OECD Anti-Corruption Network
for Eastern Europe and Central Asia

Corruption Prevention at Local Level in Eastern Europe and Central Asia

OECD

OECD Anti-Corruption Network for Eastern Europe and Central Asia

Corruption Prevention at Local Level in Eastern Europe and Central Asia

About the OECD

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD's mission is to promote policies that improve economic and social well-being of people around the world. Find out more at www.oecd.org.

About the Anti-Corruption Network for Eastern Europe and Central Asia

Established in 1998, the main objective of the Anti-Corruption Network for Eastern Europe and Central Asia (ACN) is to support its member countries in their efforts to prevent and fight corruption. It provides a regional forum for the promotion of anti-corruption activities, the exchange of information, elaboration of best practices and donor coordination via regional meetings and seminars, peer-learning programmes, and thematic projects. ACN also serves as the home for the Istanbul Anti-Corruption Action Plan. Find out more at www.oecd.org/corruption/acn/.

Please cite this publication as:

OECD (2021), *Corruption Prevention at Local Level in Eastern Europe and Central Asia.*

1 Foreword

This cross-country report on prevention of corruption at local level focuses on mechanisms, which strengthen integrity in local governments. The primary focus is on initiatives that originated and were implemented at the local level. The broader national anti-corruption frameworks are reflected as well in order to describe the context and take into account that local and national efforts often intertwine closely. The review focuses on Eastern European and Central Asian countries participants of the Anti-Corruption Network for Eastern Europe and Central Asia (ACN) and features also examples from non-ACN OECD countries and international practices. Country responses to questionnaires and reviews of the draft report as well as extensive desk research form the empirical basis of the study. Regional seminars in Tirana (Albania) in December 2017 and in Vienna (Austria) in November 2018 served as opportunities to discuss research issues and fine-tune the research plan. The report was prepared in 2018. The purpose of this review is to identify trends, main challenges and practical solutions for preventing corruption at local level and propose regional recommendations. It serves as a reference point for policy reforms and reviews in this region. The report is prepared as part of the Work Programme for 2015-2019 of the Anti-Corruption Network for Eastern Europe and Central Asia within the OECD Directorate for Financial and Enterprise Affairs.

Table of contents

2 **Abbreviations**

ACN – Anti-Corruption Network for Eastern Europe and Central Asia
CRI – Corruption Risk Index
EUR – Euro
GDP – gross domestic product
IF – Intervention Fund (Romania)
NAC – National Anti-corruption Centre (Moldova)
NGO – non-governmental organisation
OGP – Open Government Partnership
RF – Reserve Fund (Romania)
UAH – Ukrainian hryvnia
UNCAC – United Nations Convention against Corruption
UNDP – United Nations Development Programme

3 Executive summary

The study aims to identify trends, main challenges and practical solutions for preventing corruption at local level in the countries of the Anti-Corruption Network for Eastern Europe and Central Asia. The study focuses particularly on efforts initiated, adopted and implemented in local governments.

Common practices: Integrity and anti-corruption plans have become increasingly used tools in various municipalities and often are mandatory according to the law or national anti-corruption plans. Often a risk assessment is envisaged as an initial stage in the process of developing a plan. Local governments generally carry out their own assessments of vulnerabilities although in some countries central anti-corruption agencies do it. Different monitoring and reporting mechanisms are employed regarding the implementation of anti-corruption measures. Some of these mechanisms are local but central anti-corruption or other executive bodies also commonly monitor the implementation at the local level.

The study notes widespread although uneven progress in the area of service provision. One-stop shops are a common way to improve service delivery and reduce opportunities for corruption throughout the region. Progress in the area of e-services used to be slow. However, now there are rapid developments in several parts of the region and local governments in some countries offer a wide range of e-services.

Innovative practices: As can be expected, municipalities throughout the region publish information on draft budget plans, adopted budgets and actual expenditure. In addition, some municipalities prepare special brochures with main budget data in an easily readable form. A new trend is to publish budget data on-line in innovative formats to visualise the information and permit interactive exploration of the data. The usefulness of involving the public in developing local budgets is widely recognized across the region and at least some form of consultation can be considered a current norm. An even deeper involvement of the public in the budget formation is granting certain decision-making rights to the population in the form of participatory budgeting. Allowing community members to decide directly on how to spend a part of a budget has become a popular mechanism in some countries of the region.

The region also has some advanced practice cases where decisions, which grant permissions for the use of public spaces and construction permits, are published in an open-data format complete with extensive details to enable meaningful monitoring.

Challenging areas: To name a few challenges, effective management of conflicts of interest at the local level represents common difficulties due to the small size of communities and situations where nobody can make a decision without being related to persons who would be affected. Solving this challenge by applying more relaxed rules creates a risk to systematically award resources to or otherwise favour the persons who are related to key decision makers. Ensuring adequate standards for the resolution of conflicts of interest in local governments in order to make sure that municipal resources are distributed and power is used in an impartial manner remains

a challenge, which will require attention throughout the region. This is important also in providing employment opportunities.

The country responses generally reflect few initiatives at the local level regarding the fairness of political campaigns and the encouragement of political competition. The local practices mainly concern the placement of campaign posters and stands. Potentially local governments could do more to ensure a level playing field in local elections. Local measures could include rules against the abuse of administrative resources by incumbents, steps to facilitate free debates, prohibitions to distort the local media market and obligations to respect editorial independence.

Local governments generally do little to promote business integrity and incentivize private-sector operators to refrain from corrupt practice. All local authorities should at least effectively communicate standards, which shall be complied with in any interaction between officials and business entities.

1. Introduction

1.1. Objective

The aim of the study is to identify trends, main challenges and practical solutions for preventing corruption at local level and propose regional recommendations. Specifically, the study provides an overview of international standards in this area, a regional overview of local governments, a review of common problems and good practices (including through case studies in selected countries) and regional recommendations.

The main focus of the study is on particular efforts initiated, adopted and implemented on the level of local governments. While the review takes into account relevant elements of national ani-corruption frameworks, the main objective of this study is to highlight local efforts, which are often overlooked in international assessments commonly focusing on national anti-corruption policies. The study also extensively reflects efforts of civil society organizations aimed at strengthening integrity and civic oversight at local level.

In addition, through follow-up activities, the study will contribute to establishing contacts and experience sharing among professionals.

1.2. Methodology

The study is based on data obtained from the ACN countries in the form of answers to a questionnaire and additional materials as well as desk-research carried out by the consultant by Mr Valts Kalniņš (the Centre for Public Policy "Providus") who drafted the report of the study. The study also used materials from the regional seminar "Corruption-Free Cities of the Future", which took place on 7-8 December 2017 in Tirana (Albania), and the regional seminar "New Approaches and Practical Tools to Prevent Corruption at the Local Level", which took place on 5-6 November 2018 in Vienna (Austria).

The ACN Secretariat in co-operation with the consultant developed the questionnaire for data collection based on the proceedings of the Tirana regional seminar and other sources. The questionnaire consists of two parts. The part one comprises questions on the local government structure, the role of anti-corruption agencies and local anti-corruption/integrity plans, as well as

a general directory of successful anti-corruption initiatives at the local level. The part two requests answers from relevant local governments and covers specific areas such as local anti-corruption officials or bodies, successful anti-corruption strategies/action plans at the local level, anti-corruption awareness and education activities, local mechanisms for reporting corruption, successful local measures related to the disclosure of information and open data, service delivery, provision of permits and licenses, territorial/urban planning, planning and execution of local bodies, public procurement, management of assets and municipally owned enterprises, local business integrity and the political level of local governance.

The ACN Secretariat sent the questionnaires to the national co-ordinators with a request to fill the part one of the questionnaire and solicit answers from local governments on the questions of the part two. **Albania**, **Armenia**, **Azerbaijan**, **Bosnia and Herzegovina**, **Georgia**, **Kyrgyzstan**, **Latvia**, **Lithuania**, **FYR Macedonia**, **Moldova**, **Mongolia**, **Montenegro**, **Romania**, **Serbia**, **Slovenia**, **Ukraine** and **Uzbekistan** submitted the questionnaires by the end of May 2018.

