

Shadow Power: Corruption and Hidden Economy in Southeast Europe

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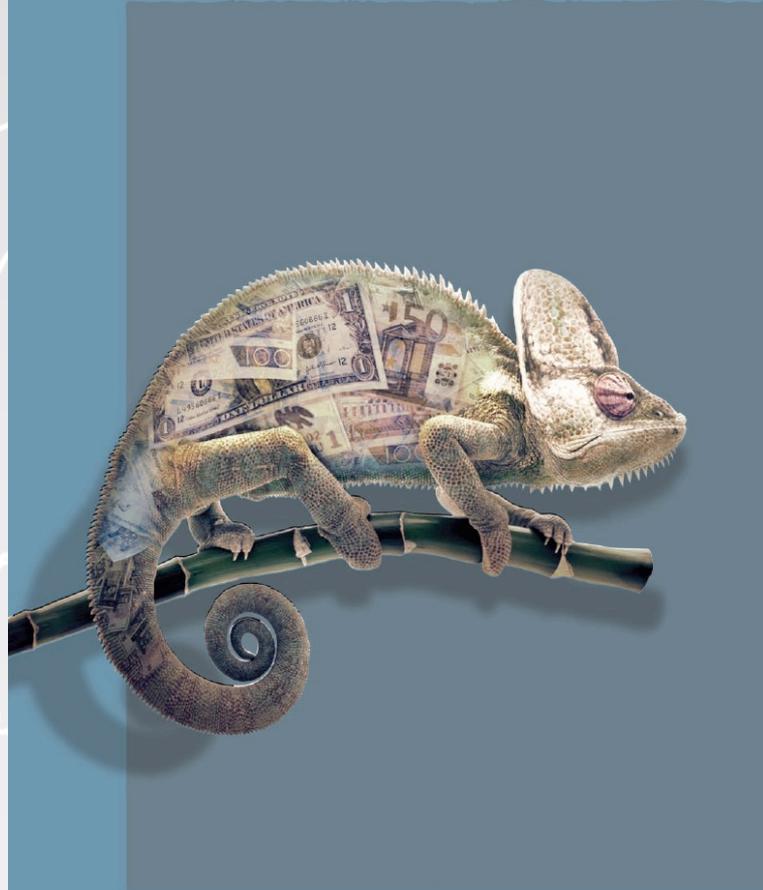


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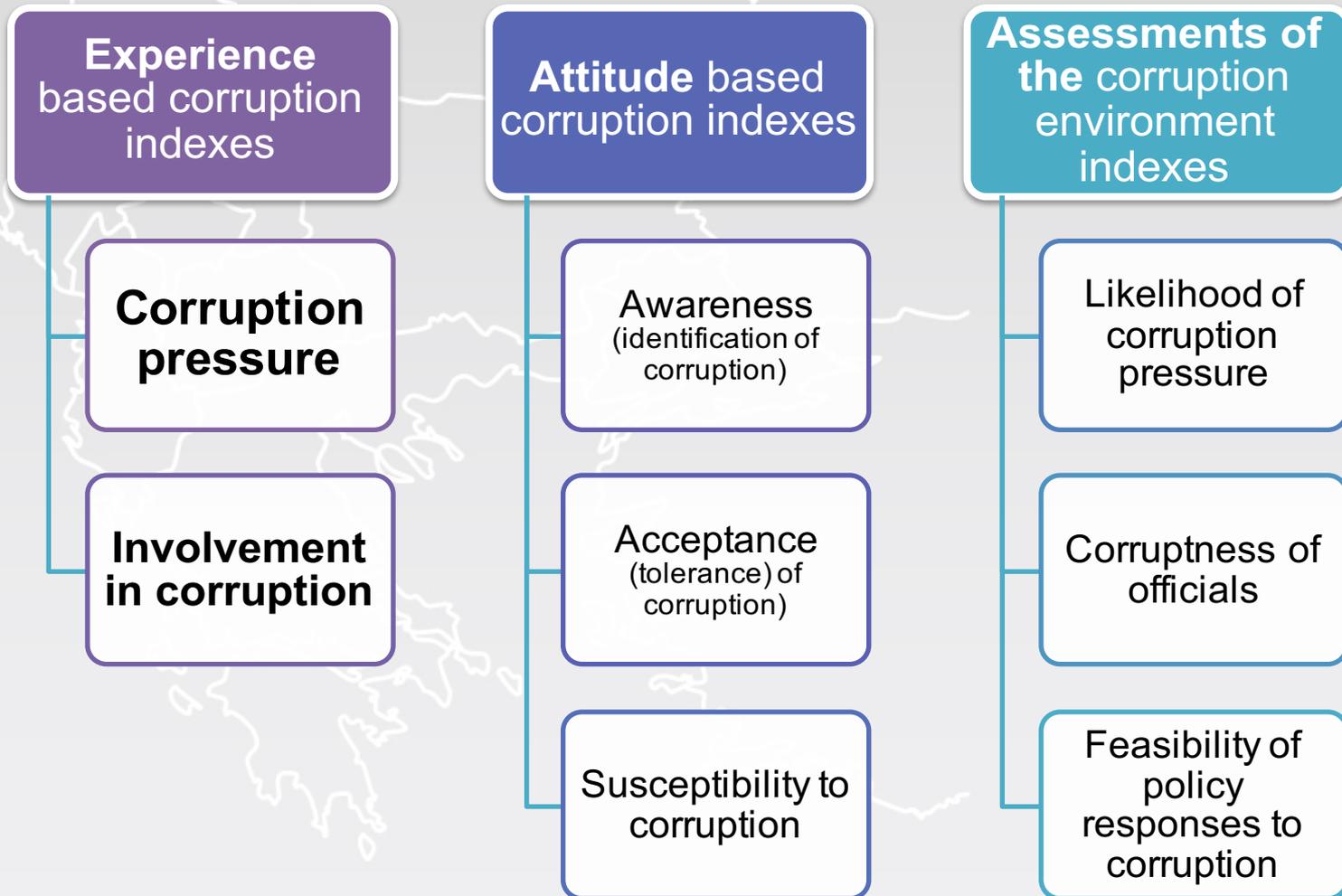
Regional anti-corruption report

