



## MAKING DEMOCRACY DELIVER IN THE WESTERN BALKANS: STRENGTHENING GOVERNANCE AND ANTICORRUPTION

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In 2018 the EU and NATO and the countries from the Western Balkans have a unique chance to reinvigorate the Euro Atlantic perspective of the region. There are many areas of concern that require attention but anticorruption and good governance remain the most critical to tackling **the two key risks for the Western Balkans**. On the one hand, countering **corruption and state capture** will free the economy from the monopoly of entrenched political-economic groups and will open up space for spurring entrepreneurship and lowering unemployment. On the other hand, strengthening the rule of law and governance will improve the resilience of the region to **malicious meddling from external powers** intent to derailing its Euro Atlantic integration.

Delivering reforms in this key domain would require the successful triangulation of the efforts of reformist-minded local politicians, active civil society, and supportive international partners and donors.<sup>1</sup>

Enlargement efforts will have to overcome strong political headwinds from within both the Western Balkans and the European Union. Many incumbent leaders in the Western Balkans have expressed their desire for speedier, less-conditional accession, thus trying to implicitly avoid the focus on state capture and rule of law. At the same time EU member states' leaders have voiced their expectations that internal reform of the EU be achieved before any further en-

### KEY POINTS

- The Western Balkan countries face two critical interrelated risks to their Euro Atlantic integration. Internally, **entrenched corruption and state capture** have plagued their economic development and prosperity. Externally, **Russia has seen the region as a key battleground** to reassert its renewed drive for global dominance.
- Good governance efforts in the Western Balkans, aided by the EU and other international donors, have resulted in a **decline of administrative corruption** over the past two decades. But at 26 % on average for the region corruption pressure remains high and state capture risks persist.
- The EU should **engage directly with civil society groups** to tackle corruption and state capture more effectively. Next to improving technical capacities, the EU, its member states, and European political party families should engage, encourage and press **local political leaders to deliver on good governance and anti-corruption reforms**.
- Delivering **effective prosecution of high-level corruption** in the Western Balkans is a critical condition for ensuring wider public support for rule of law reforms. In parallel, anti-corruption efforts should be zoomed in at the level of individual public institutions, implementing innovative EU anticorruption instruments, such as MACPI (Monitoring Anti-Corruption Policy Implementation), to improve performance in the areas most affected by **administrative corruption**. This should be supported by increasing transparency and deregulation to improve voluntary compliance and reduce the sizable hidden economies in the region.
- The EU should further develop and deploy more assertively its anti-trust and public procurement **policies to confront state capture and the abuse of foreign economic presence for political purposes**. The increase of EU funding for connectivity in the region should be accompanied by heightened anticorruption and anti-monopoly efforts focused on critical sectors, vulnerable to state capture, such as energy, infrastructure, banking and telecommunications.

<sup>1</sup> CSD, 2008, Democracy that Delivers: Unlocking the Potential of Transition, Sofia, 2008, p. 18.

largement happens. It is therefore imperative that the Euro Atlantic community deliver a much **more coherent and persuasive response to address outstanding challenges in rule of law and anticorruption**, which have particular bearing on the regional security and prosperity but are also a key source of euro-scepticism in the EU and in the Western Balkans alike.

The European Commission has rightly prioritized the rule of law and security, including hybrid threats, in its new Enlargement Strategy.<sup>2</sup> The accession of Montenegro to NATO and the opening up of EU accession prospects for Serbia and Montenegro have been a strong signal for political engagement with the Western Balkans. Local political elites though should be made aware that **enlargement at any cost without strong rule of law conditionality is not an option**. National governments in the Western Balkans should know that it is them that will have to resolve remaining rivalries and demonstrate tangible results in anticorruption, institutional effectiveness and good governance. The progress delivered in this respect between Bulgaria and Macedonia in sorting out their bilateral issues in 2017 – 2018 has set the right example. Such progress though should be seen as the starting point of cooperation, not the final destination.

