

CHALLENGES OF CORRUPTION AND ORGANISED CRIME IN THE WESTERN BALKANS

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1 INTRODUCTION¹

In September 2015, the United Nations General Assembly adopted the *2030 Agenda for Sustainable Development*² at the Summit on Sustainable Development.³ The *2030 Agenda* and, in particular, Goal 16 on Peace and Justice, expressed consensus, for the first time, that organised crime, corruption and other illicit activities were important components of the developmental process, and operated as impediments to the achievement of the accepted goals. The *2030 Agenda* fully appreciates that peace cannot be secured without justice and development.

2 CORRUPTION AND ORGANISED CRIME IN REGIONAL PERSPECTIVE

The following discussion of corruption and organised crime will focus on the Western Balkans, namely, Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo.⁴ The Corruption Perceptions Index (CPI) published by Transparency International in 2016 suggests that the perceived level of corruption in the Western Balkan region is more or less at average level, with the majority of Balkan countries occupying ranks from 64 to 83 of the 176 countries surveyed. Kosovo, stands out with a ranking of 95.

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1 This is an abridged and modified version of the author's contribution to the forthcoming publication: Totel U, Bulanova-Hristova G and Flash G *Research Conferences on Organised Crime at the Bundeskriminalamt in Germany* (Vol III) 2013-2015, Wiesbaden, BKA.

2 A/69/L8.

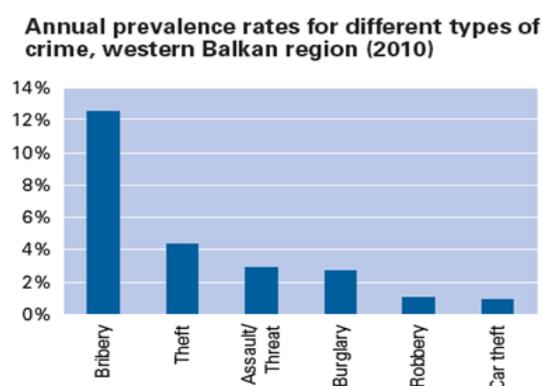
3 A/RES/70/1.

4 Kosovo as per the UN Security Council resolution 1244.

Here it is important to note that South Eastern Europe is divided equally among EU members (Greece, Slovenia, Bulgaria, Romania and Croatia) and non-EU members (the Western Balkans).⁵ The EU members on average have much better CPI rankings than the non-EU members, a circumstance which indicates that reducing corruption in public administration, which is usually reflected in the CPI and is one of the requirements to join the European Union, can be achieved.

According to the findings of UNODC surveys of both the population and businesses in the Western Balkans, bribery has the highest prevalence rate (13%) of crimes in the region. This is apparent from Figure 1 below.

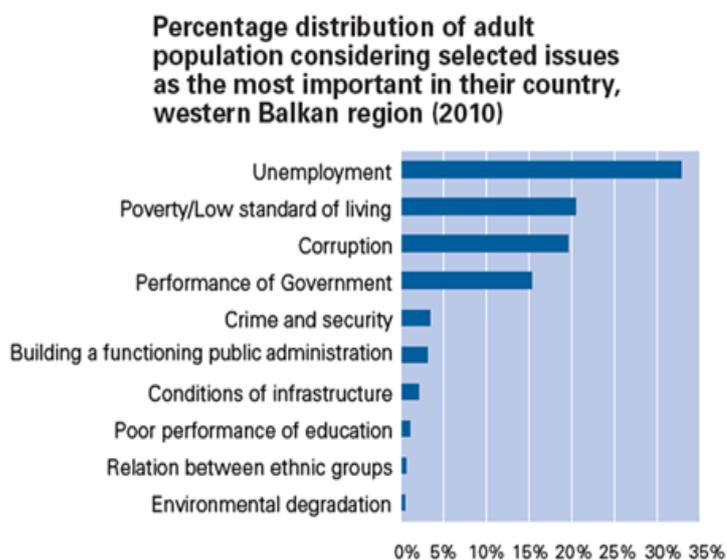
Figure 1: Annual prevalence rates for different types of crime



Source: UNODC (2011) *Corruption in the Western Balkans: Bribery as Experienced by the Population* at 47.

Theft is second to bribery, with a prevalence rate of slightly over 4%. What should be noted here is the enormous difference of at least eight percentage points between the occurrence of conventional crimes — such as theft and assault — and bribery. Corruption is therefore a serious issue in the context of the regional security picture.

5 The 2016 CPI rankings for South Eastern Europe are: Albania 83, Bosnia & Herzegovina 83, Bulgaria 75, Croatia 55, Greece 69, Romania 57, Kosovo 95, Fyrom (Macedonia) 90, Montenegro 64, Serbia 72 and Slovenia 31.