anticorruption
reloaded



Assessment of Southeast Europe

Structure of the Corruption Monitoring System

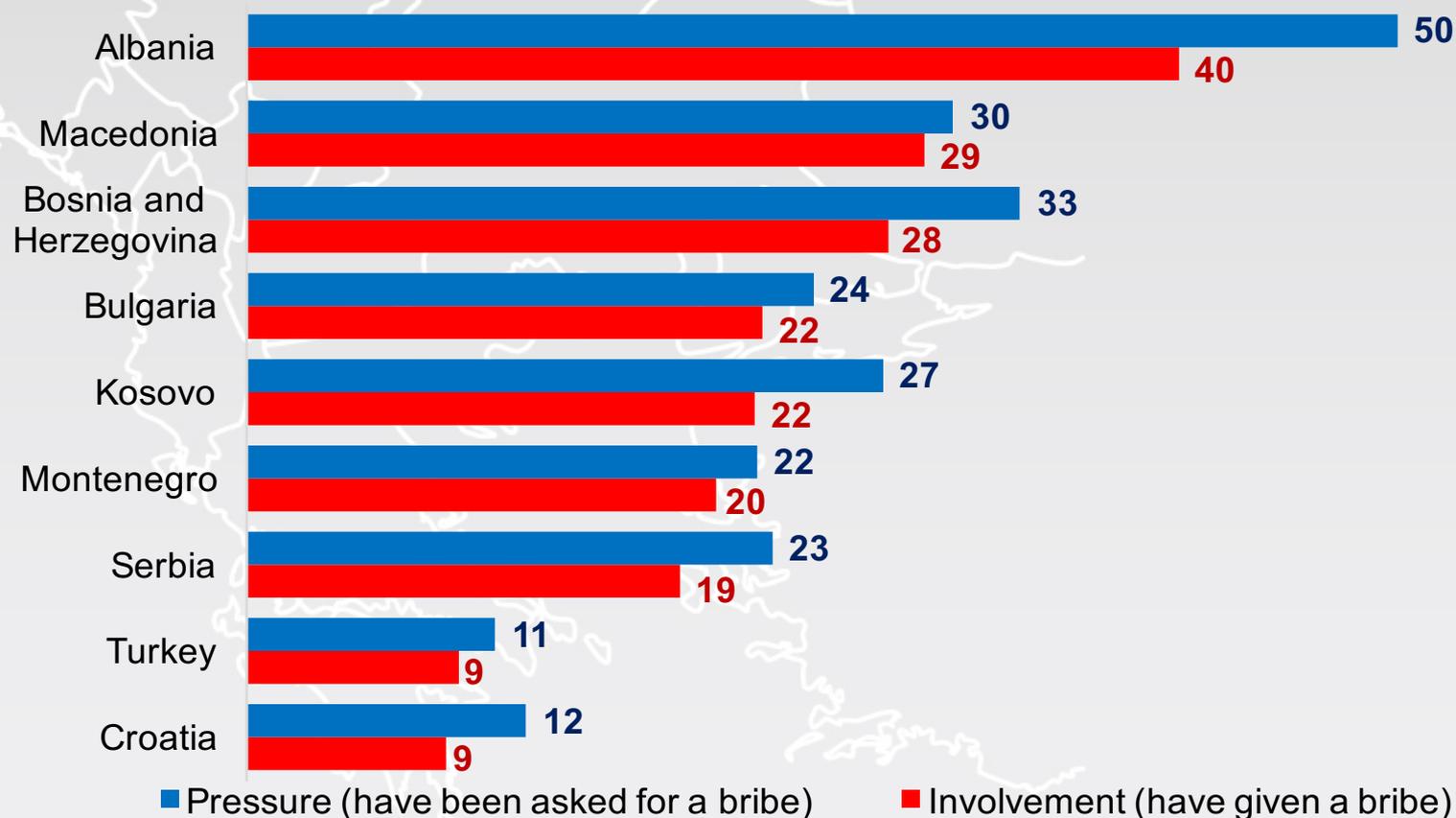


Experience with corruption

- All indexes are based on population surveys, conducted in each of the SELDI countries with at least 1000 respondents, representative samples and identical methodology which allows cross-country comparisons.
- **Experience** based corruption indexes are built upon victimization-like questions which reflect **actual experiences** – being asked for a bribe (Corruption pressure) or/and giving one (Involvement in corruption).
- **Corruption pressure** is the main indicator not only for the levels of administrative corruption in a country, but for the overall corruption environment in a country.
- Corruption pressure is highly correlated with actual transactions (Involvement in corruption). It is the preferred indicator from the two experience based indicators.