## Making Enlargement Deliver: The Core Issues

The Western Balkans have again topped the policy agenda on both sides of the Atlantic in 2018, improving the region's prospects for Euro Atlantic integration.<sup>3</sup> The countries from the region have not been this **close to a breakthrough** in their bid to join the

European Union since the Thessaloniki promise of membership from 2003.<sup>4</sup> This time around the EU and NATO membership prospects have been spurred by two distinct external threats, which promise to keep the political focus on the region for long enough to ensure membership in the two communities happens. The **migration crisis of 2015 – 2016** has demonstrated the importance of the region as a transit route and its vulnerability to organised crime and radicalisation, which ultimately weaken Europe's collective security. **Russia has stepped up its interference in the Western Balkans**, through a mix of hard and soft power instruments, and with the clear aim of disrupting the region's NATO but also EU integration.<sup>5</sup> In addition, China has also raised concerns by supporting incumbent leaders in opaque deals, which hide from the public potential future strings attached.<sup>6</sup>

The past two decades though have demonstrated how enlargement prospects in the region, which came high on the agenda in 2003 (EU) and 2004 (NATO) gradually moved beyond reach as internal and external crises forced the EU and NATO to focus inwards, and local elites to steer away from membership priorities. The drift has hurt citizens' prosperity and prospects, in turn stalling democratic initiative, media freedom, and paving the way to autocratic tendencies. **Corruption and the hidden economy** are among the highest on the continent, **youth unemployment** is above 50 % in some countries, and **citizens' trust in institutions** has waned.<sup>7</sup>

Hence, the EU and NATO, as well as major donor countries in the Western Balkans, such as Norway, Sweden, Switzerland, the US and Japan, should keep their

<sup>2</sup> EC, 2018, A credible enlargement perspective for and enhanced EU engagement with the Western Balkans, Strasbourg, 6.2.2018, COM (2018) 65 final.

<sup>3</sup> For a sample of think-tank views in Europe see Grajewski, M., 2018, Western Balkans: What Think-Tanks Are Thinking, European Parliamentary Research Service Blog, May 4, 2018. For a similar review on the US side, see Graham, T. et al., 2018, Time for Action in the Western Balkans: Policy Prescription for American Policy, National Committee on American Foreign Policy, East West Institute, New York, May 2018, p. 1.

<sup>4</sup> EU – Western Balkans Summit Declaration, Thessaloniki, 21 June 2003, 10229/03 (Presse 163).

<sup>5</sup> CSD, 2018, Russian Economic Footprint in the Western Balkans: Corruption and State Capture Risks, Sofia, 2018.

<sup>6</sup> Makocki, M., Nechev, Z., 2017, Balkan Corruption: The China Connection, European Union Institute for Security Studies, Issue Alert 22/2017.

<sup>7</sup> RCC, Balkan Barometer, 2017 and Martino, F., 2018, EU Enlargement: A New Strategy, With Hands by the Brakes, Osservatorio balcani e caucaso Transeuropa, March 1, 2018.

political commitment to the region high. They should coordinate their efforts to find new, more effective instruments and cooperation formats to help better governance in the Western Balkans. And the key component for the success of these efforts would be the effective integration of local civil society in their implementation. The EC should recognise that its primary **current mechanism of government-to-government engagement in the region does not and cannot deliver**, in particular in the area of countering corruption and state capture.

The EU (and its member countries) should lead by example, tackling outstanding governance issues within the community, such as **tax havens** and **money laundering**, which have allowed all too often ill-gotten assets in the Western Balkans to be laundered in the EU, only to return to the region to prop up autocratic powers. In a similar vein oligarchic networks from Russia and the region have used financial centers in the EU to invest in the region masked as EU investments.<sup>8</sup> The EU should demonstrate it can deliver solutions and aid quickly and in response to a changing environment, like it managed to do during the migration crisis. The proposed EU's new enlargement strategy with its action plan of six initiatives provides a good example in this respect with the prioritization of the rule of law and the inclusion of hybrid threats as a relevant issue for the region.<sup>9</sup> At the same time, the EU can be much more ambitious in its financial support for the region, proposing at least 1.5 times increase (instead of the current 1.2) of the available budget for the region in the 2021 – 2027 financial framework.<sup>10</sup> Increased aid should be safeguarded with stringent control over the transparency and competitiveness of public procurement while its efficiency should be increased by reforming delivery mechanisms away from

the government-to-government approach towards more direct engagement, similar to that of development agencies and EU level policies (e.g. in the area of internal security).

**The EU should reform its financial aid delivery mechanisms** to the region to include more direct engagement with local stakeholders and regional initiatives, e.g. RAI and RCC. This way it will avoid a major flaw in the current approach, in which governments in the EU (Hungary, Bulgaria, and other) and in the Western Balkans manage to use European funds to support friendly media and oligarchic networks, furthering state capture and authoritarian trends. In parallel, the EU should aim to devote **higher share of its aid to civil society grants, twinning, regional and international development agencies as opposed to commercially delivered technical assistance**, which effectively does not have motivation to deliver tangible results and change but only outcomes. Administrative and technical arguments of aid disbursements should not be allowed to trump political priorities such as rule of law and anticorruption.

