



# TRANSPARENCY INTERNATIONAL

the global coalition against corruption

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**Building Integrity and Reducing Corruption in Security  
Sector**

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**[www.transparency.org](http://www.transparency.org)**

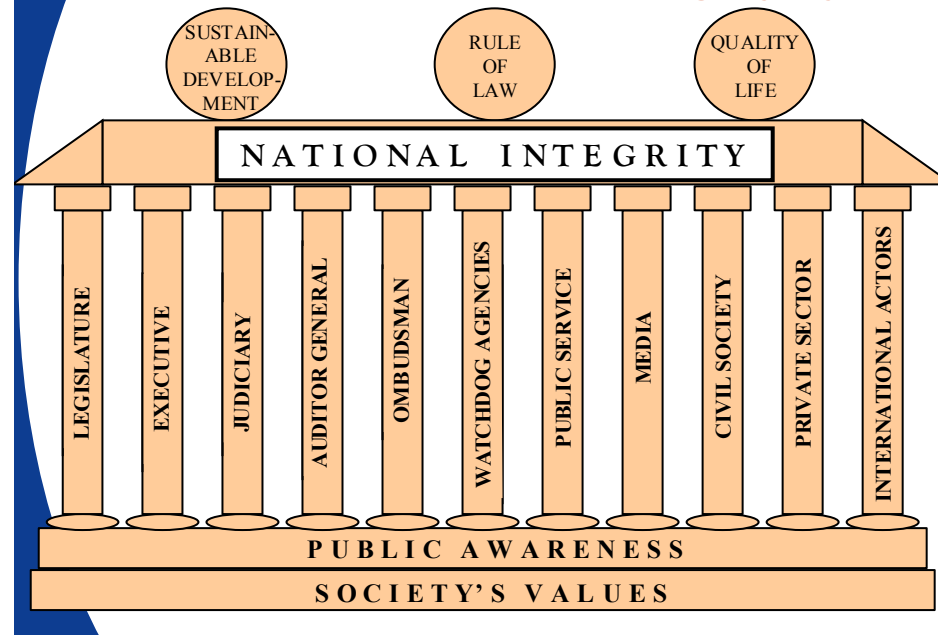
# Governance matters



*Governance as the set of traditions and institutions by which authority in a country is exercised ( Daniel Kaufmann, WBI)*

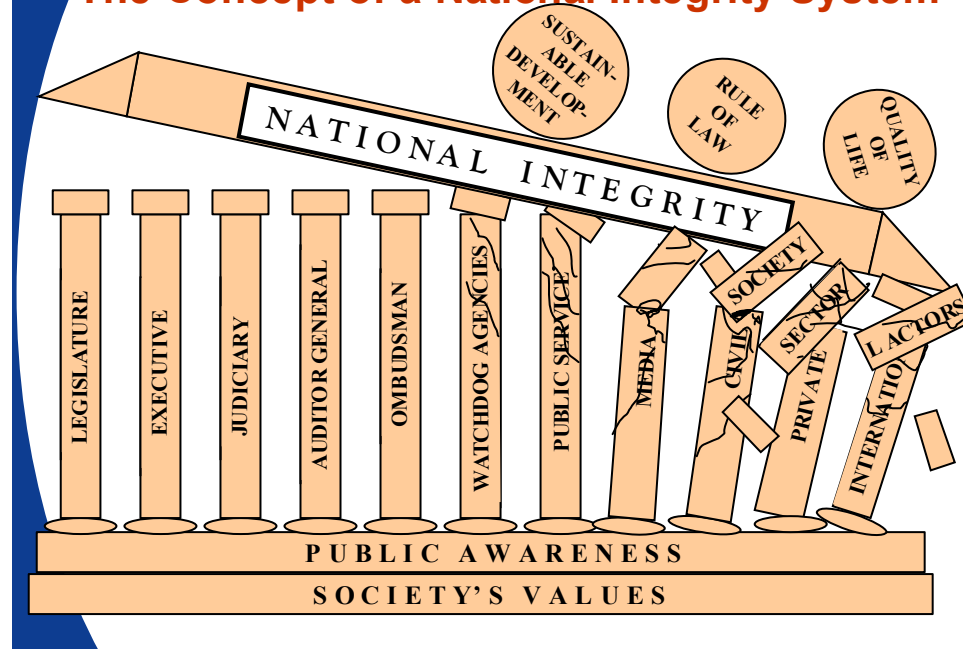
- *The process by which those in authority are selected and replaced*
- *The capacity of government to formulate and implement policies*
- *The respect of citizens and state for institutions that govern interactions among them*