Corruption pressure and involvement in corruption (2016)

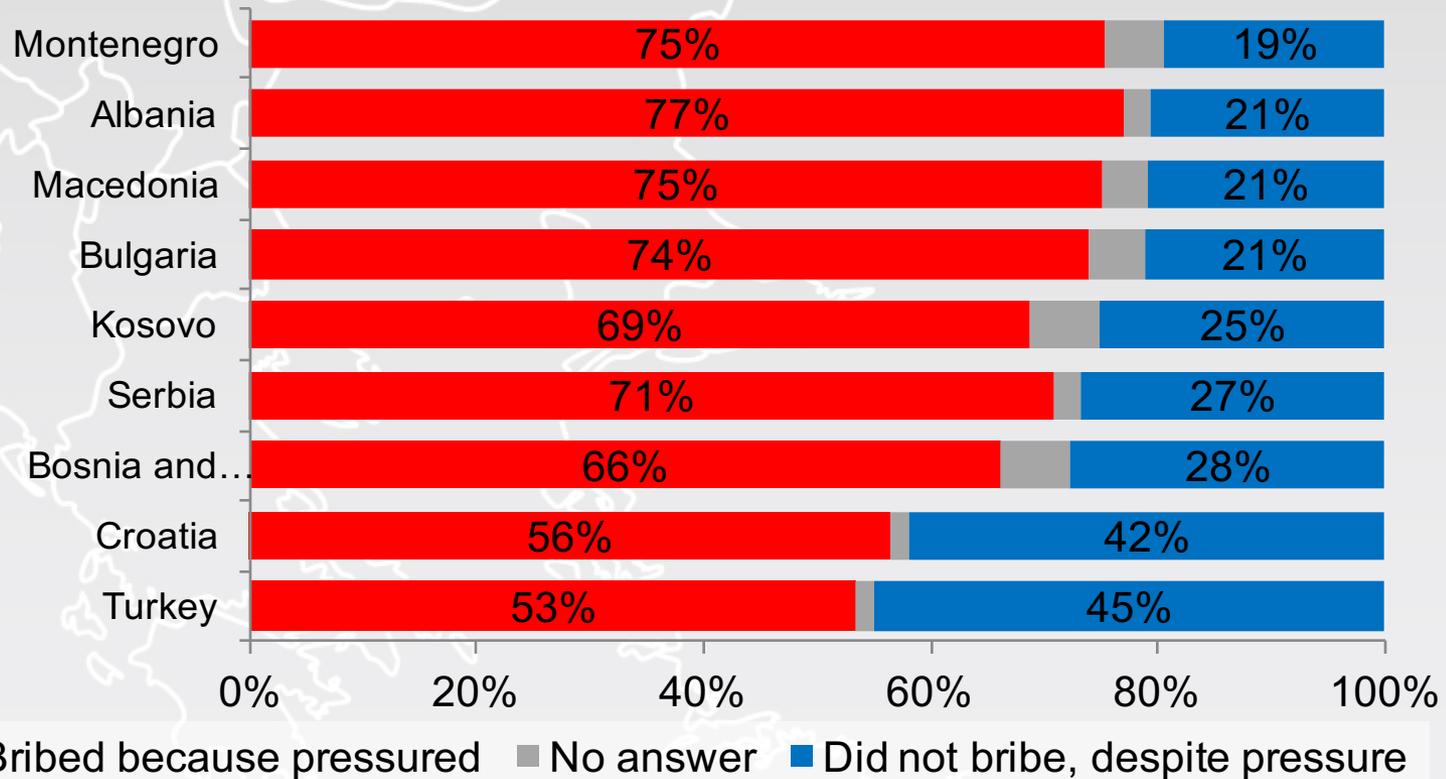
% of the population 18+ who have been asked to give and have given a bribe (money favour, gift) in the last year



Source: SELDI/CSD Corruption Monitoring System, 2016

Resilience to corruption pressure

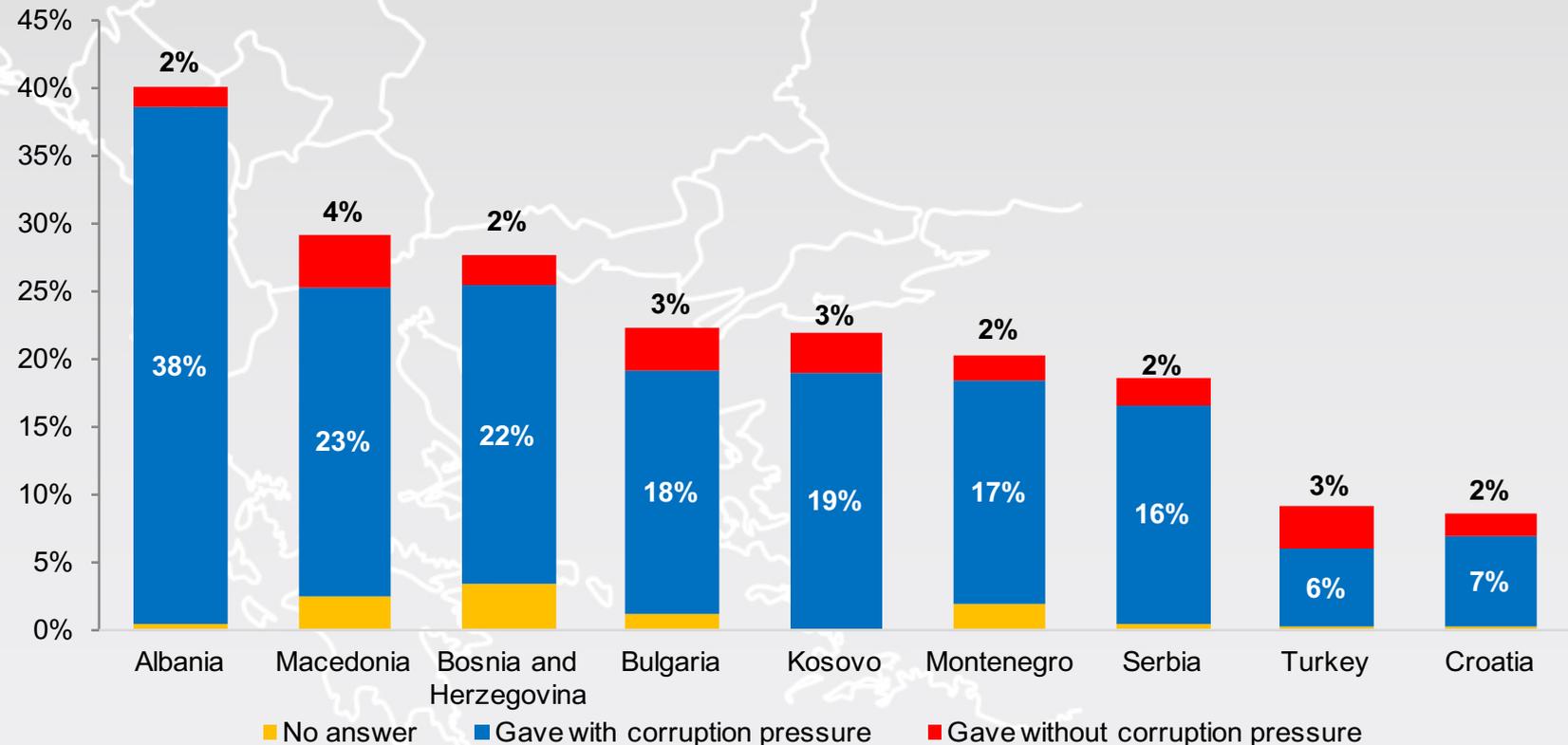
(among those pressured into bribing)



