **Prosecuting corruption**

The Hungarian parliament adopted a law on corporate criminal liability in December 2001. The penal code was amended to improve the instruments available to fight corruption and to tighten punishment of corrupt actions, and the prosecutor's investigative powers were strengthened. Slovakia increased the penalties for bribery in June 2001, but not for abuse of power by public officials. The Czech Republic amended the Criminal Proceedings Code and the Law on the State Prosecutor's Office to enable offensive police investigations and to strengthen the rights of the public prosecutor.

In Lithuania, a Special Investigations Service was set up as a specialised anti-corruption body aimed at both detection and prevention measures. It is an independent institution accountable to the president and the parliament. A coordination group, established in 2001, governs the law enforcement bodies.

The weakness of the judiciary and the low pay awarded to judges and law enforcement officials across the region have been a particular matter of concern for the EU in recent years. Raising salaries and improving the transparency of the judiciary are policy priorities in most of the CEE and Baltic states.

### **Auditing and public procurement**

In order to fulfil the requirements of managing EU funds, most countries have renewed and expanded their institutional control systems for public spending. The Czech Republic and Slovakia adopted new laws on functionally independent intra-governmental audit units in August and October 2001. Slovakia strengthened the independence of its supreme audit office in November 2001 and adopted a law on financial control that came into force in early 2002. Yet the effectiveness of auditing institutions depends on the political power conceded to them by governments and the domestic political setting. The fact that the Polish supreme audit institution's president has been associated with the opposition has significantly constrained his power.<sup>28</sup>

EU pressure led to reforms of public procurement regulation in the region, mostly focusing on improving access to information and stricter conflict of interest provisions. In November 2001, Slovakia amended its Law on Public Procurement to establish rules for public tenders of more than US \$11,000.<sup>29</sup> The new Hungarian government declared its resolve to extend the mandatory application of public procurement rules and to investigate previous public purchases.

In August 2001, the Slovak finance ministry asked the public procurement office to stop the tender for an information system for the state treasury. The ministry filed a lawsuit because – according to the indictment – an employee of the firm Siemens had allegedly offered a bribe to the chairman of the commission deciding the bids.<sup>30</sup> The employee allegedly offered the tender’s chairman a bribe of 1.5 million crowns (US \$30,000).<sup>31</sup>

The head of the Latvia National Environmental Inspectorate allegedly demanded and received a bribe from a Latvian company, after threatening to reverse a favourable decision on a tender for a Danish-funded project. In fact, the official had no way of influencing the decision.<sup>32</sup> The Czech ministry of defence allegedly ignored public procurement rules in acquiring military equipment, selecting suppliers on the basis of personal connections and purchasing over-priced materials.<sup>33</sup>

Across the region, state procurement and tenders remain liable to illegal deals, kickbacks and administrative corruption. Owing to a lack of public awareness and the weakness of internal control mechanisms, the combination of major asset transfers with weak institutions is particularly susceptible to corruption.

### Private sector

Corruption allegations were drawn by the last large privatisations in the region and investment negotiations between multinational companies and the state as owner or major shareholder of large industrial enterprises.

Large privatisation and other business arrangements in the energy and infrastructure sector in the Baltic states continued to be subject to corrupt dealings. Accusations of corruption were levelled at the U.S. energy firm Williams International and Russian competitors Yukos and LUKOIL as they haggled over the privatisation of the Lithuanian oil company, Mazeikiu.<sup>34</sup> Shortly before, the mayor of Vilnius accused a member of parliament of cheating the French power company Dalkia, and of demanding protection money.<sup>35</sup>

Recently, the Slovak state audit office alleged that the chief executive of the Slovak Gas Industry had transferred ownership of two company-owned buildings to himself. As a result, he no longer works as an executive for the company.<sup>36</sup>

In February 2002, it was alleged that employees of the Lodz ambulance service in Poland not only took payment from undertakers in exchange for information about the death of patients, but also actually killed patients for profit. The allegations

## Access to information in Central and Eastern Europe and the Baltic states

Access to information has two main dimensions in the CEE and Baltic states in the context of the fight against corruption. First, it involves the establishment of rules and procedures that guarantee the transparency of the corporate interests of politicians and high-ranking civil servants to prevent conflicts of interest. This includes transparency in party financing, industrial lobbies and donations to political parties. Second, based on a more American concept, access to information concerns the information available on corporate interests and the private finances of individual politicians.

There was important progress in the adoption and implementation of new regulations on access to information in the region over the past year. Nevertheless, only a strengthening of the checks and balances between state institutions and civil society can guarantee the provision of sustainable, useful information for public consumption.

All countries in the region have laws on access to information in force. Estonia and Poland approved new laws on access to information. Poland's law, which came into force on 1 January 2002, is based on a bill elaborated by the Adam Smith Centre, an economic think tank supported by some members of parliament. Access to information should now be guaranteed through the court system. It is still too early to evaluate the law's impact, but gaining access to information with the aid of the court system might be of limited efficiency because of delays in the Polish courts.