The EU should also pay **particular attention to public procurement in large infrastructure projects**, requiring the public disclosure of data on and control over the whole process from the announcement to implementation and subsequent maintenance.<sup>11</sup>

## Unlocking Western Balkan's Economic Potential

**Advancing anti-corruption in the Western Balkans will spur investment and economic growth.**<sup>12</sup> It is no surprise that the main concerns, cited by the West-

<sup>8</sup> Conley, H. Mina, J., Stefanov, R., Vladimirov, M., 2016, The Kremlin Playbook: Understanding Russian Influence in Central and Eastern Europe. Center for Strategic and International Studies, Washington D.C., October 2016.

<sup>9</sup> EC, 2018, A credible enlargement perspective for and enhanced EU engagement with the Western Balkans, Strasbourg, 6.2.2018, COM (2018) 65 final.

<sup>10</sup> EC, 2018, A Modern Budget for a Union that Protects, Empowers and Defends, The Multiannual Financial Framework for 2021 – 2027, Brussels, 2.5.2018, COM (2018) 321 final.

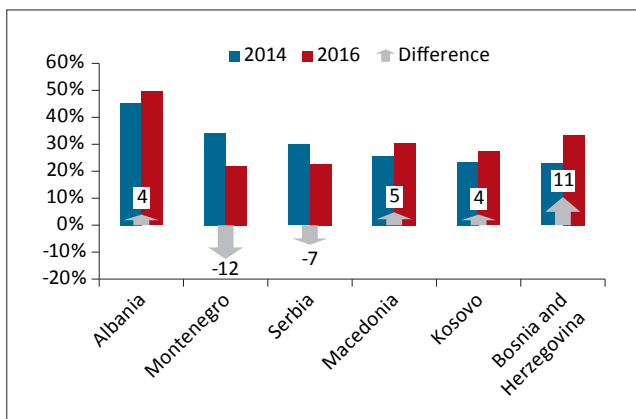
<sup>11</sup> CSD, 2011, Anticorruption in Public Procurement: Balancing the Policies, Center for the Study of Democracy, Sofia, 2011.

<sup>12</sup> The relationship between good governance and economic performance has long been established but has received renewed attention following the fallout of the 2008 global economic crisis. See for example, Lagarde, Ch., 2018, There is a Reason for the Lack of Trust in Government and Business: Corruption, IMF Development Blog, May 4, 2018 and OECD, 2017, Preventing Policy Capture: Integrity in Public Decision Making, OECD Public Governance Reviews, OECD Publishing, Paris.

ern Balkans citizens are unemployment (67 %), the economic situation (46 %), and corruption (32 %).<sup>13</sup> The link between the pillars of economic governance and rule of law has rightly been provided a more and more prominent role in the framework of the EU accession process.<sup>14</sup> **Anticorruption should stay a horizontal priority** of the overall accession process, the economic governance reform mechanism, as well as within the framework of the Western Balkans Integrated Internal Security Governance (IISG) initiative on serious crime, boarder security and counter-terrorism.

Despite progress, the region saw **no breakthroughs in anticorruption during the past two decades**, which has resulted in underwhelming economic growth and high hidden economy across all countries in the region, depriving governments of needed public resources and perpetuating a culture of informality and distrust.<sup>15</sup>

**Figure 1. Changes in corruption pressure by country\***



\* Share of those reporting to have experienced demands for bribes from public officials.

Source: CSD/SELDI Corruption Monitoring System.