The draft was presented for the discussion to the ACN Steering Group on 5 July 2018 in order to verify information, validate the findings and the recommendations. The study was finalised on the basis of these discussions, comments received from the ACN countries, and exchanges during the mentioned regional seminar in Vienna. It is published under the authority of the OECD.

1.3. Structure of the study

The study consists of 14 chapters. It starts with a general overview of international standards, which envisage requirements and recommendations for strengthening the integrity of local governance, and a review of key characteristics of local government systems in the countries, which contributed their data to the study. Two following chapters focus on certain mainstream elements of anti-corruption policies, namely, the assessments of vulnerabilities, policy planning and institutional setup as well as mechanisms, which target the misuse of political authority at local level. The rest of the study reviews several specific fields of activity of local governments such as service delivery, issuance of permits and licenses, planning, public procurement and management of assets. These chapters not only reflect anti-corruption measures in the narrow sense but also show efforts, which ensure transparency, accountability and civic oversight. The last chapter contains recommendations for prevention of corruption based primarily on good practices of local governments, which should be disseminated, adapted and implemented throughout the region.

2. Prevention of corruption at the local-level in the context of international standards

2.1. The application of international anti-corruption standards to the local level

International anti-corruption standards are applicable to the local level of governance and national institutions alike. The **UN Convention against Corruption** (UNCAC) ties the concept of public official to "a legislative, executive, administrative or judicial office", performance of a

public function or provision of a public service. Such offices and functions are typically found at the local level. The UNCAC allows states parties to delineate the exact circle of public officials in domestic law, for example, by defining what constitutes public services and what other persons shall be defined as public officials (Article 2(a)). Indeed, in countries of the region local office holders are usually considered public officials or equivalent. Hence the provisions of the UNCAC, which target public-sector corruption, apply also to local governments.

In accordance with their competences, local authorities should play their role in developing and implementing anti-corruption policies (Article 5), adopting, maintaining and strengthening efficient, transparent and merit-based systems for the recruitment, hiring, retention, promotion and retirement of staff (Article 7, Paragraph 1), promoting transparency and preventing conflicts of interest (Article 7, Paragraph 4), promoting integrity, honesty and responsibility among its public officials as well as applying codes or standards of conduct for the correct, honourable and proper performance of public functions (Article 8, Paragraphs 1 and 2), establishing measures and systems to facilitate the reporting by public officials of acts of corruption (Article 8, Paragraph 4), taking disciplinary or other measures against public officials who violate the codes or standards (Article 8, Paragraph 6), establishing systems of procurement that are effective in preventing corruption (Article 9, Paragraph 1), promoting transparency and accountability in the management of public finances (Article 9, Paragraph 2), public reporting (Article 10), preventing corruption, which involves the private sector (Article 12), promoting the participation of society (Article 13), and implementing other measures envisaged in the UNCAC.

The **Council of Europe Criminal Law Convention on Corruption** envisages the criminalisation of several different corrupt practices and specifically uses the term "mayor" as one of the categories of public officials as defined in national law of the respective state (Article 1). Thus, at least mayors are explicitly covered. Other categories, which are mentioned in the convention, (official, public officer) also will include a certain part of office holders and employees at the local level. The explanatory report of the convention states the intention to cover "all possible categories of public officials". Article 4 of the Criminal Law Convention covers bribery of members of domestic public assemblies meant to include such assemblies at local, regional and national level. (Council of Europe, 1999) The **OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions** makes it clear that the instrument covers bribery of officials at "all levels and subdivisions of government, from national to local" (Article 1(4)b). While these conventions contain obligations primarily for national legislators and governments, they affirm that anti-corruption standards shall apply regarding local officials. Also other international anti-corruption instruments, which focus on public officials and public bodies, apply to all domestic levels of governance – national, regional and local.

Several recommendatory international documents address issues related to political competition and the misuse of authority for purposes of securing improper advantages in elections. As will be shown further in this thematic study, limited political competition and electoral accountability at local level are associated with higher risks of corruption and inefficiencies. The **Venice Commission Code of Good Practice in Electoral Matters** (2002) demands compliance with the principle of equality of opportunity for parties and candidates and requires that state authorities have a neutral attitude with regard to electoral matters such as campaigns (Venice Commission, 2018). **The Venice Commission Code of Good Practice in the Field of Political Parties** (2008) is another document relevant for the topic of political competition. The Code addresses, among other things, the problem of office holders who could misuse their positions in order to create discrimination against the parties of their political competitors and recommends that "party members should clearly distinguish between their allegiance to the party and their office duties" (Venice Commission, 2009). This matter is relevant not only at the national but also at the local level. Local authorities distribute local public resources (such as benefits to socially

vulnerable individuals or procurement opportunities) and exercise regulatory powers (such as giving permits to business activities or setting conditions for local campaign activities). These powers can be abused in order to provide advantages to individuals and groups that support the ruling politicians or to punish the opposition. **The 2016 Joint Guidelines for Preventing and Responding to the Misuse of Administrative Resources during Electoral Process of the Venice Commission and OSCE/ODIHR** recommend that the legal framework foresees "that in case of violations of the rules on public finances which imply a misuse of administrative resources or when illicit financial advantages are given to political parties or candidates, such financing has to be returned to the state or municipal budget, regardless of other applicable sanctions" (Venice Commission and OSCE/ODIHR, 2016). In most countries the implementation of such recommendation would require action by national legislators, audit bodies and other authorities. Still, also at local level where a system of checks and balances works, the public should expect steps of local authorities to recover misused resources. Of relevance in this area is also **the Recommendation 273 (2009) of the Congress of Local and Regional Authorities on Equal access to local and regional elections** (Congress of Local and Regional Authorities, 2009).

The Council of Europe Recommendation CM/Rec(2007)15 to member states on measures concerning media coverage of election campaigns is also relevant to local governments and their relations with the media. For example, where local authorities own media, it is important that such media cover election campaigns "in a fair, balanced and impartial manner, without discriminating against or supporting a specific political party or candidate" as recommended in the said document. (Council of Europe, 2007) As will be shown further in this study, information activities of local authorities are a risk area in the context of the impermissibility to abuse public resources in electoral competition.

This is a non-exhaustive review of relevant international documents but it is sufficient for highlighting preventive obligations of local authorities and kinds of possible misuse of power at local level, which have received international attention.

Moreover, the Open Government Partnership (OGP), whose participants declare commitment to increasing the availability of information about governmental activities, supporting civic participation, implementing the highest standards of professional integrity throughout our administrations, and increasing access to new technologies for openness and accountability (Open Government Partnership, 2011), runs the OGP Local Program. From the ACN region, currently Tbilisi (Georgia) and Iasi (Romania) have joined the program. Five commitments of Tbilisi are the Smart Map Civic Activity Portal, participatory budgeting, access to services and civic engagement, transparent governance, and city hall transparency. Local governments also undertake commitments within OGP national action plans. According to information provided by Georgia, in 2016-2017, municipalities undertook six commitments under the OGP action plan to improve transparency and integrity. The OGP Action Plan for 2018-2019 includes eight new commitments by various municipalities to develop more inclusive service delivery and further improve transparency.

2.2. Anti-corruption principles in local and regional government standards and recommendations

Anti-corruption principles are also part of international local-government standards. According to **the European Charter of Local Self-Government** the concept of local self-government means regulating and managing public affairs "in the interests of the local population" (Council of Europe, 1985). This principle implies, among other things, controlling corruption since a corrupt local government will serve for the private benefit of particular individuals or groups rather than for the interests of the local population in general. Article 6(2) requires ensuring conditions that "permit

the recruitment of high-quality staff on the basis of merit and competence". Article 7(3) determines that "any functions and activities which are deemed incompatible with the holding of local elective office shall be determined by statute or fundamental legal principles".