Source: SELDI/CSD Corruption Monitoring System, 2016, base: respondents who experienced corruption pressure

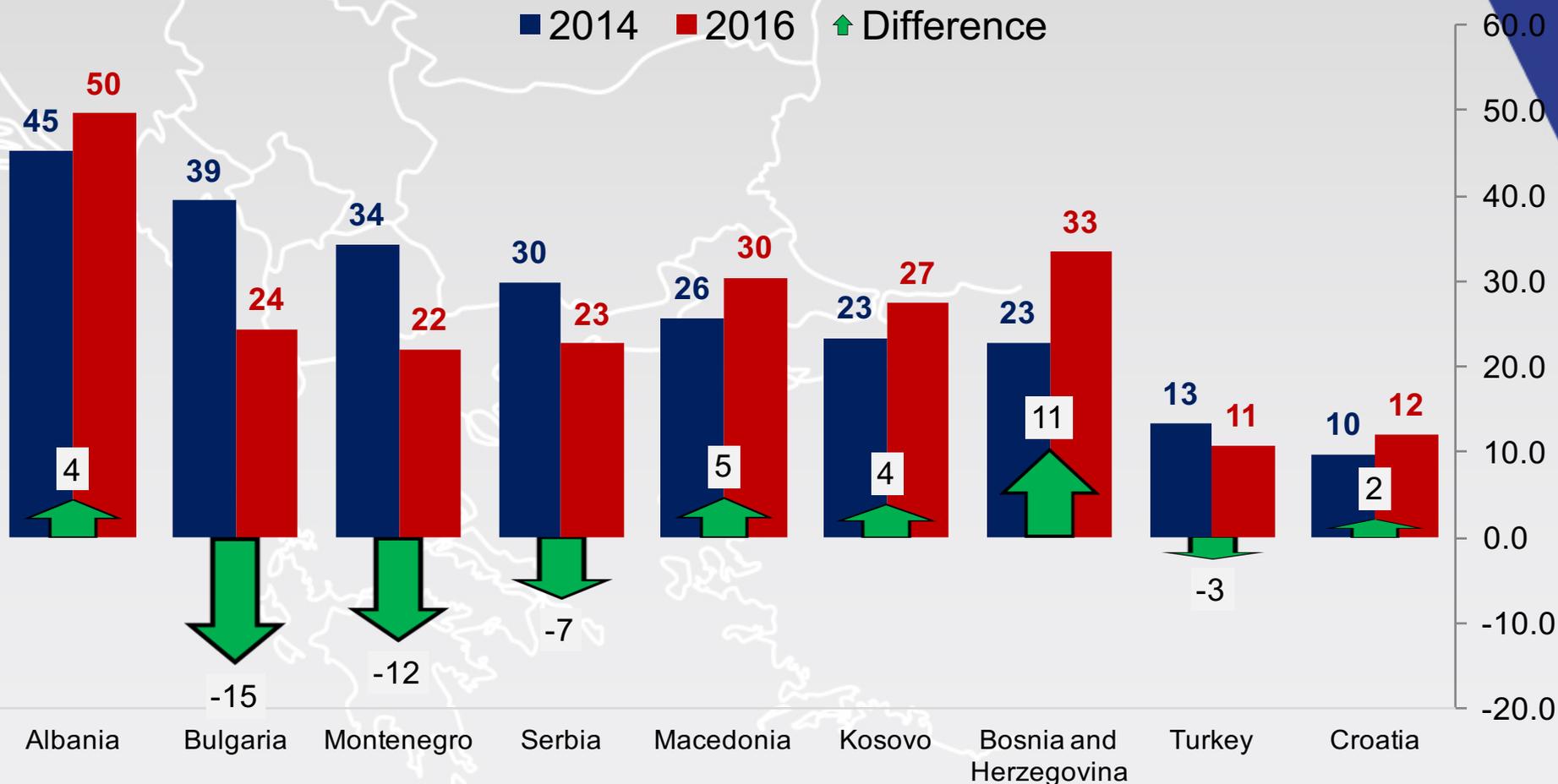
Involvement in corruption with or without corruption pressure