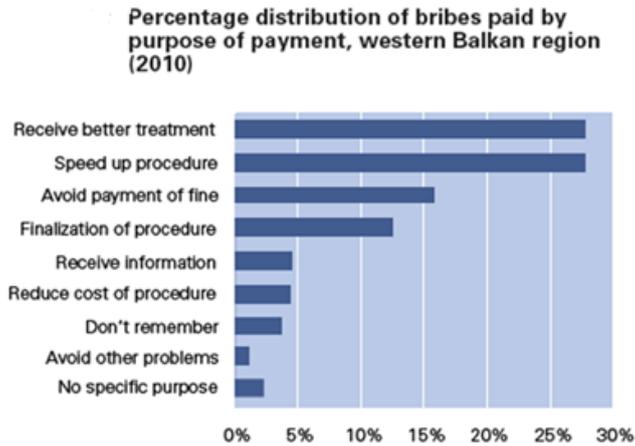
Figure 2: Percentage distribution of adults considering issues as most important

Source: UNODC (2011) *Corruption in the Western Balkans: Bribery as Experienced by the Population* at 43.

Figure 2 above indicates that the most important issues in the Western Balkan region are perceived to be unemployment (33%), poverty (20%) and then corruption (19%). Another issue of concern is the performance of the government (15%), which well may be connected to the major issues aforementioned. It is clear also that infrastructure, education, environmental deterioration and ethnic equality disturb few Balkan adults. However, there is no doubt that public opinion ranks corruption very high as a cause for concern.

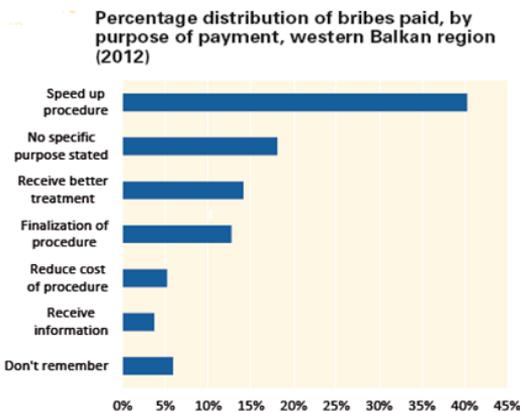
It appears from Figure 3 below that citizens use bribery as instruments to speed up procedures (28%), to receive better treatment (28%), to avoid the payment of a fine (16%) and to secure the finalisation of a procedure (12%). Further, a connection between illicit elements and those who pay bribes is always visible, for corruption is mostly a partnership composed of a corruptor and a corruptee. In this regard, the centre of the corruption problem in the Western Balkans is located in the public administration. Staff of the public administration have to be bribed in order to make it function efficiently and serve the clients.

Figure 3: Percentage distribution of bribes paid by individuals, by purpose of payment (2010)



Source: UNODC (2011) *Corruption in the Western Balkans: Bribery as experienced by the Population* at 23.

Figure 4: Prevalence distribution of bribes paid by businesses, by purpose of payment (2012)

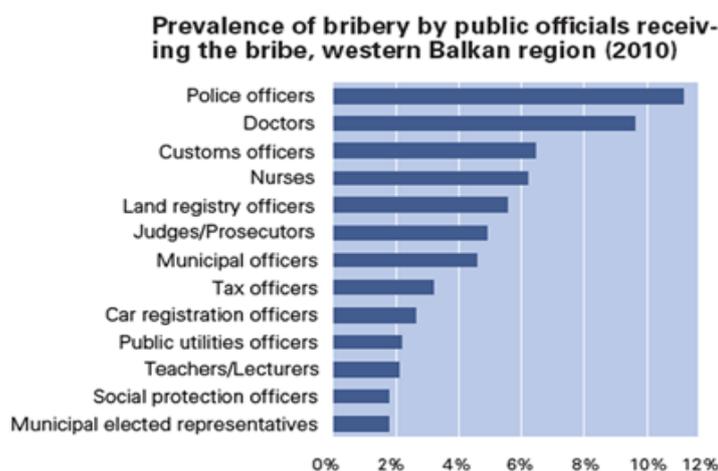


Source: UNODC (2013) *Business, Corruption and Crime in the Western Balkans: The Impact of Bribery and other Crime on Private Enterprise* at 28.

Figure 4 above shows that businesses paid bribes to members of the public administration (nearly 40%) to speed up procedures, whereas more than 15% of bribes were paid with no specific purpose. Also, less than 15% of bribes were paid to receive better treatment while the finalisation of procedures accounted for some 12% of bribes paid by businesses.