## The Concept of a National Integrity System



$$C = (M + D - A) / E$$

## The Concept of a National Integrity System



## CPI 2008/ EU countries

### Countries perceived as being least corrupt

Rank	Country	CPI 2008 Score
1	Denmark	9.3
26	Slovenia	6.7
62	Croatia	4.4

### Countries perceived as being most corrupt

Rank	Country	CPI 2008 Score
72	FYROM	3.6
85	Serbia	3.4
92	BiH	3.2

\*out of total 180 countries and territories included in the CPI 2008

# Variables explaining the CPI score

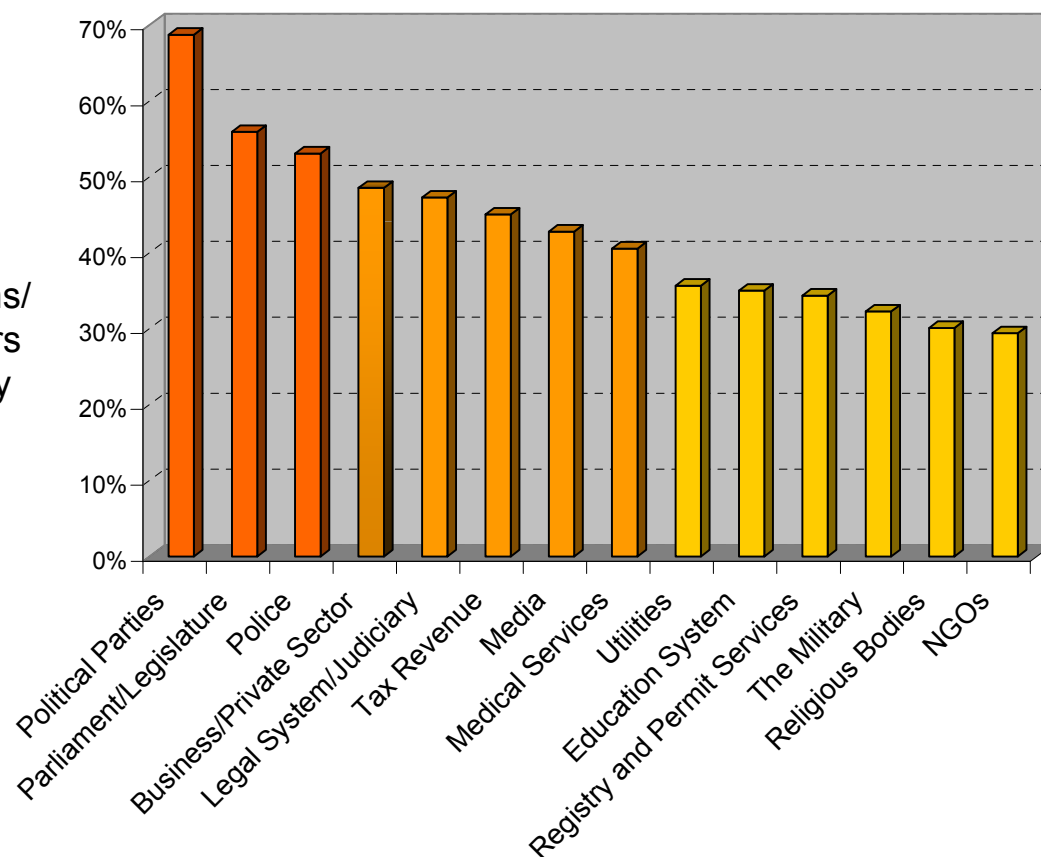


<b>Income level</b>	<b>GDP per capita</b>	<b>The higher the GDP, the lower the corruption</b>	<b>Higher income enables more efficient bureacracy</b>
Business freedom	Ease of doing business	The higher the business freedom, the lower the corruption	Lesser contacts with the state lowers the number of potentially corrupt transactions
Government effectiveness	Quality of public administration	The more effective the government, the lower level of corruption	Better governments are harder and less profitable to corrupt

# Global Corruption Barometer

Sectors and institutions most affected by corruption, worldwide perceptions

% of respondents reporting that these institutions/ services/ sectors are affected by corruption

