

# Corruption in the Western Balkans



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# Corruption

- No universally accepted definition.
- Corruption is the abuse of bestowed power or position to acquire a personal benefit.
- Government, or 'political', corruption occurs when an office-holder or other governmental employee acts in an official capacity for personal gain.

# What is corruption?

Corruption is defined most commonly as the 'abuse of public authority for private gain'.  
*(But this ignores the role of the private sector or interest groups in corruption.) (World Bank)*



# Forms of corruption

Petty/administrative

Grand corruption

State capture

Patronage/Clientelism

Collusion

Embezzlement

Fraud

# Categories of corruption



Incidental

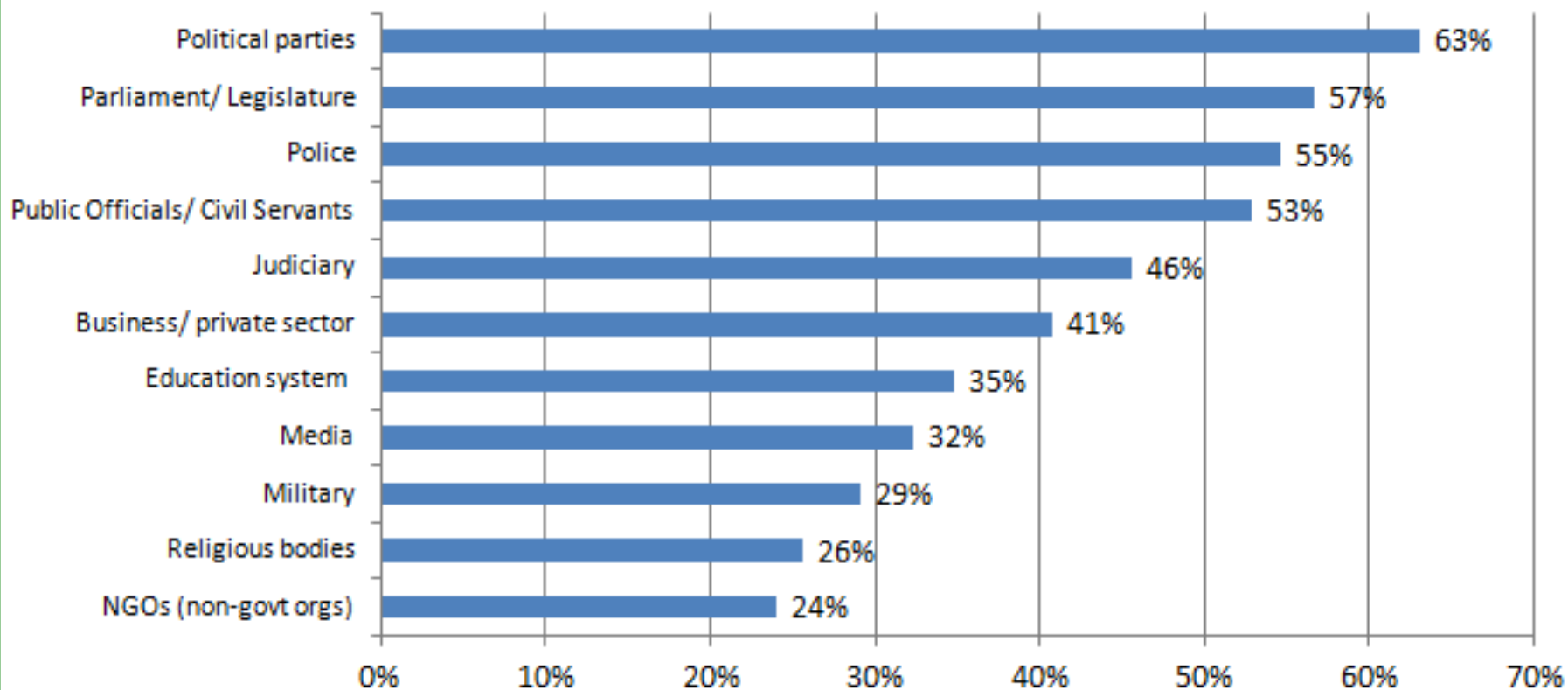
Systematic

Systemic

# Causes

- Causes of corruption are country-specific but are usually related to:
  - Flawed incentive structure,
  - Legitimacy of the state,
  - Some breakdown in the rule of law/legal framework,
  - The degree of transparency and information dissemination is low,
  - Weak political will to combat corruption.