Within the public administration sector of the Western Balkans there are certain occupational categories and institutional positions that are more vulnerable to corruption than others. They are identified in Figure 5 below.

Figure 5: Prevalence of bribery by public officials receiving the bribe

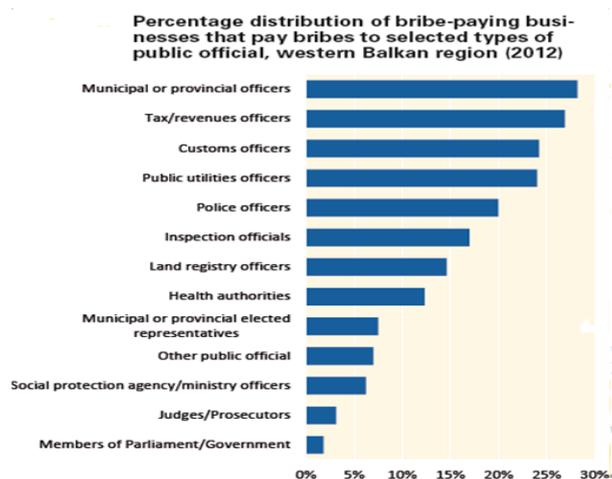


Source: UNODC (2011) *Corruption in the Western Balkans: Bribery as Experienced by the Population* at 25.

It appears that the public officials who receive the most bribes are police officers (11,5%). They are followed by doctors (9%) and customs officers (6,5%). Judges and prosecutors also receive bribes (5%) and in excess of more than half of the public officials included in Figure 5.

Not only citizens, but also businesses pay a vast number of bribes to public officials, as depicted in Figure 6 below. Nearly 30% of bribes by businesses are paid to municipal or provincial officers, and these are followed closely by bribes paid to tax/revenues officers (27%). Members of parliament or government and members of the judiciary (judges or prosecutors) are among the public officials bribed least by businesses, accounting for less than 5% of bribes paid. In other words, the largest share of bribes by businesses is paid to local public officials, confirming the impact which corruption exercises upon the public administration sector, including taxes and revenues, in the Western Balkans. This sector has to be seen as the target of much of the anti-corruption work in the region, especially in view of the intended accession to the European Union.

Figure 6: Percentages distribution of bribe-paying businesses that pay bribes to selected types of public official



Source: UNODC (2013) *Business, Corruption and Crime in the Western Balkans: The Impact of Bribery and other Crime on Private Enterprise* at 30.

3 POLITICAL ECONOMY OF ORGANISED CRIME AND CORRUPTION IN THE WESTERN BALKANS

The problem of corruption in the Western Balkans is simultaneously a problem of organised crime. Corruption is becoming less and less an individual act and increasingly taking on an organisational form, with a division of labour between people who commit the crime and people who launder and, in the end, legalise the criminal profits. Also, the distinction between active and passive corruption is fading more and more. The process occurring in the Balkan region was fueled by the fall of the Berlin Wall, as a result of which parts of Eastern Europe experienced a “wild-west” form of privatisation, with ex-communist party *nomenklatura* and organised crime syndicates greedily buying up state-owned factories, enterprises and land. This process led to the legalised installation of representatives of the old regime and leaders of organised crime as businessmen in a new environment. As a result of this process, the prevention and control of organised crime and corruption were undermined severely.

Traditionally, organised crime in the Balkan region was involved in drug trafficking and cigarette smuggling, and later moved into human trafficking and arms trafficking (in particular during the Yugoslav wars) as well. Attention also had to be given to the process of legalising criminal proceeds through money

laundering in the real estate business, banking, the gambling industry and the financial markets. Corruption plays an important instrumental role in the process of the legalisation of illicit gains, and the main problem for the future likely will be the entry of organised crime into the financial market through the acquisition of shares and corrupt “trading in influence”. This is a phenomenon which is particularly difficult to fight at both the local and the international levels. It will require more partnerships between the state and the corporate sector, and companies will have to take responsibility for the illicit flow of money within their enterprises. Furthermore, the penetration of the new modalities of organised crime and corruption may prompt sustained state interference in the market, thereby engendering the possibility of a totally different economic model.

4 CONCLUSION

Organised crime and corruption go hand in hand. This is particularly evident in the Western Balkan region, with its political uncertainties and economic instabilities. The Yugoslav war and the privatisation of the economy provided ample opportunities for organised crime to corrupt, to launder the proceeds of its corruption and to legalise its presence. Today it is no longer a question of whether the police and judicial services have the capacity to tackle organised crime and corruption. Rather, it is a matter of political commitment and good public and corporate management. In other words, the fight against corruption and organised crime is, ultimately, a question of good governance.