Anti-corruption principles are further enshrined in documents that focus on the participation of citizens in local public affairs. The **Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority** requires securing "to everyone within their jurisdiction the right to participate in the affairs of a local authority" and rejects unfair discrimination against any person or group (Article 1). The Protocol requires imposing "formalities, conditions and restrictions as are necessary to ensure that the ethical integrity and transparency of the exercise of local authorities' powers and responsibilities are not jeopardised by the exercise of the right to participate" (Article 1(5.2)). (Council of Europe, 2009a) This provision requires safeguarding "against wholly inappropriate actions such as bribery or the use of force or coercion forms of participation" (Council of Europe, 2009b). For the prevention of corruption, relevant measures of the Protocol are, for example, "procedures for involving people which may include consultative processes, local referendums and petitions", "procedures for access (..) to official documents held by local authorities", and "encouraging the use of information and communication technologies for the promotion and exercise of the right to participate" (Article 2(2)).

Of relevance is also **the Council of Europe Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life**, which, among other things, envisages encouraging "local elected representatives and local authorities by any suitable means, including the drafting and publishing of codes of conduct, to behave in a manner which is in compliance with the highest standards of ethical conduct and inspires the trust of citizens" and preventing "simultaneous office-holding where it would hinder the proper performance of the relevant duties or would lead to conflicts of interest". The recommendation also envisages transparency measures such as ensuring the public nature of the local decision-making process as well as ensuring and facilitating access by any citizen to information concerning local affairs. (Council of Europe, 2018).

Several recommendations of **the Congress of Local and Regional Authorities of Europe** focus on matters of integrity. **The Recommendation 60(1999) on political integrity of local and regional elected representatives** with the appended Code of Conduct contains the principles of the primacy of law and the public interest, diligence, openness and willingness to account for decisions, and respect for the powers and prerogatives of all other political elected representative and all public employees (Congress of Local and Regional Authorities of Europe, 1999). The Code of Conduct explicitly or implicitly addresses various forms of corruption such as clientelism (candidates shall not seek to secure votes by any means other than persuasive argumentation and debate), favouritism (elected representatives shall not perform their functions or use the prerogatives of their office in the private interest of individuals or groups of individuals, with the aim of deriving a direct or indirect personal benefit therefrom), abuse of authority (elected representatives shall not perform their functions or use the prerogatives of their office to further their own direct or indirect private or personal interests), unresolved conflicts of interest (elected representatives shall abstain from any deliberation or vote on a question in which they have a direct or indirect personal interest), nepotism and appointments of administrative staff on otherwise non-merit-based principles. As the means of supervision, the Code of Conduct envisages limitation and declaration of campaign expenses, declaration of interests, and compliance with other internal and external supervisory measures. There are provisions on openness, freedom of information and relations with media.

In its **Recommendation 383(2015) regarding conditions of office of elected representatives**

the Congress recommends ensuring, among other things, that local and regional codes of conduct are developed based on published national standards and are applied uniformly, mechanisms are set up to monitor the implementation and review breaches, local and regional elected representatives fill and update annually and in case of significant changes public registers of interests (including interests of close family members), and make declarations of conflicts of interests in relation to particular decisions (Congress of Local and Regional Authorities, 2015). **The Resolution 421(2017) and the Recommendation 405(2017) of the Congress regarding making public procurement transparent at local and regional levels** contain lists of recommendations regarding risk assessment and internal controls, transparency (including publishing comprehensive and machine-readable data), e-procurement, integrity pacts, training, reporting procedures and protection of whistleblowers, prevention of conflicts of interest, independent bodies for the review of complaints and enforcement mechanisms, etc. (Congress of Local and Regional Authorities, 2017).

Box 2.1. UNDP Guide to Corruption-Free Local Government

In addition to hard and soft standards, international organizations also provide guidance and methodologies. A recent example is a guide published by the UNDP, which aims to assist local and national stakeholders in:

- planning and preparing an integrity project;
- conducting a corruption risk assessment;
- designing rigorous and risk sensitive integrity plans;
- ensuring implementation, monitoring and reassessment of integrity plans;
- addressing problems of effectiveness and sustainability by moving from risk assessment and integrity plans towards development, maintaining and improving an integrity management system.

The guide contains step-by-step instructions, presents a range of adaptive tools (methodologies) for the analysis and evaluation of integrity risks, and proposes risk management strategies for key processes of local government.

Source: Minkova, M. (2018), *Guide to corruption-free local government*, United Nations Development Programme, http://localizingthesdgs.org/library/486/Guide-To-Corruption-Free-Local-Government.pdf.

All countries participating in the ACN are states parties to the UNCAC. All but a few[1] are members of the Council of Europe, whose institutions are the source of most of the regional hard and soft law instruments. The global and regional standards enshrined in the instruments mentioned in the sub-chapters 2.1 and 2.2 represent the targets that the ACN countries are encouraged to adhere to. The mandatory and recommendatory international standards largely inform the recommendations at the conclusion of the thematic study.

List of references

Congress of Local and Regional Authorities (2017), *Making public procurement transparent at local and regional levels*, https://rm.coe.int/making-public-procurement-transparent-at-local-and-regional-levels-gov/168074cf72.

Congress of Local and Regional Authorities (2015), *Conditions of office of elected representatives*, https://rm.coe.int/168071a951.

---

[1] Belarus, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan are not members of the Council of Europe. However, Belarus is a party to the Criminal Law Convention on Corruption of the Council of Europe.

Congress of Local and Regional Authorities (2009), *Recommendation 273 (2009) Equal access to local and regional elections*, https://rm.coe.int/168071a5db.

Congress of Local and Regional Authorities of Europe (1999), *Recommendation 60 (1999) on political integrity of local and regional elected representatives*, https://rm.coe.int/168071a0f7.

Council of Europe (2018), *Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life*, https://www.oidp.net/docs/repo/doc431.pdf.

Council of Europe (2009a), *Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority*, https://rm.coe.int/168008482a.

Council of Europe (2009b), *Explanatory Report to the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority*, https://rm.coe.int/16800d3838.

Council of Europe (2007), *Recommendation CM/Rec(2007)15 of the Committee of Ministers to member states on measures concerning media coverage of election campaigns*, https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=09000016805d4a3d.

Council of Europe (1999), *Explanatory report to the Criminal Law Convention on Corruption*, https://rm.coe.int/16800cce441999.

Council of Europe (1985), *European Charter of Local Self-Government*, https://rm.coe.int/168007a088.

Open Government Partnership (2011), *Open Government Declaration*, https://www.opengovpartnership.org/open-government-declaration.

Open Government Partnership (n.d.), *Tbilisi, Georgia*, https://www.opengovpartnership.org/countries/tbilisi-georgia (accessed on 16 December 2018).

Venice Commission (2018), *Code of Good Practice in Electoral Matters, Guidelines and explanatory report*, https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2002)023rev2-cor-e.

Venice Commission (2009), *Code of Good Practice in the Field of Political Parties*, http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD%282009%29002-e.

Venice Commission and OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR) (2016), *Joint guidelines for preventing and responding to the misuse of administrative resources during electoral processes*, https://www.osce.org/odihr/elections/227506?download=true.

3. Regional overview

3.1. The structure of the local governance:

The overview in this sub-chapter covers 17 countries, which submitted responses to this study. It is based on the information in the responses and additional data from desk research. Out of the 17 countries:

- 7 countries have one subnational layer of governance[2],
- 6 countries have two subnational layers of governance[3], and
- 3 countries have three layers[4].

The overview in the table 3.1 reflects only the general structure without taking into account autonomous republics and particular regions with other kinds of special status. In all of the 17 countries, councils of the local layers of government are directly elected. The situation is diverse regarding mayors or chairpersons of the local government (figuratively called heads in the table). In 7 of the countries, the heads of the local layers of subnational governance are elected directly by the population, in 5 of the countries they are elected by the respective councils, and in 5 countries there is either a mixed system depending on the governance unit (**Armenia**, **Bosnia and Herzegovina**, **Ukraine**) or appointment by a higher-level governor in co-operation with the respective council (**Mongolia**, **Uzbekistan**). In the districts of Ukraine, the state executive power rests with district state administrations lead by heads who are appointed by the President.