An overview of the Western Balkans regional dynamics suggests the **persistence of high levels of administrative corruption**, despite the fact that local and EU efforts have resulted in its gradual reduction. The decline though has been so slow and accompanied by so high economic hardship that public support for reforms has waned, in parallel to citizens’ trust in national and European institutions. In fact, it is not unusual for the region that achieved advancements in good governance in certain periods of time regress in the next.<sup>16</sup> **Progress has been slow and erratic.** Specifically, in the 2014 – 2016 timeframe, corruption pressure – the primary objective quantitative indicator for the levels of corruption in the region – has relapsed in some countries, despite the overall marginal improvement in the region on average.<sup>17</sup>

The combination of **stubbornly high rates of rent-seeking** from corrupt officials and rising expectations for good governance related mostly to EU accession aspirations have shaped negatively public expectations about potential corruption pressure in the Western Balkans. More than half of the population believe it is likely to have to give a bribe to an official to get things done. This indicates that the restoration of trust in institutions would be rather difficult than the mere reduction in the levels of administrative corruption. Business sector corruption dynamics prove similar to the population’s. Personal connections, insider information and various forms of bribes remain significant part of how businesses operate in the region. Notable is also the fact that these trends persist across different sectors and Western Balkan economies.<sup>18</sup>

As a result, **public trust in the feasibility of policy responses to corruption** – a critical ally to successful anticorruption reforms – has stayed below the

<sup>13</sup> RCC, 2017, Balkan Barometer 2017, Public Opinion Survey.

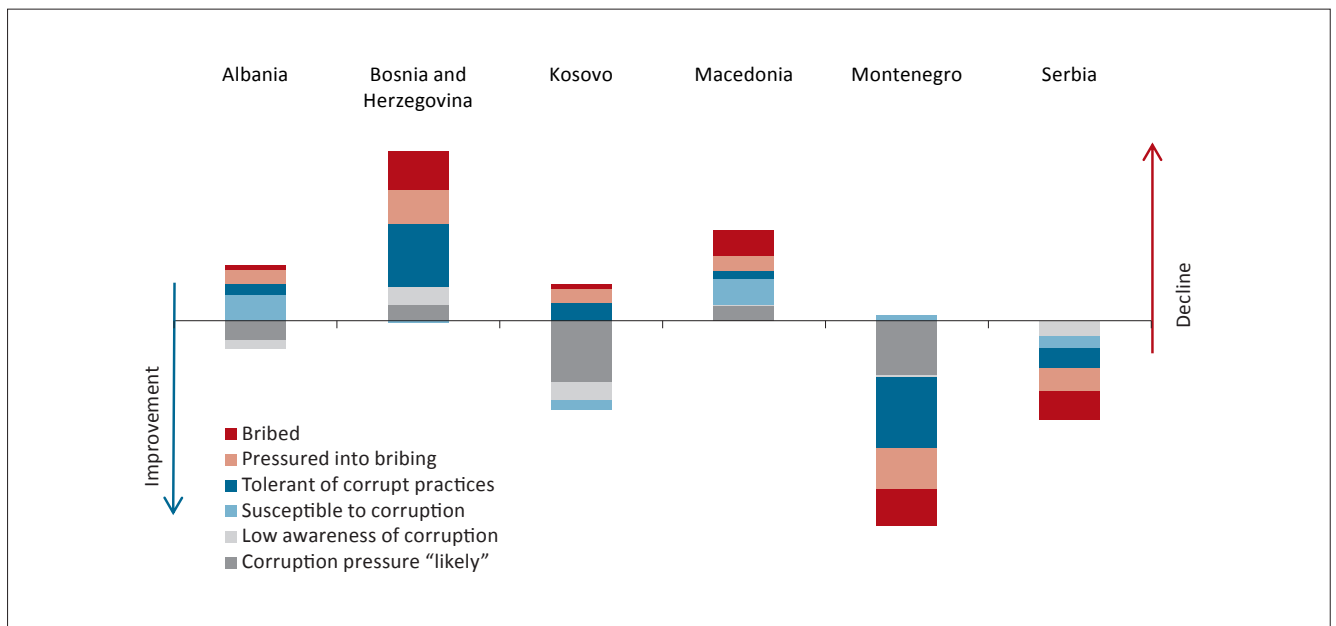
<sup>14</sup> EC, 2018, A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans, Strasbourg, 6.2.2018, COM (2018) 65 final.

<sup>15</sup> SELDI, 2016, Shadow Power: Assessment of Corruption and Hidden Economy in Southeast Europe

<sup>16</sup> SELDI, 2014, Anticorruption Reloaded: Assessment of Southeast Europe

<sup>17</sup> For more detailed methodological discussion SELDI, 2017, Sustainable Policy Impact through State-of-the-Art-Research and Advocacy. Data from the *Corruption Monitoring System* (CMS), implemented by the Southeast Europe Leadership for Development and Integrity (SELDI) network allows for a comprehensive analysis of regional corruption trends and dynamics over nearly two decades.