(% of the population 18+, who have given a bribe with or without corruption pressure)



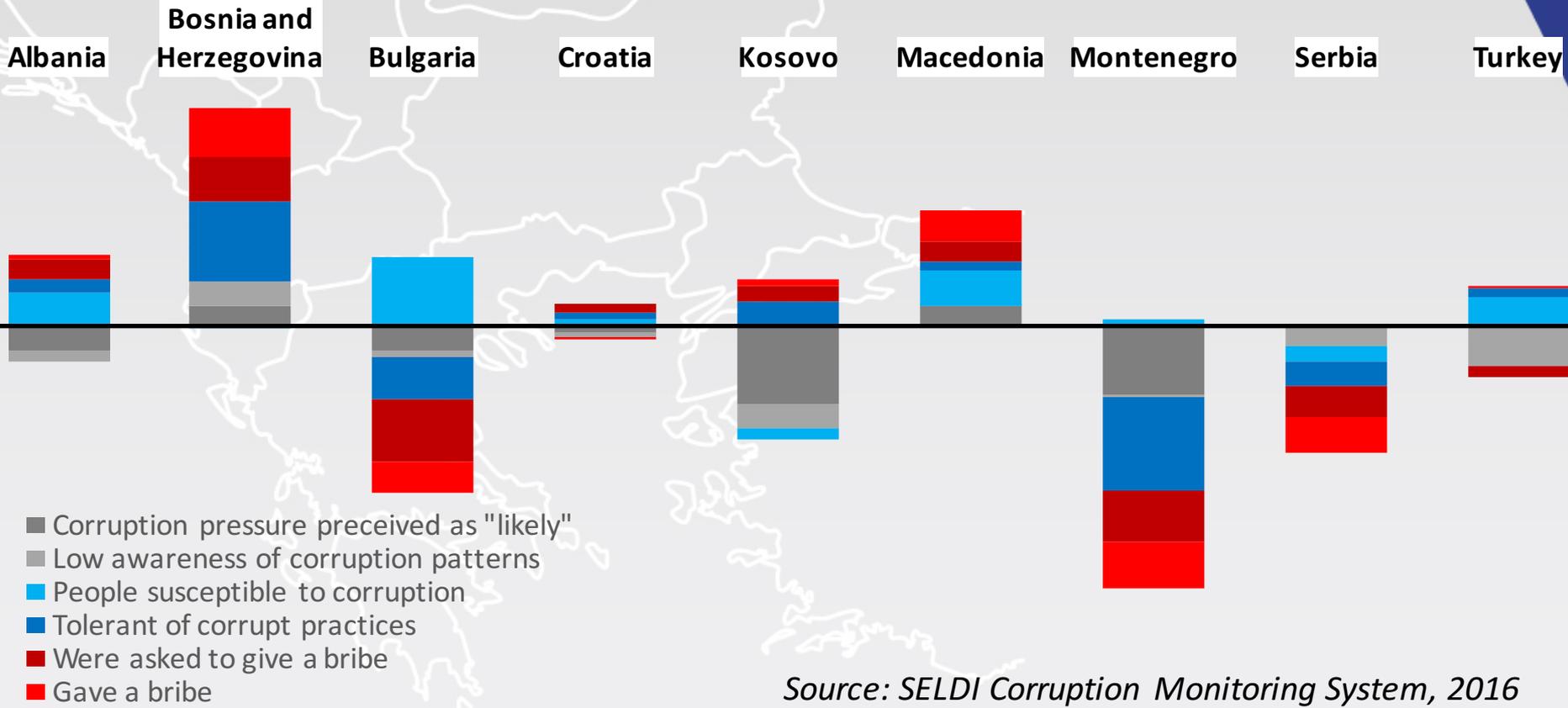
Source: SELDI Corruption Monitoring System, 2016

Corruption pressure, % (2014 and 2016)