The consolidation of democracy, the rule of law and civil society development have made remarkable progress in the past decade. The sheer plurality of channels, agents and sources of information available to NGOs and the general public offers basic guarantees against cover-ups and political corruption in all CEE and

Baltic countries. In some, civil society organisations have been engaged in enforcing access to information laws. For example, the citizens' association *Actio in distans* informs and supports individual citizens trying to use the access to information law in the Czech Republic. The Minority Rights Group of the Foundation Citizen and Democracy monitors implementation of a similar law in Slovakia.<sup>1</sup>

In all CEE and Baltic countries, the media are highly sensitive to corruption and are one of the bulwarks in the fight against official dishonesty. Most countries now provide guaranteed access to information for journalists, although actions to constrain the freedom of the media still occur. A spectacular case occurred in the Czech Republic when the journal *Respekt* published a commentary on the 'corrupt behaviour' of the ministers of the current government in October 2001. The prime minister threatened to bankrupt the journal by forcing all his ministers to sue it for financial compensation. Hungary's constitutional court increased the risk to journalists engaged in investigative reporting when it adopted a bill allowing persons whose civic rights have been 'violated by the media' to impose a fine on the publisher that could threaten the publication's economic existence.<sup>2</sup>

Bureaucracies in the CEE and Baltic countries tend to use delaying tactics, high processing fees and overly complicated procedures to stifle actual access by individual citizens. Conversely, the Internet has the potential to improve public access to information, be it via government websites or via alternative distributors, such as NGOs or the media.

<sup>1</sup> [www.ostosest.cz](http://www.ostosest.cz); [www.changenet.sk/mrgs](http://www.changenet.sk/mrgs).

<sup>2</sup> *Heti Világgazdaság* (Hungary), 22 December 2001.

were only the tip of the iceberg, and doctors and the owners of funeral parlours have also been charged with taking or paying bribes.<sup>37</sup>

The crisis-ridden banking sector in the Baltic states has recently had its share of corruption cases, including the bankruptcy of the ERA Bank in February 2002, allegedly caused by the illicit transactions of a manager. The former chairman of Latvia's Banka Baltija was sentenced to jail for nine years for forgery and embezzlement after a lengthy and public trial.<sup>38</sup>

Gradual consolidation of the institutions regulating the market economy has contributed to a climate that discourages corruption. Nevertheless, the implementation of business ethics and voluntary codes of conduct as mechanisms of self-regulation requires pressure by NGOs and public awareness. The Czech national chapter of Transparency International established the coalition 'Viva Etika' together with major private companies to improve the transparency of the Czech economy. The Polish TI chapter established a *Czysta reka* (Clean Hands) project to introduce a business ethics code. The overall goal was to make businesspeople sensitive to corruption by signing an anti-corruption ethics code but, as of summer 2002, only 28 companies had signed up to the initiative.

### Civil society

The active involvement of civil society in the fight against political and administrative corruption depends on a number of related factors: the visibility and extent of corruption, general trust in state institutions and the strength of national NGOs as initiators of public awareness. In some countries, one-issue NGOs have been created to address corruption. Depending on official policy on corruption, these NGOs act as an independent auxiliary or as a watchdog, challenging attempts to ignore the issue or cover up individual cases of corruption.

A key change in recent years is the advance of domestic NGOs in the fight against political, administrative and business corruption. With international support, NGOs and journalists have heightened public awareness of corruption and brought about political action.

In 2001–02, numerous Slovak NGOs established the Alliance – Stop Conflicts of Interest – to amend the existing, largely ineffective law on the prevention of conflicts of interest. The alliance wanted to increase the number of public servants subject to the law; formulate more precise duties and limits concerning additional work contracts and revenues; make asset declarations public and mandatory even for close relatives; and improve the effectiveness of proceedings and sanctions for conflicts of interest.<sup>39</sup>

In Hungary, the Gallup Institute ran an Internet news service that monitored the integrity of public life and public services.<sup>40</sup> Hungarian newspapers and journals, such as *Élet és Irodalom*, *Heti Világgazdaság* and *Népszabadság*, have developed a culture of investigative journalism that facilitates the detection of major corruption scandals in the country.

The Stefan Batory Foundation, in cooperation with the Helsinki Foundation, created the programme *Korupcja?* (Corruption?), aimed at building public trust, proposing legislative changes, supporting independent media and promoting awareness of corruption in Polish society.

In a unique partnership between government and an NGO, the TI chapter in Latvia, Delna, was invited to monitor the procedure for a major privatisation tender. Despite the fact that the tender for the Latvian Shipping Company failed, the co-operation between NGO and privatisation agency set a precedent in the prevention of influence-peddling in the decision-making process.<sup>41</sup>

In contrast to other CEE and Baltic countries, relatively few anti-corruption NGOs exist in Slovenia.<sup>42</sup>

- 1 The authors would like to thank participants at the OECD ACN conference in Istanbul (26–28 March 2002) for sharing information, and TI chapters in the region – in particular in Slovakia and Latvia – for their suggestions and comments.
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- 9 See the 2001 report on the Czech Republic: [www.imf.org/external/np/ros/cze/index.htm](http://www.imf.org/external/np/ros/cze/index.htm).
- 10 [www.undp.sk/Reg\\_progs/PACT.asp](http://www.undp.sk/Reg_progs/PACT.asp).
- 11 [www.odccp.org/corruption.html](http://www.odccp.org/corruption.html).
- 12 Such an institution was recommended by the GRECO Evaluation Report on Slovenia, adopted by GRECO at its Fourth Plenary Meeting, December 2000.
- 13 Compare *Lidové Noviny* (Czech Republic), 25 April 2002.
- 14 'Assumptions of Poland's Anti-corruption Strategy', Position of the Anti-corruption Working Group operating with organisational support of the World Bank, Warsaw, May 2001. See GRECO, First Evaluation Round: Evaluation Report on Poland, adopted by GRECO at its Eighth Plenary Meeting, March 2002, [www.greco.coe.int](http://www.greco.coe.int).
- 15 *Heti Világgazdaság* (Hungary), 17 November 2001.
- 16 AIM Press Archive, 29 November 2001; [www.aimpress.org](http://www.aimpress.org).
- 17 *Heti Világgazdaság* (Hungary), 6 October 2001.
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- 22 *Baltic Times* (Latvia), 20 September and 6 December 2001.
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