<sup>18</sup> RCC, 2017, Balkan Barometer 2017, Business Opinion Survey.

**Figure 2. Overall changes in corruption levels (2016 vs 2014)**


Source: CSD/SELDI Corruption Monitoring System.

50 % threshold for all countries in the region but Montenegro. This further exacerbates the unwillingness of political actors locally and in the EU to engage in anti-corruption policies and shows the need for a broad-based social movement to sustain the anti-corruption focus. In addition, left unchecked for a prolonged period of time, corruption has resulted in the emergence of “**clear symptoms and varying degrees of state capture**”<sup>19</sup> in some countries of the Western Balkans.

National policies in the region, which target corrupt behaviour at administrative level and those seeking to change trust in government, need to be pursued in concert. If stricter enforcement of penal measures is not complemented by **strengthened public demand for integrity** in government and **sustained improvement in economic well-being**, it cannot have a tangible effect. Law enforcement would likely be seen either as useless repression when targeting lower government levels alone or as a political witch-hunt when intermittently directed at higher levels. Conversely, intensifying awareness-building measures would only

fuel cynicism and resignation in the public, if it is not accompanied by visible efforts for cracking down on (high-level) rent-seeking officials.

The indicators of CSD/SELDI’s *Corruption Monitoring System* demonstrate that EU financial support for anti-corruption in the Western Balkans has generally had a positive impact. But like noted above, they have not been enough to achieve a breakthrough. In the 2007 – 2013 period, the EU allocated around 30 million in support of anti-corruption projects in the Western Balkans. This accounts for only 0.5 % of the total EC financial allocation for the region for that period and provided the lack of implementation capacity, might have had even lower impact than expected.<sup>20</sup> It is, thus, necessary that the **increase in EU support** for the Western Balkans **be complemented by an intensified and coordinated anti-corruption drive**, which focuses not only on technical assistance through service contracts but on spurring and supporting genuine local anti-corruption civil society initiative. Such positive intervention could prove instrumental for the success not only of anti-corruption efforts but also

<sup>19</sup> EC, 2016, Communication on EU Enlargement Policy, Nov 9, 2016, COM(2016) 715 final, p. 3.

<sup>20</sup> European Court of Auditors, 2016, EU Pre-Accession Assistance for Strengthening Administrative Capacity in the Western Balkans: A Meta-Audit.



for improving economic governance and labor market functioning.

## The Hidden Economy Nexus

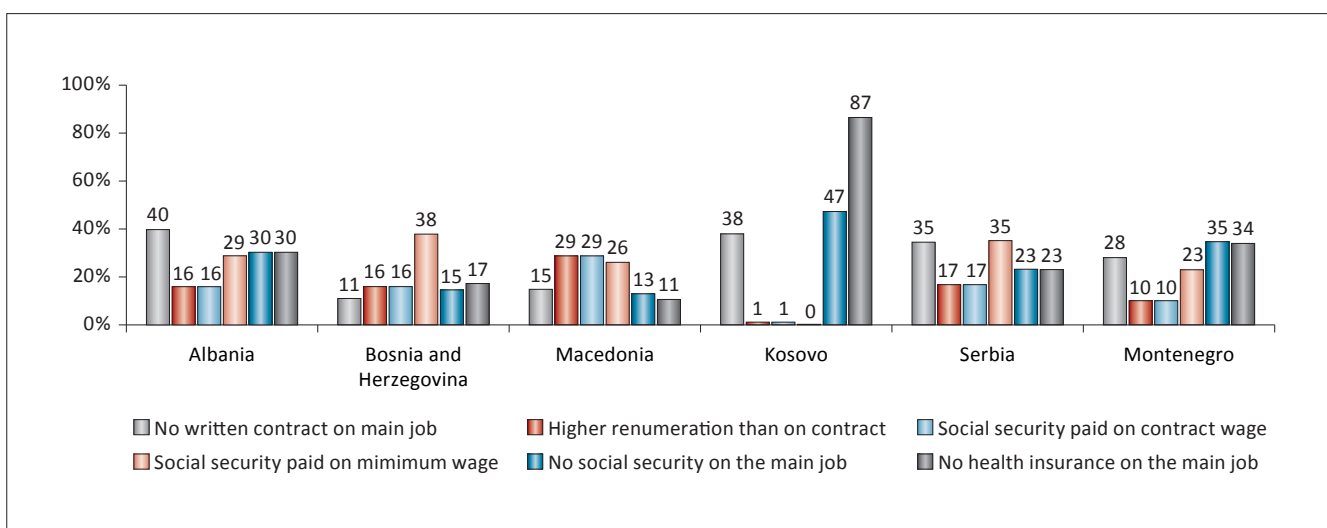
Anticorruption policies alone are unlikely to produce wide societal support unless they are **embedded into wider economic reforms**. A broadening of the anti-corruption debate in the Western Balkans from sheer law enforcement towards more economic grounded rationale, such as addressing the nexus between corruption and hidden economy, is thus needed. The presence of large hidden economy disturbs the labour market and signals institutional inefficiencies. In the case of the Western Balkan countries, negative impacts could prove instrumental in blocking both economic and good governance. **The hidden sector occupies between a quarter and a third of the Western Balkan economies.**<sup>21</sup>

