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Countering State Capture: Exposing Corruption Risks from Politically Connected Companies

Tackling State Capture in Southeast Europe
Delivering on the European Rule of Law Promise

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Implemented by:



Government
Transparency
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Second SEE Good Governance report: main findings

1. There is a big variation in contract volume share of politically connected firms across countries in the region (between 2 and 16). Similar with value share, yet share within the same CPV division is almost always higher) => **favouritism within certain markets**
2. There is an **observable difference between buyer type of politically connected companies' contracts versus other companies' contracts** => depending on the country's context and distribution of resources PC companies are more likely to participate in procurement from regional or national buyers

Second SEE Good Governance report: main findings

3. The share of **open procedures** among connected firms' contracts is **either not significantly different or counters to the expectations** (i.e., there are slightly more cases of open procedures among connected firms) => in most of the cases other practices are used for corruption (e.g., tailored tender specifications, short advertisement period, etc).

4. The **aggregated integrity score is always slightly lower for connected firms**, with some variation across countries. Depending on the data quality (in particular the number of observations for PC firms) there is either statistically significant and robust effect of PC companies on integrity or not.

Main recommendations

Transparency and digitalization of asset declarations and related registers: establishing machine-readable public procurement and corporate databases which can be downloaded in bulk

Inter-connecting public registers and regularly monitoring red flags via online platforms

Improving public procurement legal base and reducing the use of non-competitive procedures (case of COVID emergency procedures)

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**Thanks for
watching!**

