

# INFRASTRUCTURE OF INTEGRITY

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# Infrastructure of Integrity

## Anti-Corruption Pledge Monitor

## Political Financing in the Western Balkans



# PLEDGES

- The Berlin Process (2014): facilitation of regional cooperation among the countries of the Western Balkans and promotion of European integration and security.
- Annual summits with the objective of cooperating towards greater security, stability, integrity and prosperity in the region. **Fighting corruption is among the priorities.**
- In July 2018 (**London Summit**) the Western Balkan countries reiterate their commitment in the fight against corruption by introducing anti-corruption pledges.



# Infrastructure of Integrity

## Key Issues

- Analysis of the political economy of corruption in the Western Balkan Six and 5-year evaluation of international reports (EU; UNODC; GRECO; Moneyval)
- Benchmarking London Anti-Corruption Pledges
- KEY ISSUES
  - Organized Corruption
  - Systemic Pledges monitoring
  - Role of Politics central
  - Culture of Integrity

# 'Organized Corruption'

**Conventional corruption**, bribery and nepotism are culturally well entrenched and often go hand in hand with malfunctioning public administration.

**Organized Corruption** is the involvement and/or use of an interest organization, criminal or not, of various forms of corruption and related illicit deeds from the position of power and/or with political coverage to gain financial, political or social benefits.

Organized corruption rests on the interwoven criminal, political and economic interest to profit from the power position and political coverage of illicit deeds. Key types of organized corruption in the Western Balkans include:

Political financing

Economic and financial  
corruption

Illicit personal enrichment

# ACTORS

## Politicians:

- Top level political and party leaders
- Members of the Parliament

## Domestic and foreign entrepreneurs:

- Managers of public enterprises, business, banks, public funds

Members of the judiciary and criminal justice system

Organized crime affiliates

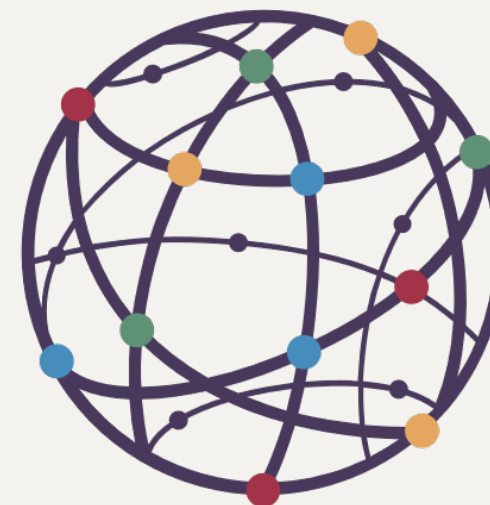
Public administration officials:  
national and local

## Is it only the UNDERWORLD?

- In contrast with the generic view of corruption and organized crime as belonging to the 'underworld'.
- Today much of it happens in the **mezzo-world**: on the thin edge between illicit and licit and some of it walks straight on the **promenade**.
- And only some parts of organized crime and corruption are **strictly confined to the underworld**.
- It is no longer a domestic but rather regional and **international phenomenon**.
- Anti-crime culture must go beyond the underworld and become a part of the dominant civil culture

