

ROMANIA: HUGE OPPORTUNITY COSTS OF CORRUPTION

- ❑ **Worst corruption score in World Bank Control of Corruption and no significant evolution 1998-2013, except in 2005-2006**
- ❑ **Lowest absorption of EU funds of all NMS**

Amount absorbed end 2012 was 2bn Euro (11,47% of total possible)

- **estimated financial damage (DLAF) of 80m Euro in 2012 = 3,66% of the sum absorbed**
- **total proceeds recuperated so far → under 1%**
- **pre-suspension due to fraud suspicion, lack of adequate controls (4 OPs) in 2012; halted reimbursement claims in 2012 (5 OPs) and in 2011 (2 OPs)**
- **the estimated direct cost of corruption is small compared to the high opportunity cost posed by poor governance**
- ❑ **Recommendations**
 - **Early warning mechanism to pre-empt the suspension of funds**
 - **Social accountability designs: control function entrusted to local stakeholders at every stage of the projects → enhance transparency and control**