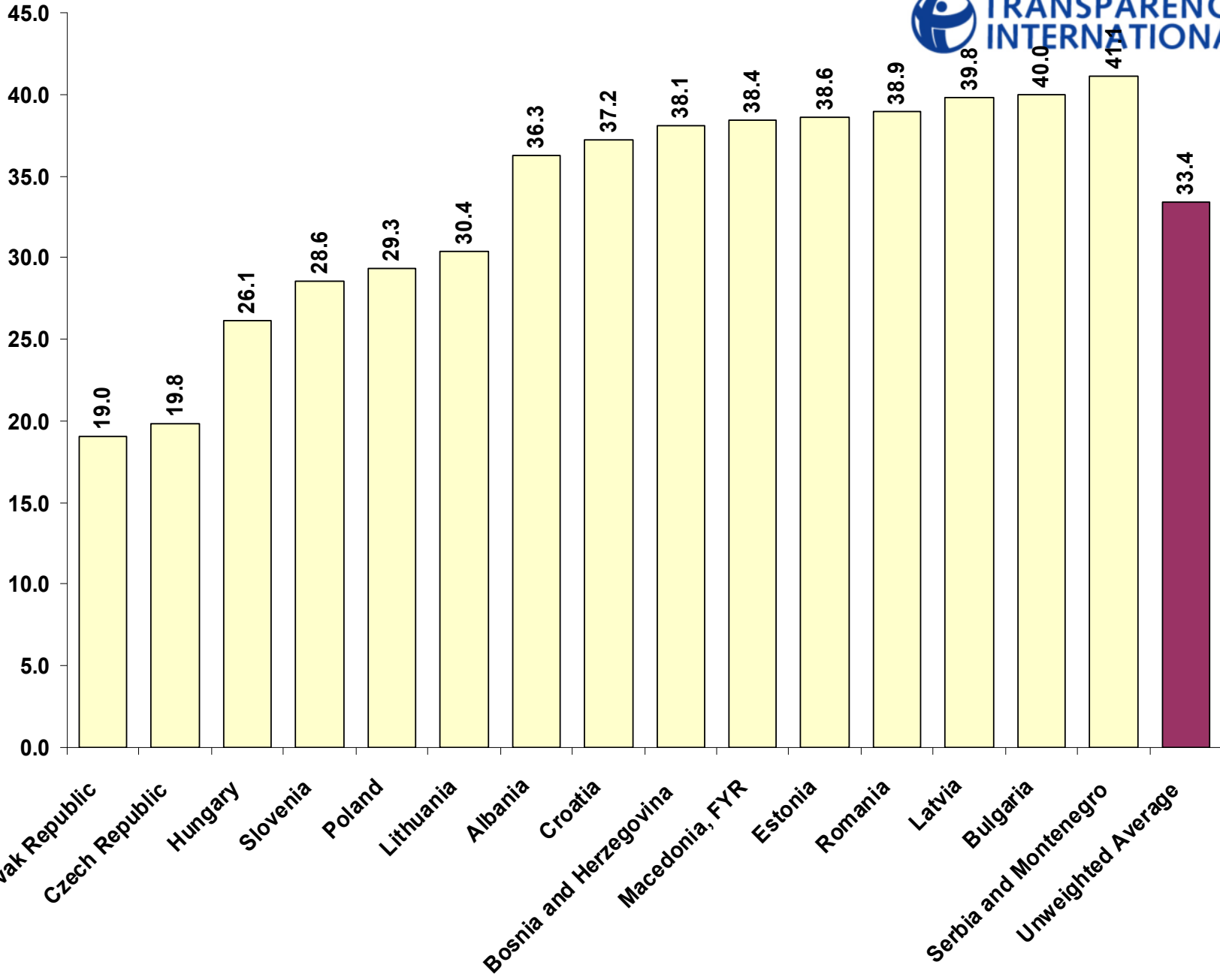


# Shadow Economy

- There is a strong correlation between corruption and the size and scope of shadow economy
- Shadow economy/criminal and informal household economy ( SOURCE: Friedrich Schneider)
- Substitute or complement ?
- Incentives/ regulations





**Shadow Economy in % of official GDP**

## Trust and security

- Security and law enforcement services in transition economies: who provides what?
- The „Russian“ model in the early 90‘: „privatized „rule enforcement services: the „krysha“ and the „strelka“
- Criminal syndicates for conflict-resolution
- Shadow economy/shadow „law enforcement

## Lessons learnt

- Unpack corruption ( administrative corruption vs state capture)
- “One does not fight corruption by fighting corruption”  
(Daniel Kaufmann)
- Over-legislation, over-regulation: vicious cycle
- Taxation
- Independent civil society watchdogs like MANS
- Independent and professional media
- Danger of political populism