# ORGANIZED CORRUPTION

*Bosnia and Herzegovina*

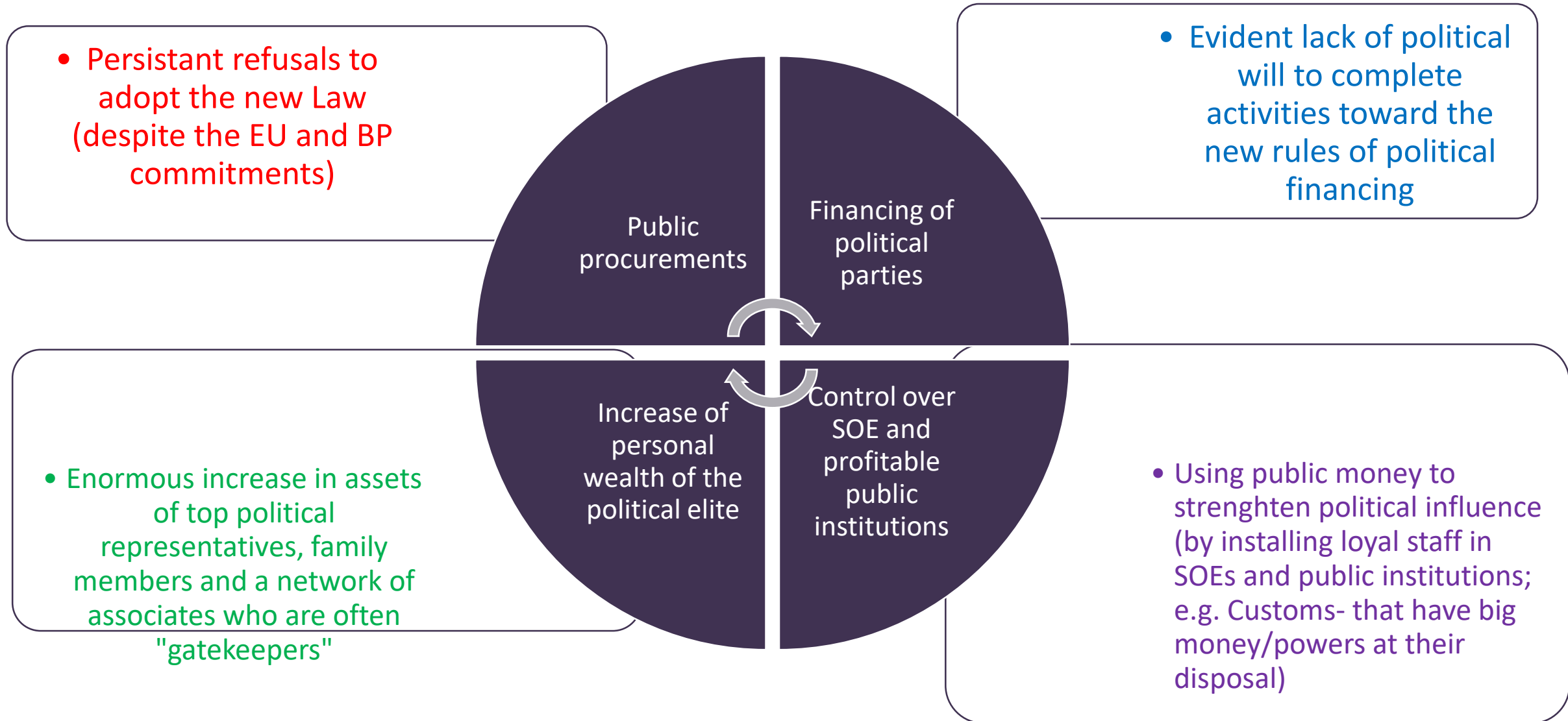


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# ORGANIZED CORRUPTION

## Bosnia and Herzegovina - Example (1)



# ORGANIZED CORRUPTION

## Bosnia and Herzegovina

Example (2)

- Awarding large contracts from SOE through public procurement to favored companies and ensuring favorable status by public institutions (i.e Customs);
- Squeezing out of money to finance political activities (advertising, vote buying, media control, etc.);
- Strong political influence on the judiciary, which is discouraged from investigating all of the above;
- Additionally, the spread of interethnic tensions and the neutralization of the anti-corruption narrative.

# ORGANIZED CORRUPTION

Montenegro



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# Campaign donations

In 2020 the well organized scheme for pouring untraceable money into election campaign was discovered by NGOs and media – ruling political party used fake personal donations to channel funds into official campaign budget.

Donations in thousands of euros coming from:

- People on social welfare
- Employees of state and municipal public companies
- Party officials and supporters.

# Illicit enrichment of public officials

Montenegrin state officials rarely reflect their official income, but responsible Agency for Prevention of Corruption (APC) is still failing to deliver substantial results in curbing this problem.

Most frequent signs of potential illicit enrichment that are still recognized by APC:

- Expensive jewellery and watches
- Scholarships and life expenses out of MNE (children of public officials)
- Source of funds for purchase of luxury real-estates and vehicles
- Expensive gifts from private entities (red flag for influence trade)

# Anti-Corruption Pledges



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Public-private partnership

Extractive industries  
transparency initiative

Role of media

Public procurement

Enforcement capabilities

Institutional integrity

Tax

Beneficial ownership  
information

Anti-corruption education

Whistleblowing

International system

**ANTI-CORRUPTION  
PLEDGES**

Asset recovery legislation

# Anti-Corruption Pledge Monitor

- <https://globalinitiative.net/tool/anti-corruption-monitor/>
- The tool is designed to contribute constructively to the implementation and review process of the anti-corruption pledges made as part of the Berlin Process and **highlight areas where further progress is needed.**
- Regularly updated: February 2021, April 2022
- **Indicators, achievements and challenges for each pledge category for each WB country**
- **Full country profile**



# Tools to Assess the Implementation and Progress

- **INDICATORS:** show the anti-corruption pledges that each of the WB6 made at the London Summit in November 2018.
- **ACHIEVEMENTS:** shows what progress each of the WB6 has made in reaching the anti-corruption targets that they set for themselves as part of the Berlin Process (February 2021.)
- **CHALLENGES:** shows what remains to be done to implement the anti-corruption pledges, and indicates any challenges being faced from a civil society perspective.