Several of the countries, which have a regional layer of subnational governance, have directly elected regional councils (the Federation of Bosnia and Herzegovina in **Bosnia and Herzegovina**, **Moldova**, **Mongolia**, **Romania**, **Ukraine**, **Uzbekistan**). In others, the regional level is a part of the national executive with no regional elections (**Armenia**, **Azerbaijan**, **Kyrgyzstan**). In Kyrgyzstan, the Prime Minister appoints the head of the district state administration based on proposal of local councils. In the regions of Ukraine, the state executive power rests with regional state administrations lead by heads who are appointed by the President. **Albania** has a specific system where municipalities and communes delegate members of regional councils. On this level of governance, only two countries have direct elections to the post of the head of the administration, namely, mayors of major cities in **Moldova** and **Ukraine**.

Table 3.1. Layers of subnational government and methods of electing/appointing council members and heads
PEL – popularly elected, CEL – elected by council, GOV – appointed by executive

---

[2] Georgia, Latvia, Lithuania, FYR Macedonia, Montenegro, Serbia, Slovenia.

[3] Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Kyrgyzstan, Uzbekistan.

[4] Mongolia, Romania, Ukraine.

Country	Local layers			Regional layer		
	Unit	**Council**	**Head**	**Unit**	**Council**	**Head**
AL	Municipalities	PEL	PEL	Regions	DEL	GOV
AM	Communities	PEL	PEL or CEL[5]	Regions	N/A	GOV
AZ	Municipalities	PEL	CEL	Districts	N/A	GOV
BA	Municipalities	PEL	PEL, CEL	Cantons[6]	PEL	Assembly appoints
GE	Municipalities	PEL	PEL			
KG	Cities, communities	PEL	CEL	Regions, districts	N/A	GOV, councils propose in districts
LT	Districts, towns, other	PEL	PEL			
LV	Cities, counties	PEL	CEL			
MD	Towns, villages	PEL	PEL	Districts, secondary level municipalities	PEL	CEL (districts), PEL
ME	Municipalities, capital city, historical capital	PEL	CEL			
MK	Municipalities (cities, villages)	PEL	PEL			
MN	Lower layer: communities, neighbourhoods Higher layer: regions, districts	PEL	Nominated by council, appointed by higher governor	Provinces, capital city	PEL	GOV
RO	Lower layer: sectors of Bucharest Higher layer: communes, towns, municipalities	PEL	PEL	Counties	PEL	CEL
RS	Communes, towns	PEL	CEL			
SI	Town and ordinary communes	PEL	PEL			
UA	Lower layer: district cities, urban-type settlements, settlements, villages Higher layer:	PEL	PEL PEL, CEL,	Regions, cities with special status	PEL	CEL, GOV, PEL

---

[5] Mayors (community heads) of Yerevan, Gyumri, and Vanadzor are elected indirectly by the community councils.

[6] In the Federation of Bosnia and Herzegovina.

	regional cities, districts		GOV			
UZ	Districts, cities	PEL	Head of region, district or capital city/ council	Capital city, regions	PEL	President/ council

This study does not specifically distinguish between corruption prevention measures at local and regional levels. However, the main focus in on the local governance. One reason is that several countries do not have a regional level of political governance while the local level is found everywhere. But most notably, the local level with its closeness to the population, duties to provide many essential everyday services to citizens and relatively small size of administration, creates risks and provides opportunities to counter corruption, which are distinct from other levels of governance.

3.2. Political features of the local governance: electoral systems and political competition

Countries use several types of election systems for councils/ assemblies of subnational governments. Most local councils are elected based on proportional representation. This system is used in 9 out of 17 countries. 4 countries use majoritarian systems – multi-mandate (3) or single mandate (1). 4 countries use both proportional and majoritarian systems depending on the kind of local government. The choice of an election system has implications for public accountability. Sometimes majoritarian systems are believed to ensure better accountability while proportional systems are supposedly more inclusive (Norris, 1997). However, no consensus exists regarding the question whether majoritarian or proportional systems of representation are generally more conducive to corruption.

Table 3.2. Layers of subnational government and systems of council/ assembly elections

Country	Local layers		Regional layer	
	Unit	**Election system**	**Unit**	**Election system**
AL	Municipalities	Proportional	Regions	N/A
AM	Communities	Multi-mandate majoritarian	Regions	N/A
AZ	Municipalities	Multi-mandate relative majority	Districts	N/A
BA	Municipalities	Proportional	Cantons[7]	Proportional
GE	Municipalities	Proportional and majoritarian		
KG	Cities, communities	Proportional and multi-mandate majoritarian	Regions, districts	N/A
LT	Districts, towns, other	Proportional		
LV	Cities, counties	Proportional		
MD	Towns, villages	Proportional	Districts, secondary level municipalities	Proportional

---

[7] In the Federation of Bosnia and Herzegovina.

ME	Municipalities, capital city, historical capital	Proportional		
MK	Municipalities (cities, villages)	Proportional		
MN	Lower layer: communities, neighbourhoods	Multi-mandate majoritarian	Provinces, capital city	Multi-mandate majoritarian
	Higher layer: regions, districts	Multi-mandate majoritarian		
RO	Lower layer: sectors of Bucharest	Proportional	Counties	Proportional
	Higher layer: communes, towns, municipalities	Proportional		
RS	Communes, towns	Proportional		
SI	Town and ordinary communes	Proportional and majoritarian		
UA	Lower layer: district cities, urban-type settlements, settlements, villages	Proportional (cities) Majoritarian (settlements, villages)	Regions, cities with special status	Proportional
	Higher layer: regional cities, districts	Proportional		
UZ	Districts, cities	Majoritarian	Capital city, regions	Majoritarian

Political competitions and corruption: Evidence shows that limited political competition and weak electoral accountability at the local level are associated with higher corruption. This association has been studied particularly by focusing on correlations between political competition and incumbency on the one hand and patterns in local procurement on the other hand.

While occasional re-election of incumbents is common and normal in democracies, evidence suggests that it may be linked to heightened corruption risks. In **Italy**, research found that one additional term of a mayor reduced the number of bidders in procurement auctions by 11.48%, reduced the winning rebate (reduction with respect to the auction's reserve price) by 5.7%, increased the probability of awarding a contract to a local firm by 5% or to the same firm repeatedly by 25.6% (procurement data from years 2000-2005). The explanation favoured by the researchers is that the likelihood of collusion between mayors and local contractors increases with longer tenure in office. (Coviello and Gagliarducci, 2016)

A study of the electoral accountability of local governments and the risk of corruption in procurement in England (**United Kingdom**), not including London, found that, in councils where the same party controlled more than 2/3 seats uninterruptedly for ten years or more, the median Corruption Risk Index (CRI) value was 51% higher than in politically more competitive councils. Boroughs with councils where at least 10% of seats were uncontested had a 50% higher median CRI value than boroughs with competitive councils (years 2009-2013). The less competitive councils also had lower price savings (difference between originally estimated contract value and actual contract value). The CRI is an indicator, which reflects the probability of corrupt award of contract and delivery in public procurement and is based on several so-called red flags such as the absence of a published call for tender or only one bid received. (Fazekas, 2015)

In **Sweden**, it was shown that, in municipalities with long-term one-party rule, the proportion of single bidding procurement cases was 2.6 percentage points higher than in municipalities that

had experienced political turnover (procurement data for years 2009-2015). The researchers proposed that the correlation could be linked to the erosion of internal and external control mechanisms within the political system when one party dominates the scene. (Broms, Dahlström and Fazekas, 2017)

Associations between political competition and corruption in the ACN region require more research. In several countries a matter of concern is the inclination of local politicians and outcomes of electoral contests to align politically with parties, which are in power at national level. In **Georgia**, it has been observed that "due to high financial and political dependence on who runs the central institutions, local politicians in power tend to change political affiliations easily, thus securing their own place in the municipality" (Jgenti, 2016). Local elections have resulted in all municipalities being run by the national ruling party. As a result, local politicians become more dependent and accountable to the central power than to the local population. **Romania** also has seen the trend of local elected officials migrating to ruling parties in order to access more resources from the national government and enjoy political support from the national level (Ionita et al., 2016). Such migration is closely related to the topic of clientelism, which is discussed in Chapter 5.4.