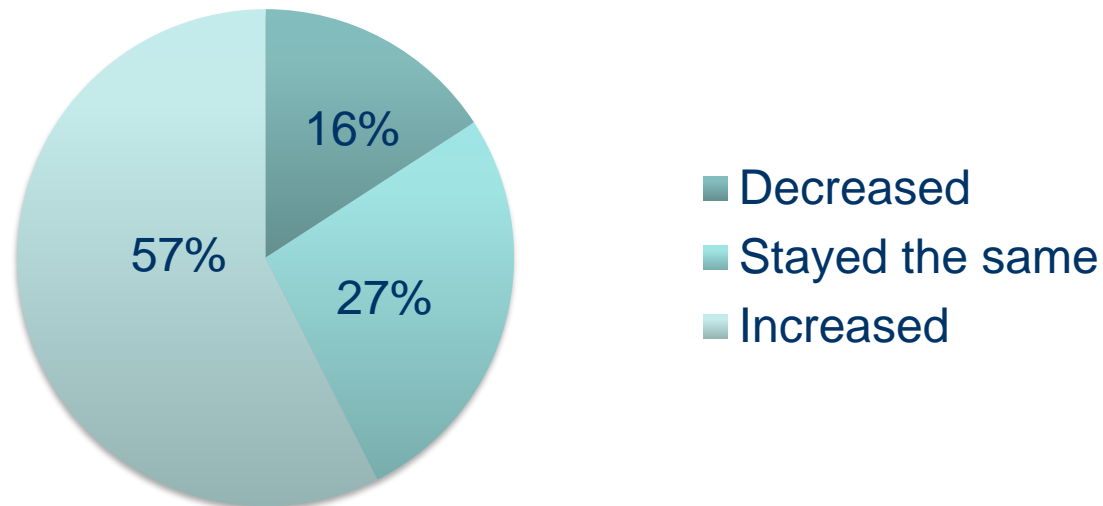
### % of people viewing each of 11 institutions as corrupt or extremely corrupt (global results)



Source: Transparency International Global Corruption Barometer 2010/11

# Global perception

**% of people that think corruption has increased , stayed the same or decreased in the past three years (global results)**



Source: Transparency International Global Corruption Barometer 2011/2012



# Price of corruption

According to World Bank (2011) estimates:

**A TRILLION US DOLLARS ANNUALLY!!**



# Economic effects of corruption

- Corruption is impeding economic growth, perpetuating poverty, and feeding political instability by undermining faith in society's key institutions of governance.
- Relationship between corruption and economic growth:
  - May hinder macroeconomic stabilization,
  - Affects the allocation of resources,
  - Influences the redistribution of income and wealth,
  - Foreign direct investment is negatively affected by it.

# Does corruption have positive effects?

- Yes, it may. In the business sector of states where the state institutions do not function properly, e.g. it takes a long time to register a company, corruption may help foster administrative processes...
- However, the overall impact of corruption is massively negative.

# Initiatives and mechanisms to fight corruption

**United Nations Convention Against Corruption (UNCAC)** is a global anti-corruption convention.

Initially signed by 111 countries in 2003.

By April 2015 a total of 176 countries are parties.

UNCAC focuses on four key aspects in fighting corruption:

Preventive measures,

Criminalization and law enforcement,

International cooperation,

Asset recovery.

# Initiatives and mechanisms to fight corruption

- To combat corruption on a national level, it is first critical to understand the country-specific drivers of corruption.
- Combating corruption usually requires addressing broader governance and institutional issues and reforms, related to improving:
  - Legal, judicial and prosecutorial systems,
  - Voice and participation by civil society,
  - Transparent public sector revenue and expenditure management,
  - Political accountability.

# Initiatives and mechanisms to fight corruption (2)

Key institutions in the fight against corruption in any country are:

- Judiciary,
- Regulatory agencies,
- Anticorruption commission or agency,
- Public ombudsman,
- Public prosecutors,
- Civil society actors: the media, citizen groups and NGOs.

# Initiatives and mechanisms to fight corruption (3)

- A comprehensive reform-based approach to fighting corruption involves three complementary sets of policies:
  - Administrative and Legal reforms,
  - Macro-economic and structural reforms,
  - Institution of good practices of good governance across institutions.

# Enlargement

„... under my Presidency of the Commission, ongoing negotiations will continue, and notably the Western Balkans will need to keep a European perspective, but no further enlargement will take place over the next five years.”

(Jean Claude Juncker, Speech at the European Parliament,  
15 July 2014)



# Fighting Corruption in the Western Balkans – An Excuse?

- The Western Balkans lost a decade. The 1990s were largely lost.
- Authoritarian rulers often lived in symbiosis with corruption and criminality. (Partly in order to finance their projects – and not only for their private advantage.)
- Public authority for private benefit.

# Fighting Corruption in the Western Balkans – An Excuse? (2)

- Military conflicts have also eaten up the GDP.
- Catching up has started but remained inconclusive.
- The EU is stalemated and sank into “details”.
- Looking for statesmen/women ... and not only in the western Balkans.

# Fighting Corruption in the Western Balkans – An Excuse? (3)

- As far as corruption, the EU's internal situation has in some cases deteriorated.
- Greece, Bulgaria, Romania and Hungary demonstrate it.
- Prevent the increase of number of member-states intertwined with corruption is to be avoided.

# An Image Problem?

- Difficult to measure,
- Perceptual,
- Significant delay in changing the image after addressing the matter.

# Recent cases

- There is one connecting element between
  - Maribor (Slovenia) 2012-13
  - Bosnia and Herzegovina 2014
  - Skopje (Macedonia) 2015
- Dissatisfaction with corruption.

# Flows of heroin from Asia (in metric tons)