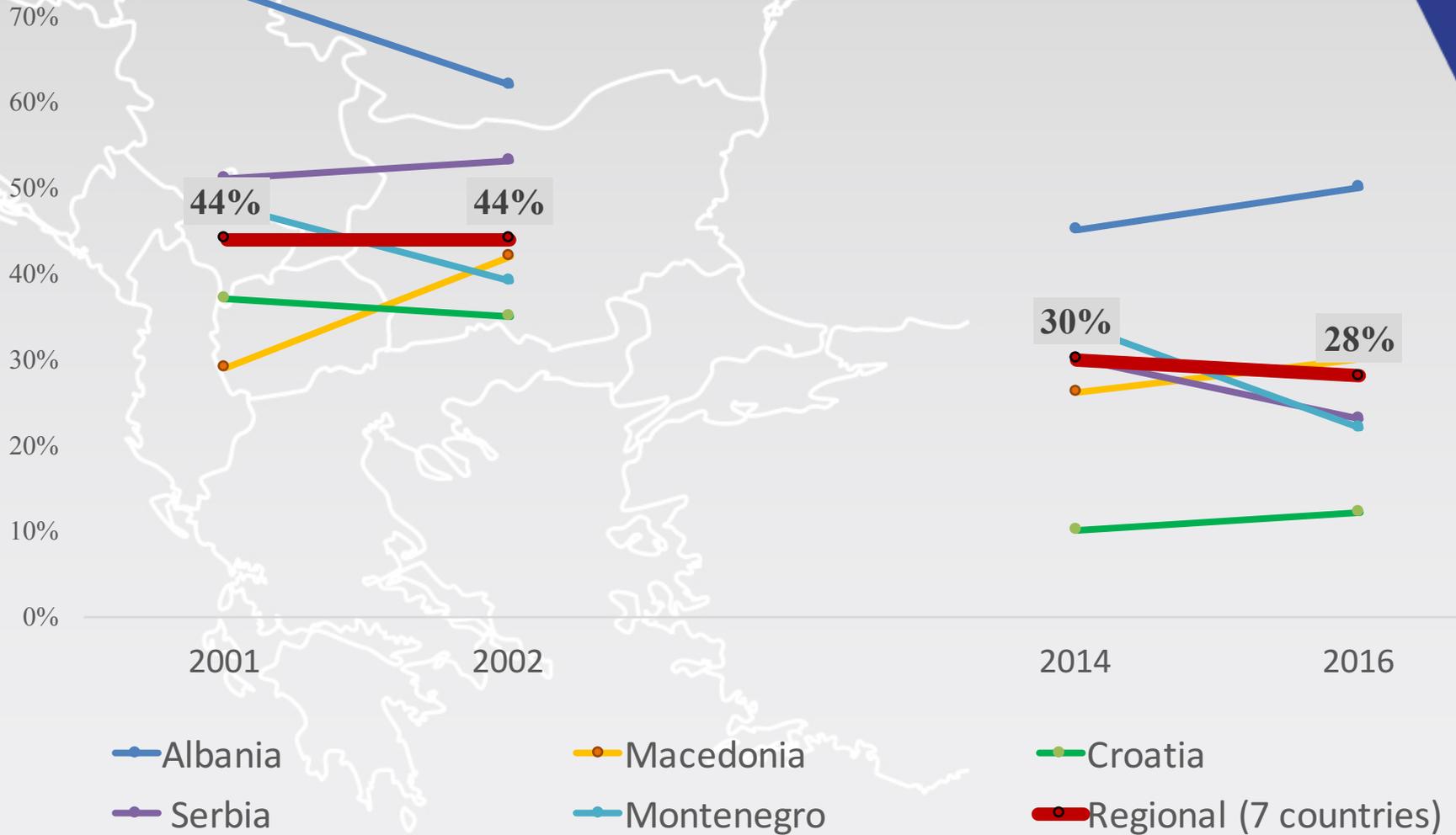
Source: SELDI Corruption Monitoring System, 2016

Corruption Dynamics: Difference 2016 - 2014, %



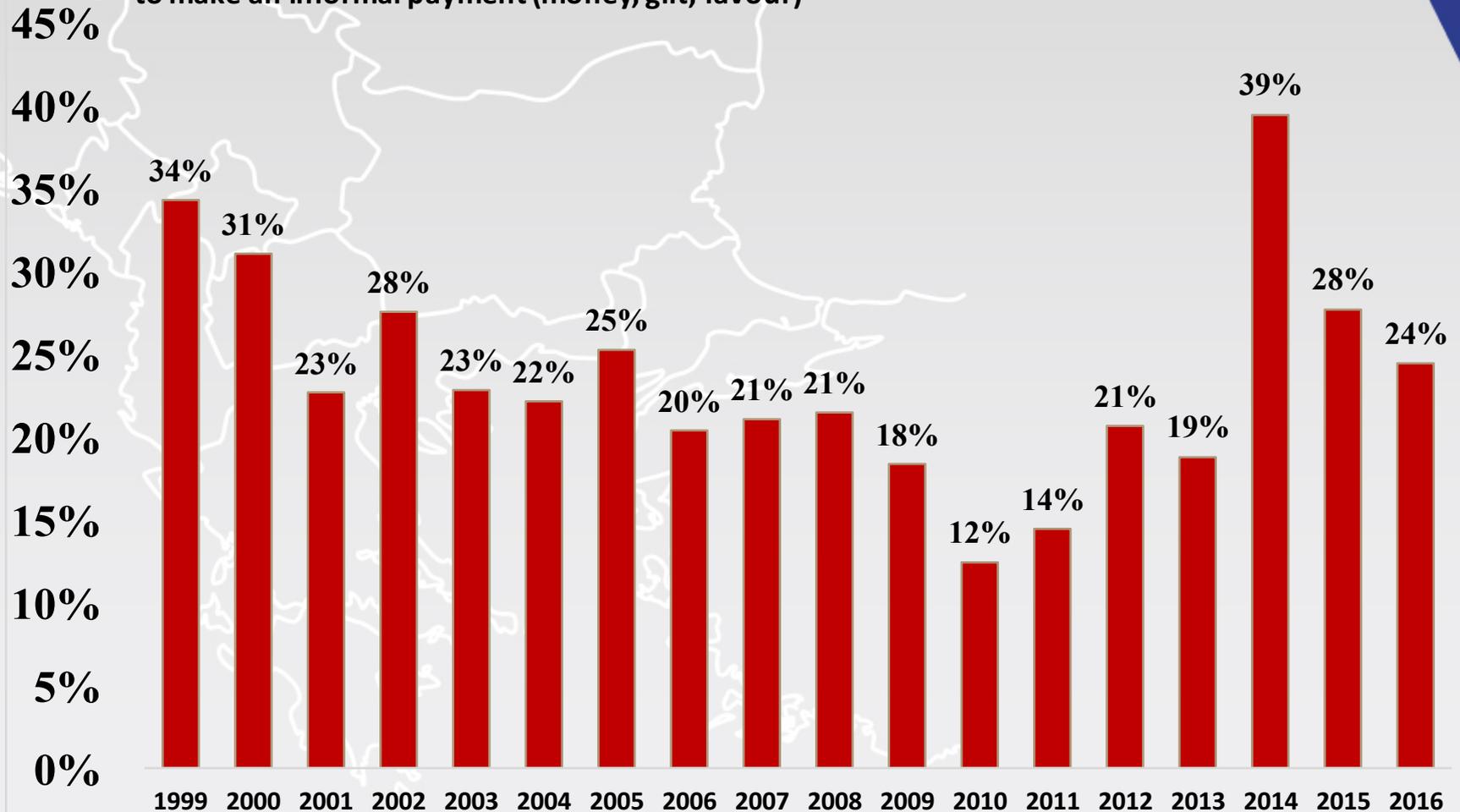
Source: SELDI Corruption Monitoring System, 2016