These findings confirm that countering corruption does not only depend on dedicated anti-corruption policies and measures but also on the political environment – electoral accountability of local governments and fair competition between local politicians and parties. Therefore, several recommendations of this thematic study address issues of fair campaigning and distribution of budget allocations.

3.3. Decentralization, local expenditure and competences of the local governance

Decentralization and autonomy of local governance have been contested issues in many countries of the ACN region. The European Charter of Local Self-Government provides important principles, which back the need to decentralize, such as the tenet that "public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen". In the past three paths of development have been distinguished as characteristic for three regional groups of countries – Central European countries including the Baltics with the fastest adaptation of the decentralization of governance, South East Europe (the Balkans) with more reluctance to decentralize, and the Eastern Partnership countries of the former Soviet Union (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) with the least degree of decentralization (Péteri, 2016).

With passage of time, this division into groups becomes less meaningful because certain countries in each group have engaged in reforms towards decentralization. For example, **Albania** has been implementing major reforms since 2013 motivated in part by striving to adhere to the principles of the European Union. The Law on the Organization and Functioning of Local Government of 2015 introduced new competences for the local level, set requirements and standards on service provision as well as obligations for enhancing local democracy, for example, the requirement to hold consultations with the community before considering and approving acts (IDRA and Chatterjee, 2017). The Law on Local Self-Governance Finances of 2017 aims to strengthen the fiscal autonomy of local governments and strengthen predictability, transparency and inclusiveness in the allocation of funds (European Commission, 2018).

Despite the tradition of firm central control over local governments, **Georgia** also has engaged in reforms to promote the decentralisation and autonomy of local governance. In 2014, Georgia adopted the Local Self-government Code and introduced direct elections of heads of

municipalities who now have extensive political and managerial functions. Moreover, local governments gained new competences. (Jgenti, 2016) In March 2018, the parliament and government presented a vision for continued decentralization with further delegation of competences and transfer of budget funds to local governments to be implemented by 2025 (MRDI, 2018).

The decentralization of governance has been a major reform issue in **Ukraine**, triggered, among other things, by the political changes of 2014. It has not been possible to reform the governance system comprehensively, but several new laws have reportedly strengthened the local government units. According to information of the government, amendments to the Budget and Tax Codes have increased local budgets. As of October 2018, the Law on Voluntary Amalgamation of Territorial Communities had enabled the formation of 874 amalgamated territorial communities based on 4,004 former local councils. Other elements of the reforms have been the introduction of a mechanism of co-operation of municipalities to tackle common problems, increased government support for the development of infrastructure in communities, vesting local government units with new town planning powers, and the delegation of certain state powers to local bodies. (Децентралізація, 2018)

Local expenditure: The share of local public expenditure is a common indicator of decentralization, which permits relatively simple cross-country comparisons. Also by this measure, ACN countries are diverse and do not fit into clear regional blocks. In the years 2014-15, the local governance received the smallest share of GDP in **Azerbaijan** (0.02%), **Albania** and **Armenia** (both 2.5%) while **Ukraine** and Belarus topped the ranking with the greatest shares (14.3% and 18.2% respectively). In half of the countries the share varies from approximately 7.5% to approximately 12%. It must be taken into account that, due to reforms in certain countries, the current situation could be different from the shown data.

**Figure 3.1. Local budgets as percentage of GDP (2014-15)**
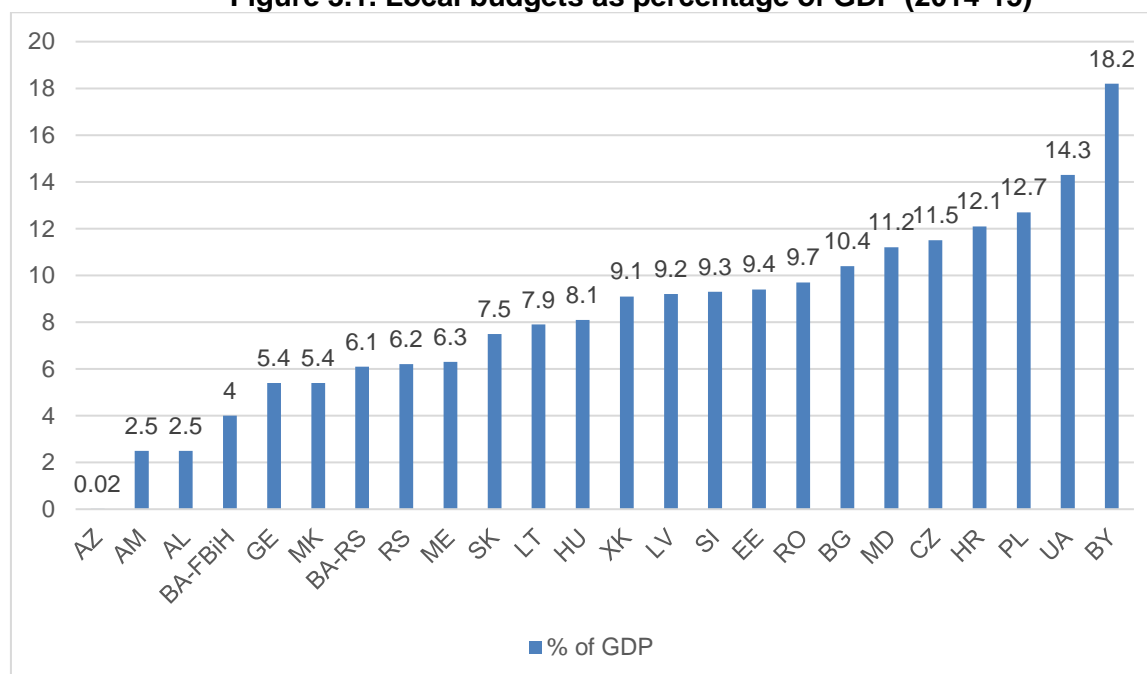
Source: Adapted from: Gabor, P. (2016), *Decentralization in Eastern Europe: grab the moment!*, MTA–DE Public Service Research Group, https://www.oecd.org/regional/regional-policy/sngs-around-the-world.htm.

Original data from Eurostat, the Fiscal Decentralization Report for SEE 2006-2014, the Local Finance Benchmarking project.

Subnational government finance as percentage of general government finance reflects the relative weight of subnational governance within the whole public sector. The figure 3.2 shows that in 2013, in four countries (**Latvia**, **Mongolia**, **Romania**, **Ukraine**), the subnational government received more than a quarter of the whole government finance.

Figure 3.2. Subnational government finance as percentage of general government (2013)
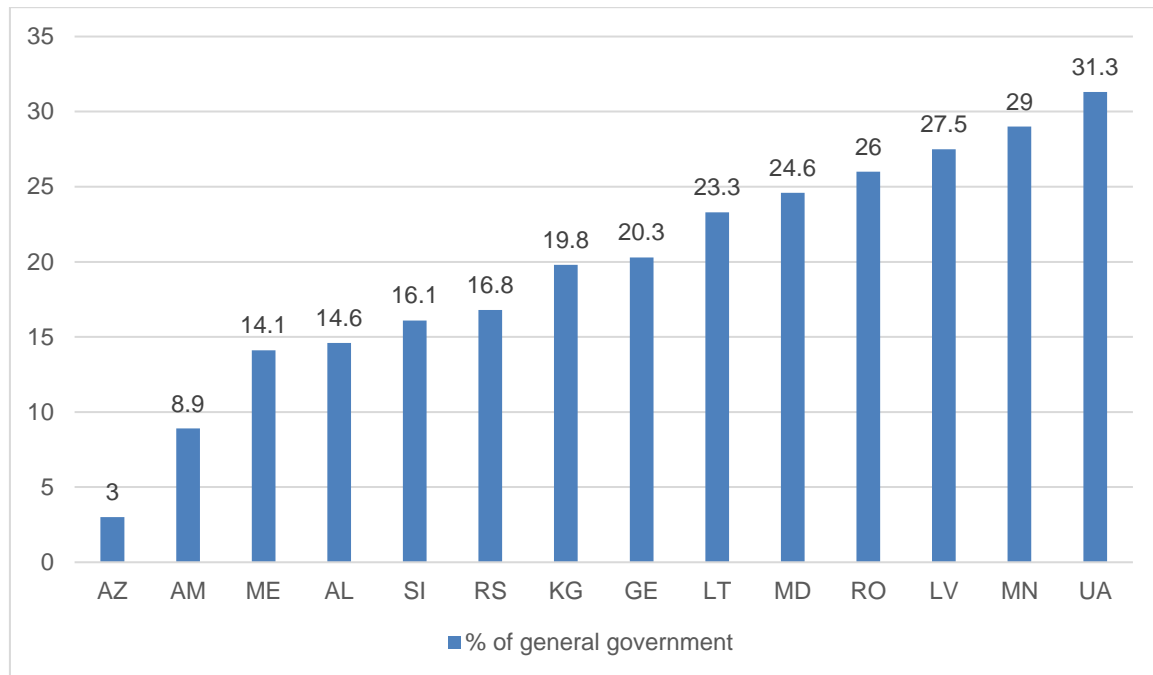
Source: OECD, *Subnational governments around the world*, https://www.oecd.org/regional/regional-policy/sngs-around-the-world.htm.
Note: Data on Armenia and Serbia from 2012.