# Pledge Monitor

*North Macedonia*



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Anti corruption  
Country-  
Commitments  
05 July 2018

- To enhance the flow of information between the financial sector and the financial intelligence
- To establish an independent and adequately resourced anti-corruption body and enhancing verification and scrutiny of statements of interest and asset declarations by MP's, judges and prosecutors.
- To strengthen asset-recovery legislation.
- To ensure that the media are able to report on corruption issues in an objective and independent manner, in particular through publicizing the public accounts and assets of public officials.
- To full and timely implementation of the GRECO recommendations
  - ensuring MP's compliance with a code of conduct and introducing rules on how to interact with lobbyists;
  - strengthening the independence of the judiciary
  - streamlining arrangements for investigation and enforcement of the rules on political financing;

# Implementation of Anti corruption Country- Commitments

- Work in progress: In the Annual working programme for 2021, FIU has stated to increase cooperation with other institutions to prevent ML/TF and to exchange relevant info via the interoperability platform
- Achieved: In 2019 new members of the SCPC are selected in a transparent procedure; resources were gradually increased as well as the numbers of open cases; Strategic plan 2021- 2023 adopted; check and verification of AD for judges and MP's prioritized
- Work in progress: MoJ has already undertaken activities to amend Criminal Code and the Criminal Procedure Code. ARO Office law is in public debate. All Laws to be in GoRNM by the end of 2022
- National Action Plan for open partnership government for the period of 2021 until 2023 is adopted. It promotes integrity and transparency of the government.
- To full and timely implementation of the GRECO recommendations
  - Slow progress: GRECO concludes that North Macedonia has satisfactorily implemented four recommendations contained in the Fifth Round Evaluation Report. Nine have been partly implemented and ten have not been implemented.
  - In 2018 Code of ethics for the MPs; in 2021 new Law on lobbying to be implemented from June 2022

# Pledge Monitor

*Kosovo*



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# Anti-Corruption Pledges made by Kosovo Government During the London Summit

**Total Number  
of Pledges  
made by  
Kosovo  
Government**

**23**

Areas	Sub-arias	Specific Pledges per Sub-Aria
<b>Exposing corruption</b>	<b>Public Private Partnerships</b>	<b>4</b>
	<b>Public procurement and Open Contracting</b>	<b>3</b>
	<b>Tax</b>	<b>1</b>
	<b>Whistle Blowing</b>	<b>1</b>
	<b>Beneficiary Ownership</b>	<b>1</b>
<b>Punishing Corruption &amp; supporting those suffering from it</b>	<b>Enforcement capabilities</b>	<b>1</b>
	<b>Asset Recovery and Asset Return</b>	<b>1</b>
<b>Driving out the Culture of Corruption</b>	<b>Institutional Integrity</b>	<b>9</b>
	<b>Ant-Corruption Education</b>	<b>1</b>
	<b>International System</b>	

# Challenges

## 2019-2021

- **Lack of Political Willingness to Fighting Corruption**
- **Focus mainly on legislation changes**
- **Limited progress in most of the areas**

## 2021 – Present

- **Government demonstrates willing to fight corruption.**
- **Increased tempo of combating corruption and organized crime by rule of law institutions;**
- **Judiciary continues to remain highly corrupted;**
- **Still limited progress in punishing high level corruption;**
- **Ongoing administrative reform a major challenges that current Government have inherited**

# Political Financing

## CONCEPT

POLITICAL FINANCING  
(WB6)

FORMAL  
versus  
INFORMAL

Transparent, accountable and responsible use and management of public resources for the benefit of all

## COMPONENTS

1. Financing of Political Parties and elections
2. Financial support and control over public (state-owned) sector enterprises
3. Political use and control over public procurement

## ASSESSING 1

1. Legislation review
2. Compatibility with International standards
3. Main features
4. Control & Oversight
5. Challenges



# Way forward

- Conducting crosschecks of parties financing, public officials' assets declarations, conflict of interest and public procurements
- Increasing transparency of assets declarations to compensate lack of institutional oversight capacities
- Introducing limits on campaign spending
- Overcoming impunity

# CULTURE OF INTEGRITY

## PUBLIC AWARENESS

Community  
Mobilization

Disclosure and  
Reporting

Culture of public  
dialogue

## EDUCATION

Civic and faith

Professional  
socialization

Independence

## OVERSIGHT

Parliament

Anti-Corruption  
Bodies

Civil Society

International  
mechanisms

# THANK YOU

## Contact

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