Corruption Pressure 2001, 2002, 2014, 2016



Corruption Pressure Bulgaria 1999 - 2016

% of the population 18+, who have extended an informal payment or have been asked to make an informal payment (money, gift, favour)

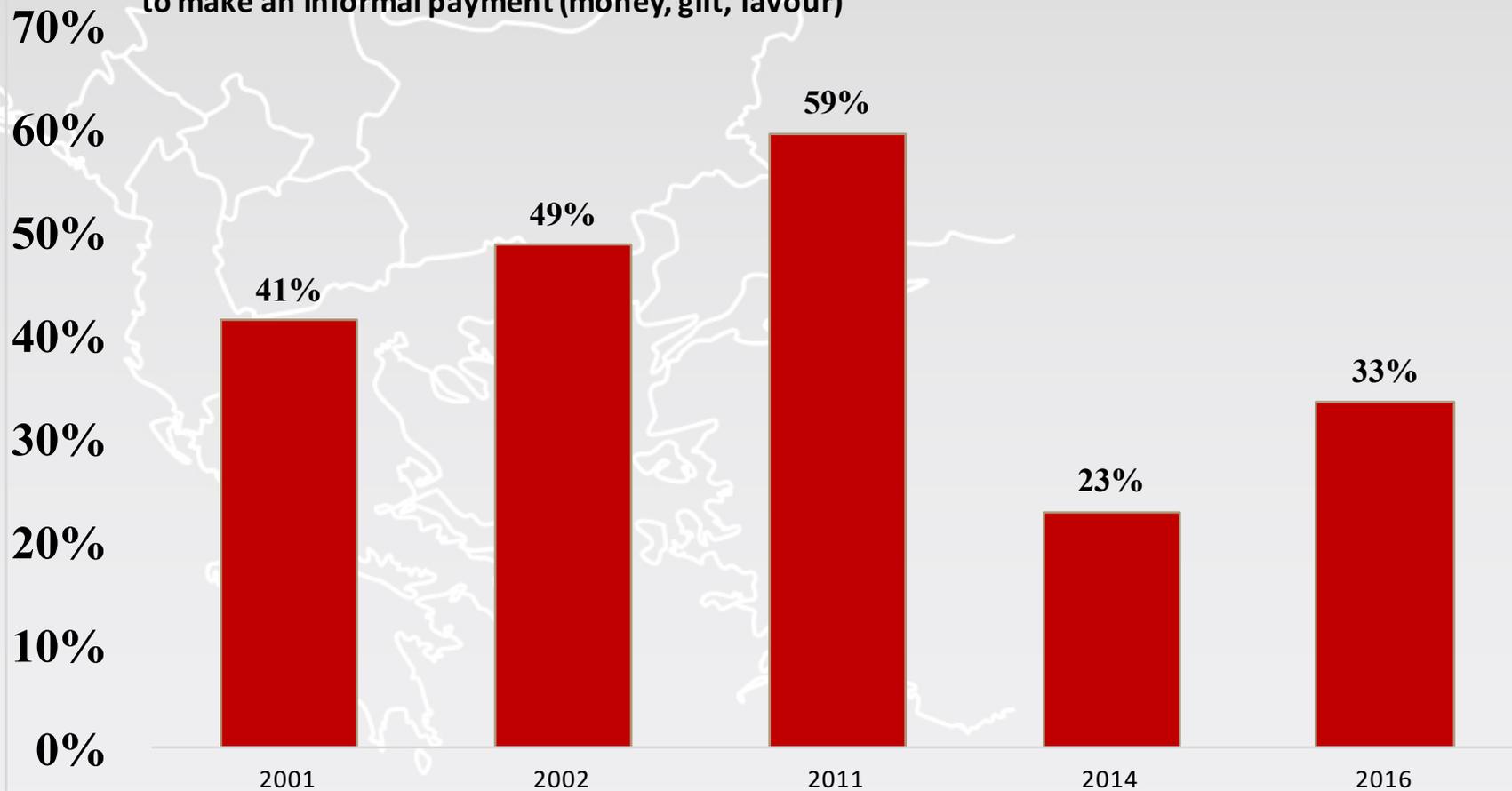


■ Corruption pressure

Corruption Pressure

Bosnia and Herzegovina 2001 - 2016

% of the population 18+, who have extended an informal payment or have been asked to make an informal payment (money, gift, favour)