The share and stability of local government funding are sensitive political issues in various countries. Key concerns are difficulties of local governments to fulfil legally established functions in conditions of insufficient revenue as well as threats to due autonomy of local governments where the funding can be increased or reduced at will by national government. For example, the monitoring report of the Congress of Local and Regional Authorities noted drastic reduction of the revenue of local governments in **Serbia** while their functions remained unchanged (Congress of Local and Regional Authorities, 2017). The report on **Croatia** observed the weakness of the financial autonomy of local and regional government bodies as municipalities fully depended on allocations from central and county levels. The share of local tax revenue was found very low also in the budgets of large cities and counties. Local governments could not freely dispose of resources received from shared taxes (the revenue from such taxes was shared among several layers of government and for different purposes). (Congress of Local and Regional Authorities, 2016) In the case of **Latvia**, the monitoring found that "the landscape of local finances is unstable, the revenues lack predictability in the long range, and the fiscal autonomy of local authorities is weak" (Congress of Local and Regional Authorities, 2018). In particular, the report noted that there was no real system of local taxes.

Societies entrust local governments with managing considerable financial flows, and this also leads to corruption risks. As important service providers and distributors of public funding, local

governments shall make sure that these resources are used for the public rather than narrow private benefit. Generally speaking, the greater the share of GDP used for subnational government finance, the greater the possible direct economic losses caused by corruption relative to the size of the economy. Due to corruption, the funds can be channelled improperly for private needs and thus never reach the legitimate recipients. Moreover, the capacity of local governments is likely to deteriorate due to the misuse of funding. These considerations attest to the importance of anti-corruption policies and measures at local level.

Competences: Local governments exercise powers that affect the daily life of virtually every citizen. The below provides an overview of some key competences of local and regional governments as presented in a study by the Council of European Municipalities and Regions in 2016.

Table 3.3. Typical competences of local and regional governments in selected ACN countries

	AL	BA	BG	HR	EE	MK	GE	LV	LT	MD	MN	RO	RS	SI	UA
Social services	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Culture, sports, recreation, tourism	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Environment	x	x	x		x	x		x	x	x	x		x	x	x
Economic Development	x	x				x			x	x	x	x	x	x	x
Safety, order, civil protection	x	x	x	x				x	x	x		x	x	x	
Childcare	x	x		x	x	x	x	x	x			x		x	
Schools	x	x	x	x	x	x		x	x	x		x	x	x	x
Healthcare	x	x		x	x	x		x	x	x		x	x		x
Housing		x		x	x			x	x	x		x	x	x	
Water		x	x		x	x		x		x		x	x	x	x
Heating		x			x			x		x		x			x
Roads, other infrastructure and public works	x	x	x	x	x	x		x	x	x		x	x	x	x
Sewage and waste management		x	x		x		x	x		x		x	x	x	x
Spatial and urban planning	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Public transportation			x	x	x		x	x	x	x	x	x	x	x	x
Fire and rescue				x		x	x			x					

Source: CEMR (2016), *Local and regional governments in Europe*, http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_structures_and_competences_2016_EN.pdf.

In the context of corruption, the competences provide an insight into what public needs would remain underserved if resources from these areas would be illicitly channelled for private benefit. Many of these functions directly affect the wellbeing of socially vulnerable groups or the prospects of economic development. This is a key aspect in a region where social hardships still remain widespread.

3.4. Levels of corruption and sensitive areas of integrity at the local level

Local governments are prone to various forms of corruption-related misuse of power. Many of these forms are similar to those of national-level governments. However, local governments operate in contexts different from state governments. The distance between the local government and citizen is arguably smaller, which can empower a citizen due to better knowledge about the work of the authority but can also make him/her more vulnerable because of personal dependence on certain services provided by the local government. Small communities may have tight personal networks, which could make public accountability difficult because of personalized relations between politicians and ordinary citizens. Moreover, such communities may have a relatively small pool of individuals who are potentially qualified to occupy political offices. The resulting insufficient political competition can diminish or even effectively abolish a necessary restraint on the power of local ruling politicians in the form of a capable opposition.

A recent study on **Armenia**, **Azerbaijan**, **Belarus**, **Georgia**, **Moldova**, and **Ukraine** found:

> Key findings suggest that the lack of transparency is the main vulnerability of LRAs [local and regional authorities] in all case studies. Nepotism and untrained personnel is predominant concerns for public procurement across cases. Abuse of administrative resources in electoral campaigns along with nepotism are predominant concerns in terms of public service delivery. In depth country analysis shows that the lack of transparency is of primary concern in Azerbaijan and Belarus, ambiguous legislation is the most stringent problem in Armenia and Ukraine […]; personnel recruitment and qualification is the core issue in Georgia and, favoritism in public procurement procedures is the main concern in Moldova. Overall, there is an estimate of average capacity to counter corruption at the level of the LRAs in EaP [Eastern Partnership] countries. Georgia stands out as the most willing to engage in anti-corruption efforts, while Azerbaijan has the lowest institutional competence to engage in preventive anti-corruption measures. (Volintiru et al., 2017)

According to the Global Corruption Barometer 33% of respondents worldwide (119 countries) believed that most or all people in local governments are involved in corruption. This percentage is slightly lower than regarding the police, elected representatives, government officials and business executives but the difference is no more than three percentage points. (Pring, 2017)

In **Kyrgyzstan**, since 2012, the National Committee of Statistics publishes the Population Trust Index twice a year. The index focuses on the trust of citizens in state and local government bodies including on the perception of corruption in these bodies. In the issue of the first half year of 2018, the local governments of Bishkek and Osh had the common Population Trust Index score of 34.7 on a scale from +100 to -100. The overall national score for all bodies was lower – 27.4 points. Specifically the score of perceived corruption (one of the three components[8], which together form the Population Trust Index) was 7.7 for both cities. The national score of perceived corruption for all bodies was significantly better – 14.5 points). The findings are somewhat puzzling because the cities score above the overall national level on the components of personal trust and the assessment of quality of work but below the overall level with regard to corruption. (Национальный статистический комитет, 2018) The data do not explain this discrepancy, which could due to certain tolerance to corruption, the perception that the municipalities perform reasonably well despite corruption, or some other factor.

---

[8] The other two components are personal trust and quality of work.

Some of the ACN countries have specifically studied corruption problems in local governments. In **Serbia**, in 2015, the Anti-corruption Agency analysed the causes and manifestations of corruption at the local level. The analysis observed the following specific characteristics and corruption risk factors:

- the character of the local community with a small number of inhabitants as the framework of social life in which relations between actors who live in that community are regulated,
- the disparity where competencies are decentralized but the development and capacity of local bodies can remain insufficient,
- primary competences of local units are regulated by laws and local acts, which might not always be properly assessed from the point of view of corruption prevention; moreover there is less oversight over the implementation of primary competences (as opposed to competences of central authorities, which have been delegated to local units),
- political influences whereby political parties use local level governments as fields for political games, for testing their relative power, securing interests of their personnel at the local level and for political exchanges,
- incompleteness of the regulatory framework at the local level, which leaves discretion and possibilities to act not in the public interest (Агенција за борбу против корупције, 2015).

