

Collective Action Business Consultation: Implementing a High-Level Reporting Mechanism (HLRM) in Bulgaria | 13 May 2024

Key takeaways

With the support of the **United States Agency for International Development (USAID)** and the **Swiss Agency for Development and Cooperation (SDC)**, the Basel Institute on Governance co-hosted a Business Consultation on implementing a [High-Level Reporting Mechanism \(HLRM\)](#) in Bulgaria, on 13 May 2024, at the Grand Hotel Millennium in Sofia. The event was held in collaboration with the **Bulgarian Public Procurement Agency**, the **Bulgarian Industrial Capital Association**, the **Bulgarian-Swiss Chamber of Commerce** and the **American Chamber of Commerce (AmCham)**, marking the first time these groups had come together in this way.

Attracting around 50 participants from the government, private sector and civil society, the Consultation aimed to build on the momentum of a [Forum held in October 2023](#) that focused on strengthening integrity, transparency and accountability through [Collective Action](#) between public and private sectors in Bulgaria.

At the October 2023 Forum, the importance of the "Three Ps" for Collective Action were emphasised: **People, Process, and Purpose**. A key aim of this May 2024 Consultation was to continue the approach by having the right individuals involved, developing a formal trust-building process, and aligning efforts with a clear purpose.

The interim cabinet of Prime Minister Dimitar Glavchev was represented by **Deputy Energy Minister Krassimir Nenov**, **Deputy Minister of Regional Development and Public Works Yura Vitanova** and the **Director of Nuclear Power Plant Kozloduy Valentin Nikolov**. Participants united around the idea of establishing a regular platform for business consultations with the government in order to introduce new mechanisms for increased integrity and transparency in public procurement processes.



Representatives from government and private sector participating in the Collective Action Business Consultation on 14 May 2024



Mayor of Sofia Vassil Terziev and Basel Institute's Board Member Nicola Bonucci discussing public procurement challenges in Sofia

Renne Traicova from the Basel Institute opened the Consultation and **Mayor of the City of Sofia Vassil Terziev** provided the opening remarks, giving his full support for the aim of the Business Consultation in bringing together a multi-stakeholder group to improve the business environment in Bulgaria. Mayor Terziev also emphasised his commitment to making Sofia a more transparent municipality, with more information made publicly available – and in accessible formats – to support scrutiny of public decision-making.

In his own opening remarks, **Georgi Nikolov, Head of Bulgaria's Public Procurement Agency**, echoed Mayor Terziev's statements, stating that the Agency is committed to introducing and implementing measures to boost transparency and competition in public procurement, and arguing that a key issue that needs to be addressed is the low number of companies submitting bids during public procurement processes.

The business community stood firmly in support of introducing more mechanisms to increase transparency and reduce corruption as it translates into a more competitive environment and reduces transaction costs for businesses. **Kiril Boshov, Chairman of the Management Board of Eurohold Bulgaria**, said that tackling corruption remains a priority for Bulgarian citizens and should therefore be a topic of concern for all decision-makers. **Boni Bonev, Chairman of the Bulgarian-Swiss Chamber of Commerce in Bulgaria**, recognised that political instability in the country had hindered progress in improving public procurement over the preceding months, but said that the private sector, and chambers of commerce in particular, remained willing to be involved in the process and would welcome the introduction of tools such as the High-Level Reporting Mechanism (HLRM). **Ivan Mihaylov, CEO of the American Chamber of Commerce**, concurred with these sentiments, advocating for improved communication between the public and private sectors, and the importance of building private sector confidence in procurement processes.



From left: Boni Bonev, Chairman of the Bulgarian-Swiss Chamber of Commerce, Ivan Mihaylov, CEO of the American Chamber of Commerce in Bulgaria, Kiril Boshov, Chairman, Management Board of Eurohold Bulgaria, and Milen Hristov, Director, EEEC B.V. (owner of the Electrohold Group)

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Representatives from the Basel Institute Nicola Bonucci, Member of the Board of Directors, Renne Traicova, Team Lead, Bulgaria, and Lucie Binder, Senior Specialist, Governance and Integrity

For the benefit of those who had not attended the October 2023 Forum, **Nicola Bonucci from the Basel Institute on Governance**, who chaired the Consultation, provided a summary of the HLRM concept and its benefits for improving public procurement processes. **Lucie Binder**, also from the Basel Institute, summarised the feedback provided by government and private sector representatives in initial research undertaken by the Institute on the feasibility of introducing an HLRM in Bulgaria. She

noted that for the private sector, bid rigging had emerged as a prevalent concern, which companies felt led to unfair advantages for others.

Public sector respondents identified the lack of clear evaluation criteria as a particular problem with public procurement, creating vulnerabilities that could be exploited for corrupt purposes. These observations were echoed by participants in their discussions throughout the Consultation.

The Public Procurement Agency then gave feedback on two surveys they had undertaken in 2023 on *Barriers to Business Participation in Public Procurement* and *Reasons for Receiving Only One Offer in Public Procurement*. Measures identified to promote better participation of businesses in public procurement included: improving controls; better planning and communication between stakeholders; and training to improve administrative capacity – all measures that could be included in a Collective Action initiative.

In the remainder of the Consultation, participants focussed on the opportunities and challenges for introducing an HLRM in Bulgaria, as well as enhancing transparency and accountability in the implementation of public procurement in the energy and infrastructure sectors, identifying the following **key takeaways**:

- There is **broad and multi-stakeholder support for piloting an HLRM** in a public procurement project – this momentum now needs to be capitalised on by a procuring entity on a specific project.
- Opportunities for improving public procurement and trying out innovative approaches such as the HLRM exist at **regional and municipal level**, as well as national level, and may be particularly important when **large infrastructure and energy projects** are at stake.
- The confidence of companies in the government, and particularly in public procurement processes, is currently very low. However, there is recognition that **perceptions may sometimes be worse than reality** and that mechanisms that improve trust and

transparency, such as the HLRM, are important for challenging those (mis)perceptions.

- Companies refer to a **'disincentivising environment'** for becoming involved in publicly-funded procurement projects that needs to be challenged, contributed to by perceptions of:

Bid rigging and other unfair practices at pre-tender, tender, and post-tender phase;
Poorly skilled government staff and a lack of professionalism;
Unnecessarily bureaucratic language used in procurement documents.

“The language used is overly complicated; we need to reduce the bureaucratic complexity”

Milen Hristov, Director of EEEEC B.V., owner of the Electrohold Group

- Improving decision-making during procurement, and encouraging more companies to submit bids, will be supported by **improving and increasing the amount of publicly available information** about projects and government operations in general.

“Good decisions need good data”

Yassen Tanev, representative of “Information Transparency

- Despite the current political issues at national level, there needs to be **cross-spectrum agreement that improvements to public procurement are both desirable and feasible**.

“We need political consensus to change things”

Alexander Nikolov, Former Minister of Energy

This sentiment was echoed by Nicola Bonucci in his closing remarks:

“Improving public procurement is an issue that should transcend political sensitivities - it's in everyone's interests to have a more effective system.”

Next steps: Nicola Bonucci closed the session by thanking participants for their commitment and good faith in participating in the Business Consultation, confirming that the Basel Institute would be seeking to build on the progress made by **identifying stakeholders who could pilot the development of an HLRM and other Collective Action approaches**, as well as finding ways to continue to provide opportunities for discussion and collaboration between the public and private sectors, supported by civil society.

The event was hosted in English and Bulgarian, with this English-language report based on notes taken in English from the live translation provided. The Basel Institute on Governance takes no responsibility for inaccuracies in the information sourced from translations provided.