A critical factor in tackling corruption and hidden economy is the overall business environment. While most countries in the Western Balkans fare well in terms of nominal indicators, such as the size of tax rates or ease of registering a business, administra-

tive corruption and state capture allow **incumbent webs of political and business networks** to effectively control access to government law and policy making, rendering the institutions defining the business environment exclusive and unpredictable. A considerable tax gap in SEE also hinders both economic development and good governance. Tax evasion, which is made possible, among other things, by bribery and inefficiency in the work of tax authorities, denotes lack of trust in a country’s economic viability and undermines the quality and scope of public services.

As a result, **hidden employment remains highly present** in the Western Balkans, creating risks of exclusion for sizable portions of the population, placing the informally employed in a vulnerable position with respect to rent-seeking officials and to illegal business interests. The considerable social embeddedness of hidden employment in the region, excludes large swathes of the labour force from the protection of government regulation and diminishes support for the rule of law. This perpetuates the hidden economy – corruption vicious circle. It also deepens the already existing employment challenges in the region, which hinder economic growth.<sup>22</sup>

**Figure 3. Shares of the different types of hidden employment in the Western Balkans**



Source: SELDI Hidden Economy Survey, 2016.

<sup>21</sup> SELDI, 2016, Shadow Power: Assessment of Corruption and Hidden Economy in Southeast Europe.

<sup>22</sup> RCC, 2013, South East Europe 2020 strategy and EC, 10 November 2015, EU Enlargement Strategy, COM(2015) 611 final.

## Russian Influence in the Western Balkans: Corruption and State Capture Risks

For its anticorruption and good governance policies to bring about change, and to strengthen democracy that delivers for the citizens of the Western Balkans, the EU and NATO would have to tackle the increasing meddling by external, non-democratic actors in the region, and in particular Russia. Similarly, leaders in the Western Balkans, and in particular in Serbia, would have to decide on and pursue more assertively the EU strategic course of their countries.

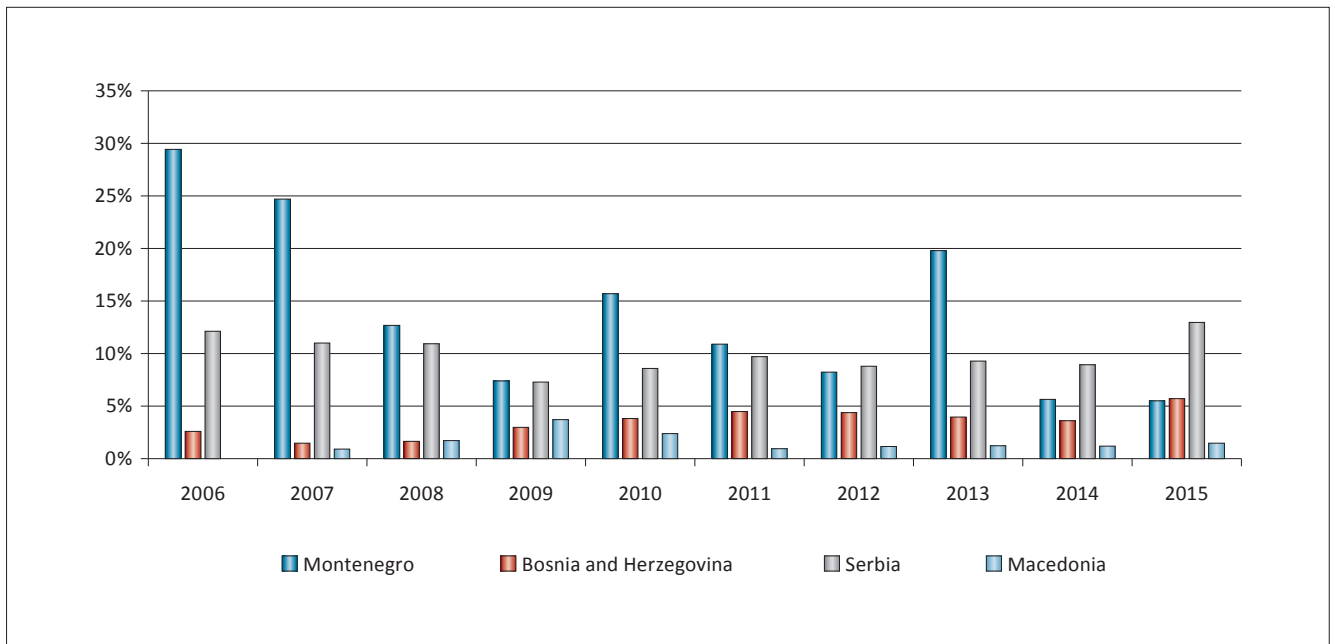
The tools Russia has used to expand its presence in the region are not new to the Western Balkans: political pressure; soft power instruments, including cultural, media, and religious campaigns; and economic leverage ranging from the control and acquisition of critical energy sector assets to the financing of political parties and media. These tools are **underpinned**