According to analysis carried out in **Slovenia** in 2015, based on integrity plans and records in risk registers, the most problematic areas were:

- public procurement,
- unauthorized acceptance of gifts,
- illegal lobbying and illicit influences,
- failure to comply with business restrictions,
- disregarding conflict of interest,
- whistleblower protection,
- changes in land use,
- unaccounted property of the community,
- non-expedient use of financial and other assets of the community (Komisija za preprečevanje korupcije, 2015).

Alongside general perceptions, particular vulnerabilities are also researched with the help of surveys. For example, in 2017, a major survey of 12,000 respondents (approx. 200 respondents per municipality) in **Albania** found that construction inspectorates, municipal police, city planning offices as well as water supply and sewage offices/utilities most frequently implied that citizens who contacted these bodies should provide bribes to receive requested services (IDRA and Chatterjee, 2017).

On the face of it, this list of problematic areas appears to confirm that corruption forms and causes at the local level generally resemble those of other governance levels. For example, inspection and enforcement activities could be equally subject to corruption risks no matter if carried out by national or local civil servants. Still the local contexts and causal factors can be rather distinct from the national governments. While this thematic study focuses on prevention measures, more in-depth and comparative research on the causes and manifestations of corruption at local level in a greater number of ACN countries would be helpful for anti-corruption policy makers in the future.

List of references
Broms, R., C.Dahlström and M.Fazekas (2017), "Procurement and Competition in Swedish Municipalities", *QoG Working Paper Series*, 2017:5, QOG The Quality of Government Institute, https://qog.pol.gu.se/digitalAssets/1649/1649643_2017_5_broms_dahlstrom_fazekas.pdf.

Congress of Local and Regional Authorities (2018), *Local and regional democracy in Latvia*, https://search.coe.int/congress/Pages/result_details.aspx?ObjectId=090000168079c2e8.

Congress of Local and Regional Authorities (2017), *Local and regional democracy in Serbia*, https://rm.coe.int/local-and-regional-democracy-in-serbia-monitoring-committee-rapporteur/168074fb82.

Congress of Local and Regional Authorities (2016), *Local and regional democracy in Croatia*, https://rm.coe.int/1680718dbe.

Coviello, D. and S. Gagliarducci (2016), "Tenure in office and public procurement", *American Economic Journal: Economic Policy*, November 2016, http://chaireeconomie.hec.ca/en/wp-content/uploads/sites/2/2017/04/tenure.pdf.

European Commission (2018), *Albania 2018 report*, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417-albania-report.pdf.

Fazekas, M. (2015), *The cost of one-party councils: Lack of electoral accountability and public procurement corruption*, Electoral Reform Society, https://www.electoral-reform.org.uk/latest-news-and-research/publications/the-cost-of-one-party-councils/.

IDRA and M. Chatterjee (2017), *Local governance mapping in Albania*, Institute for Development, Research and Alternatives, http://www.al.undp.org/content/dam/albania/docs/LG_Mapping_en.pdf.

Ionita, S. et al. (2016), *Priorităţi politice în România, priorităţi politice în Moldova*, Expert Forum, https://expertforum.ro/wp-content/uploads/2016/02/EFOR-Raport-anual-2016.pdf.

Jgenti, M. (2016), *Needs analysis on decentralisation and local government in Georgia*, https://rm.coe.int/needs-analysis-on-decentralisation-and-local-government-in-georgia-pre/168078af7c.

Komisija za preprečevanje korupcije (2015), *Ocena korupcijskih tveganj in tveganj za kršitev integritete v slovenskih občinah ter priporočila občinam glede upravljanja identificiranih tveganj*, https://www.kpk-rs.si/kpk/wp-content/uploads/2018/02/CIP_-_analiza_obain.pdf.

MRDI (2018), *The presentation of the national vision for decentralization and local self-governance*, Ministry of Regional Development and Infrastructure of Georgia, http://www.mrdi.gov.ge/en/news/presentation-national-vision-decentralization-and-local-self-governance.

Norris, P. (1997), *Choosing Electoral Systems: Proportional, Majoritarian and Mixed Systems*, https://sites.hks.harvard.edu/fs/pnorris/Acrobat/Choosing%20Electoral%20Systems.pdf.

Péteri, G. (2016), *Decentralization in Eastern Europe: grab the moment!*, MTA–DE Public Service Research Group, http://publicgoods.eu/decentralization-eastern-europe-grab-moment.

Pring, C. (2017), *People and corruption: Citizens' voices from around the world*, Transparency International, https://www.transparency.org/whatwedo/publication/people_and_corruption_citizens_voices_from_around_the_world.

Volintiru, C. et al. (2017), *Preventing corruption and promoting public ethics at the local and regional level in Eastern Partnership Countries*, European Union, http://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/preventing-corruption-and-promoting-public-ethics.pdf.

Агенција за борбу против корупције (2015), *Анализа узрока и појавних облика корупције на локалном нивоу* https://tinyurl.com/y8bj3oag.

Децентралізація (2018), *About Reform*, https://decentralization.gov.ua/en/about.

Национальный статистический комитет Кыргызской Республики (2018), *Индекс доверия населения*, http://stat.kg/ru/indeks-doveriya-naseleniya/.

4. **Local anti-corruption policies**

This chapter describes how local governments identify and assess corruption vulnerabilities, plan countermeasures and monitor their implementation. The review focuses on the ways local governments assess and manage corruption risks, shape anti-corruption strategies, plan and follow up the implementation of anti-corruption measures envisaged in action plans or integrity plans. The chapter also reviews institutions that local governments set up for anti-corruption purposes.

4.1. The analysis of vulnerabilities: risk assessments

Risk assessment as a stage in anti-corruption policy planning: In a number of countries, most notably in the region of Western Balkans, where local governments are required to develop their own integrity plans, risk assessment is envisaged as an initial stage in the process. Guidelines and methodologies typically foresee the analysis of corruption risks, for example, the Guidelines for the Preparation, Introduction, and Implementation of Integrity Plans in **Slovenia** (KPK, 2014). In **Montenegro**, corruption risk assessment in local governments is carried out in the process of developing integrity plans. The methodology is provided for in the Rules for the development and implementation of integrity plans adopted by the Corruption Prevention Agency. Initial assessment is envisaged as a basis, on which work posts and tasks are selected for detailed analysis and risk assessment. (Agency for Prevention of Corruption, 2015) A questionnaire for the identification of work processes that are particularly exposed to corruption and a sample questionnaire for risk assessment in local self-government have been published to support the process (Agency for Prevention of Corruption, n.d.a; Agency for Prevention of Corruption, n.d.b). In **Serbia**, the Anti-corruption Agency develops models of integrity plans for local government units. Based on them, local government units perform institutional risk assessments and plan risk management measures. In **Bosnia and Herzegovina**, the Agency for the Prevention of Corruption and Co-ordination of the Fight against Corruption has adopted and published the Rules (Manual) for drafting and implementation of integrity plans for all levels of government. The manual covers the identification and assessment of risks extensively. (Agencija za prevenciju korupcije i koordinaciju borbe protiv korupcije, 2018) There is also a manual on the introduction of integrity plans at the local level published by Transparency International of Bosnia and Herzegovina based on the methodological guidance of the Agency (Transparency International Bosna i Hercegovina, 2015).

In **Ukraine**, the Law on Prevention of Corruption requires that anti-corruption programs (mandatory, among others, for regional, Kyiv city and Sevastopol city state administrations and councils) include corruption risk assessment (Article 19-2). In 2017, all regional and Kyiv city state administrations as well as eight local government bodies submitted their anti-corruption programs to the National Agency on Corruption Prevention for approval (НАЗК, 2018). This study found no data regarding the overall state of corruption risk assessments in thousands of local governance units in Ukraine.