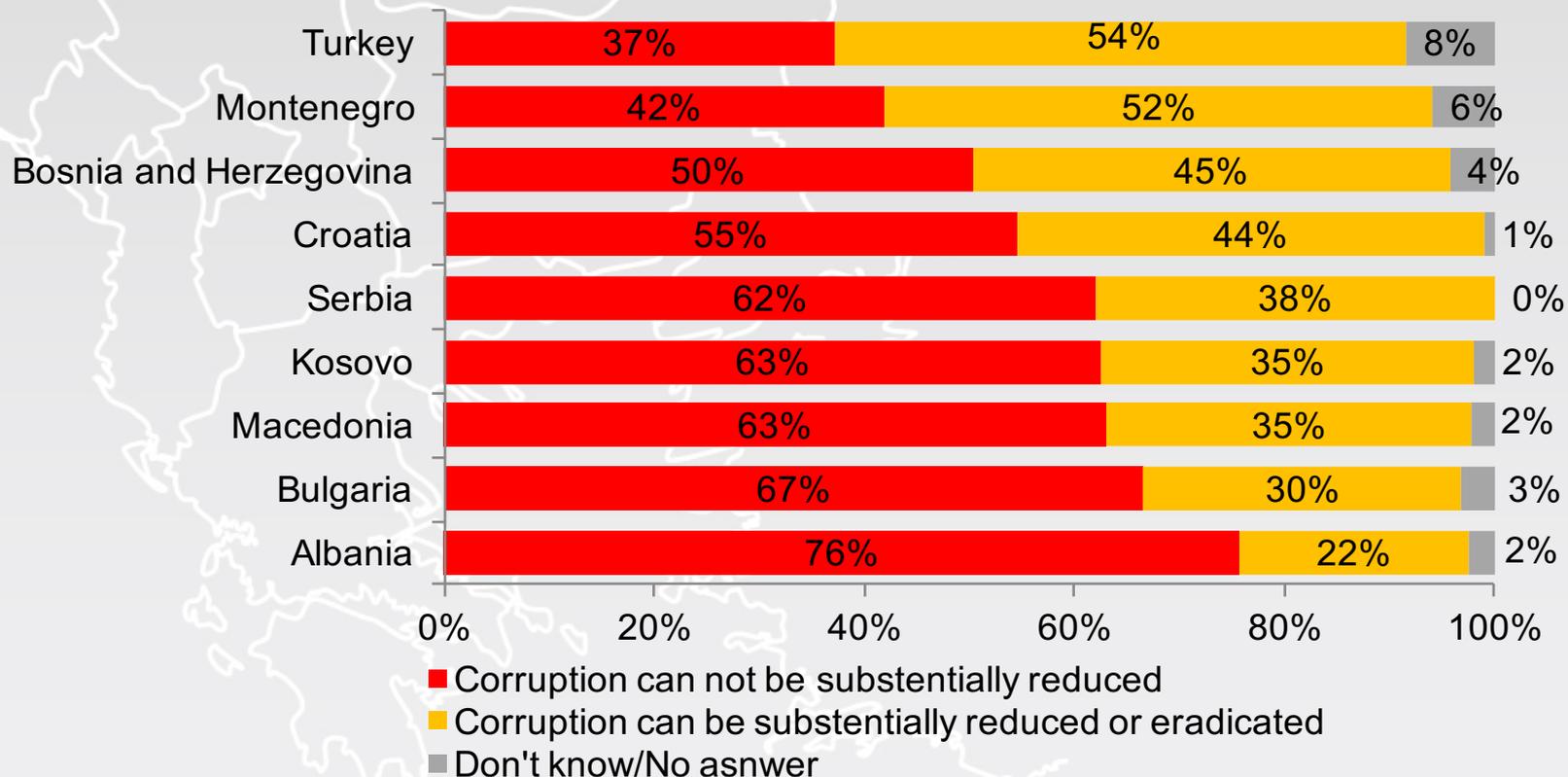


Corruption trends 2001 - 2016

- Some improvement for the SEE region as a whole between 2001/2002 and 2014/2016
- Individual countries seldom show stable improvement over time
- Decline in corruption pressure is typically followed by another increase with average levels of pressure remaining very high over a period of several years.
- What are the reasons for this pattern?

Feasibility of policy responses to corruption (%)

(% of the population 18+)



Source: SELDI Corruption Monitoring System, 2016

Rethinking corruption measurement and understanding why anticorruption policies don't work

- Corruption decline is very slow in SEE and the reason is not the lack of anti-corruption legislation.
- Assessing, monitoring of AC policies and policy tools is important in order to understand corruption dynamics.
- Deep understanding of national-level AC policies requires studying and monitoring how these policies are implemented at the level of particular public organizations.
- We cannot really understand corruption without understanding the failure of anti-corruption in SEE.

Anecdotal indicators of state capture

- Legislative amendments, which allow concentration of market power, e.g. entry barriers, privileged position, monopoly in public procurement
- Judicial dependence: failure to convict specific white collar criminals, theft of businesses, not following up on public evidence, incl. wire-taps
- Regulatory capture: licensing arbitrarily over similar cases; favorable conditions for certain companies
- Business party financing or employment
- Price differentials
- Market share / entry

Key recommendations

Deliver effective prosecution of high-level corruption

- Sentencing of corrupt politicians from the top political echelon provides a strong example for everyone and have proven very effective in strengthening anti-corruption measures in Croatia and Slovenia.

Adopt an independent corruption and anti-corruption monitoring mechanism

- The mechanism should be implemented through national and/or regional civil society network(s), and should be independent of direct national government funding. It should serve as a vehicle for opening up administrative data collection and public access to information.

Anti-corruption efforts should be focused on critical sectors

- Energy, public procurement, corporate governance of state owned enterprises, large-scale investment projects.



Thank you !