by a concerted Kremlin narrative designed to counter the Euro Atlantic values. The seeds of this narrative have landed on fertile ground in the Western Balkans, where a climate of unstable institutions of governance and rule of law, mired in protracted systemic corruption at both the administrative and political levels, has often resulted in policy, regulatory and state capture.

By deploying the above tools **Russia has been able to amplify its economic presence in the Western Balkans** cultivating an opaque web of economic and political patronage across the region – a web that undermines economic and democratic development by influencing decision-making in critical areas, such as energy and foreign policy.<sup>23</sup>

The **Russian economic footprint in the Western Balkans has expanded** in absolute numbers over the past decade. Russian companies have invested close to EUR 2.5 billion, half of which has gone to Montenegro, a hub for Russian investment in real estate

**Figure 4. Russian Controlled Companies’ Revenues as Share of Total Revenues in Selected Western Balkan Economies\***



\* Data for Macedonia was unavailable for 2006, but analysis shows Russian revenues were marginal.

Source: CSD calculations based on commercial corporate databases.

<sup>23</sup> CSD, 2018, Russian Economic Footprint in the Western Balkans: Corruption and State Capture Risks, Sofia, 2018.

and tourism. Russia has grown from a peripheral economic power in the region to one of the most significant. However, in terms of share of the economy, the Russian presence has remained more or less stagnant amid the expansion of the local economies. The share of Russian companies' revenues in the total turnover in the economies of Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia hovers between 6.5 and 10 percent. Russia's corporate footprint is highly concentrated in strategic sectors such as energy, banking, mining and real estate.

Russia has aggressively tried to use large politically motivated energy projects to hook local politicians and their entourage-companies to inflated construction contracts, while saddling public administrations with behemoth ventures, well beyond their capacity. In addition, the Kremlin has used these projects to pitch countries in the region against one another, an approach in effect opposite to regional integration.

Kremlin's meddling in the region, has **created space** in the Western Balkan countries **for political opportunists** to try to wriggle free from necessary reforms, particularly those related to the strengthening of the rule of law and the curbing of autocratic tendencies – such as undermining civil society, and the media, resulting in democratic backsliding and economic slowdown. Tackling the outstanding **governance gaps in the Western Balkans** would be critical to restoring the democratic transformation of the region but it will have to be complemented by a much more assertive political strategy. The EU in particular, needs to beef up and improve the effectiveness of its external service, including coordination with the delegations in the Western Balkans, and define a result-oriented strategy for countering Kremlin's influence in the region.

China, while not opposing the EU and NATO prospects of the Western Balkan countries, seems to have borrowed some of the Kremlin strategies in the region. In particular, the Chinese government has been able

to use its growing economic presence to try to undermine Europe's unity on key issues such as the European arms embargo, the criticism of China's human rights record and the Chinese state aid for domestic companies. The economic expansion has been buttressed by direct public funding for educational initiatives such as student exchanges and study visits, as well as NGOs promoting cultural, media and business cooperation with China.<sup>24</sup>

## Strengthening Democracy that Delivers in the Western Balkans

For effectively speeding up the integration of the Western Balkans in the Euro Atlantic community, efforts should be well focused. Externally on staving off malign foreign influence, most notably from Russia. Internally, on closing outstanding governance gaps.

The main thrust of the endeavours in the region should be directed at tackling **political corruption and state capture**, while solidifying the achieved progress against systemic administrative corruption or bribery:

- **Effective prosecution of high-level corruption** is the only way to send a strong and immediate message that corruption would not be tolerated. Success in this direction would require international support, including the involvement of EU member states and US law enforcement. It is critical that the EU keeps political pressure high, while pursuing further separation of powers, democratisation, and de-monopolisation in the Western Balkans.
- In parallel, **anti-corruption efforts should be zoomed in at the level of public organisations**, to follow up on the quality of implementation of the numerous formally adopted anti-corruption policies and plans and close the implementation and efficiency gaps. The EU should deploy in the region

<sup>24</sup> National Endowment for Democracy, 2017, Sharp Power: Rising Authoritarian Influence, International Forum for Democratic Studies, December 2017.



innovative anti-corruption performance monitoring instruments such as MACPI<sup>25</sup>.

- An **independent corruption and anticorruption monitoring mechanism** needs to be introduced on national and regional level in order to provide robust data and analysis and integrate both corruption diagnostics and anticorruption policy evaluation. The mechanism should be implemented through national and/or regional civil society organisations and should be independent of direct national government funding. It should serve as a vehicle for opening up administrative data and enhancing public access to information.
- Anticorruption policy development and implementation should benefit from regional level focus on the Western Balkans, exchange of best practices and support from the EU (in particular neighbouring Bulgaria, Croatia, Romania, Slovenia, Hungary and Slovakia) and the wider implementation of **public-private partnerships** involving regional cooperation structures, like RCC and RAI and regional civil society networks.
- The EC and national governments have to ensure the **sustainability of civil society engagement in the region**. Active CSOs, strategically collaborating with decision-makers and citizens to attain concrete results and evaluate progress towards accession, will be especially important for Serbia and Montenegro, as the timeline for their EU membership has been arguably already set at 2025.<sup>26</sup>
- Next to improving technical capacities and restructuring bureaucratic frameworks, the focus should be put on **further commitment and engagement on political level**. Generating actionable political will in the region should start with the alignment of the agendas of multiple stakeholders, agreeing on a common **good governance agenda for the EU integration of the region**.
- Critical sectors with high corruption and state-capture risks, such as **energy**, should be addressed

with urgency. Priority measures include increasing competition in public procurement; improving the corporate governance of state owned enterprises; transparent management of large-scale investment projects; enhancing the accountability and independence of energy regulators.

Russia's disruptive stance on the Western Balkans' integration in Euro Atlantic structures calls for joint actions between the EU, NATO and the Western Balkan countries on multiple levels:

- EU, US and other international donors' assistance to the Western Balkans should prioritize tackling Russian (and other autocratic states') malign influence and strengthening governance.
- The EU, NATO and Western Balkans countries should encourage their members to task their financial intelligence units with **developing dedicated units that track illicit (Russian) transactions**, in particular such related to large infrastructure projects in critical sectors. The EU-US-Western Balkans financial intelligence cooperation should be prioritised.
- The European Union should further enhance the **oversight on its development funds** and require full disclosure of company ownership when meeting EU diversification requirements.
- The EU and the Western Balkans should strengthen national economic policy-making and regulatory governance, transparency, and independence in view of increasing market diversification and competition. National anti-trust authorities should provide public **bi-annual assessments of the diversification of strategic economic sectors**.
- At sectoral level the European Union should prioritize and speed up the implementation of the Energy Union initiative, focusing in particular on common energy security, diversification, and the deepening of the internal energy market.

<sup>25</sup> Shentov, O. (ed.), 2015, Monitoring Anti-Corruption in Europe. Bridging Policy Evaluation and Corruption Measurement, Center for the Study of Democracy, Sofia, 2015. MACPI is an innovative anti-corruption performance assessment tool developed to help public institutions measure their corruption risk and implementation gaps. It is a management instrument to focus anti-corruption policy at institutional level toward the highest risk areas and to strengthen anti-corruption implementation.

<sup>26</sup> SELDI, 2016, Shadow Power: Assessment of Corruption and Hidden Economy in Southeast Europe.

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