The response from **Georgia** also refers to the practice of corruption risk assessment in municipalities, which participate with their activities in the framework of the national anti-corruption action plan (see more in Chapter 4.2) and the action plan for the Open Government Partnership. The Ministry of Justice of Georgia was reportedly developing the risk assessment methodology as envisaged in the national anti-corruption action plan of Georgia. According to the response of **Lithuania**, the administration of Vilnius City Municipality identifies the most

sensitive areas before preparing its anti-corruption program.

Methodologies for risk assessment can be developed specifically for local governments or for public bodies in general on all levels. An example for the local level is found in **Romania** where the Ministry of Regional Development and Public Administration developed a methodology for assessing corruption risks and vulnerabilities as well as identifying remedy measures in local authorities. The methodology describes steps that local public authorities have to implement in the course of assessment. (MDRAP, n.d.) According to the initial (March 2018) country response for this study, Alba Iulia, Brasov, Bucharest, Craiova, Cumpana, Hunedoara, Iasi, Medgidia, Roman, and Rosiorii de Vede city halls have identified corruption risks based on the methodology. According to the Monitoring report on the implementation of the National Anti-corruption Strategy 2016-2020 at the level of the local public administration in 2017, 457 of 3228 mayor's offices and county councils had identified corruption risks and vulnerabilities (MDRAP, 2018). The main competences/powers of the local governments were selected for analysis based on the estimated number of beneficiaries and the budget allocated. The competences/powers were evaluated from the perspective of the following elements: monopoly (M) (exclusive competence), decision making power of officials (D) (discretionary power) and accountability/transparency (A/T). A slightly modified Klitgaard's corruption (C) formula was applied: C = M+D-A/T and for the vulnerable competences/powers remedial measures were set up.

Several countries use common methodologies for all public bodies. In **Lithuania**, the Guide of Development and Implementation of Anti-corruption Environment in the Public-Sector is meant for all public bodies including at local level (Būdvytis et al., 2017). In **Kyrgyzstan**, the Methodology on the Development and Implementation of the Institutional Program and Action Plan for Countering Corruption envisages the identification of conditions and causes of corruption as well as the monitoring and elimination of corruption risks in state and local government bodies (Правительство Кыргызской Республики, 2014). There is a further methodological guidance specifically on the detection, assessment and management of corruption risks (Премьер-министр Кыргызской Республики, 2016). In **Latvia**, risk assessment forms a part of the internal control system for the prevention of corruption. In February 2018, the Corruption Prevention and Combating Bureau elaborated the Guidelines for the implementation of Government Regulations No.630 on the Basic Requirements for Internal Control System for the Prevention of Corruption and of Conflict of Interest in the Institution of a Public Person (KNAB, 2018). The term public person covers both national and local government bodies. The Guidelines provide information and practical advice on the elaboration of internal control, the identification/ analysis/ evaluation of corruption risks and setting appropriate counter measures. In the response of Latvia, the municipality of Riga reports that corruption risk assessment was carried out in all central administration structural units, authorities, agencies and municipal enterprises as part of the elaboration of anti-corruption action plans. The municipality of Jurmala provided a similar response. Common methodologies have been approved also by the National Agency on Corruption Prevention in **Ukraine**.

There are also examples of municipalities where rather more tailor-made or ad hoc methodological approaches are used. Thus, in **Moldova**, the assessment of vulnerabilities was carried out in the municipality of Straseni with involvement of the municipality representatives in 2016-2017. The internal evaluation with a questionnaire filled by 12 municipality representatives was used for identifying vulnerabilities to corruption. A survey with a sample of 300 inhabitants and 6 in-depth interviews with entrepreneurs from Straseni were also used. (Moldova case, 2017) According to the response of **Bosnia and Herzegovina**, in 2012, the City Government of Zenica carried out an assessment of sensitivity to corruption in 38 types of activities based on a methodology of the World Bank and with the assistance of a consulting firm. This diagnostical

assessment surveyed 542 out of 1919 employees of the administration, councillors and public sector employees.

Centrally implemented assessments of the local level: In some of the countries, not only methodologies are developed but also the actual assessments are carried out by central bodies regarding the local level. Thus, in the period of 2012-2017, in **Lithuania**, the Special Investigation Service carried out corruption risk analysis in different municipalities regarding a number of municipal tasks such as determining lists of persons entitled to social housing approved by municipalities, activities of the municipality in implementing measures for the prevention of corruption, the activity of the municipal Architecture and Urbanism Division in the issuance of building permits, the organization and execution of municipal public procurement, the management, use and disposal of tangible fixed assets of the municipality, etc. (STT, 2018) For example, action plans of Vilnius municipality are based on the analysis of risk by the Special Investigation Service. In **Slovenia** in 2015 the Commission for the Prevention of Corruption carried out the evaluation of corruption risks in all municipalities (KPK, 2015). The evaluation reflects, among other things, certain discrepancies between the perception of risks in municipalities and data available to the Commission. For example, the risk in relation to the acceptance of gifts is commonly mentioned by the municipalities while the Commission has received few reports on this problem. On the contrary, applications received by the Commission show serious concerns with regard to irregularities in employment practices but it is an area where little risk is identified by municipalities. In **Moldova**, the National Anti-corruption Centre (NAC) carries out corruption risk assessments within the framework of institutional integrity assessments. In 2016, the NAC implemented such assessment at Chisinau city hall with a focus on the implementation of anti-corruption policies and procedures for the management of municipal property. As a result, the mayor approved the integrity plan for the years 2017-2018. The response of **Mongolia** refers to integrity and risk assessments carried out by the Independent Authority against Corruption, which serve as basis for anti-corruption action plans.

Assessment by civil society: Non-governmental experts also can assess corruption risks in public bodies. For such purpose, Transparency International developed the Local Integrity System Assessment Tool (McDevitt, 2014). In **Bosnia and Herzegovina**, Transparency International carried out local integrity system assessments in ten local government entities (Bijeljina, Brcko District, Gorazde, Gracanica, Mostar, Novi Grad Sarajevo, Stari Grad Sarajevo, Teslic, Travnik, and Visoko) (Transparency International Bosna i Hercegovina, n.d.). Local integrity system assessments have been carried out also in **Jordan** (Naour municipality), **Kenya** (Kisumu and Kwale Counties), **Portugal** (Braga, Lisbon), and elsewhere. **Risk registers and management systems**: The identification and assessment of risks are only the initial stages of full risk management. Local governments in some countries introduce full-fledged risk management systems, which include risk registers. In **Kyrgyzstan** the Action Plan for the implementation of the State Strategy of the Anti-corruption Policy requires that public bodies approve lists of corruption zones and risks as well as set up databases of zones of heightened corruption risk and corruption practices (Правительство Кыргызской Республики, 2015a). In **Moldova**, the model local anti-corruption plan for the years 2018-2020 envisages the implementation of a system for the management of risks including corruption risks (Centrul Naţional Anticorupţie, n.d.). According to the country response, approximately 52% of local authorities of the second level have risk registers, which include corruption risks. According to the response of **Montenegro**, the capital city Podgorica has created a regularly updated special risk register. The respective decision of the mayor designates a person for co-ordinating the risk management process. All bodies, technical and special services of this local government shall submit data for compiling and monitoring the register. The municipality of Tivat has a risk register in all organizational units, which was adopted at the level of the municipality by the president's decision. The Valcea County Council (**Romania**) reports that it has elaborated a risk register in

line with the government Code on managing the internal control of public entities (Secretariatul General al Guvernului, 2016) as well as specifically a corruption risk register, an integrity incidents register and a register of abstentions in cases of conflicts of interest.

The municipality of Gjorce Petrov (**FYR Macedonia**) reported that it was preparing its strategy for risk management, which would serve as a basis for the preparation of the local strategy for prevention and repression of corruption.

Risk management in connection with financial control: Risk management is not always linked exclusively to the corruption prevention efforts. In **FYR Macedonia**, the Law on Public Internal Financial Control requires that all budget users on the central and local level adopt own risk management strategies and risk registers (reportedly these include corruption risks). Data on financial management and control at the local level show that the number of institutions that adopted risk management strategies increased from 22 in 2015 to 35 in August 2018 and, in the same period, the number of institutions that prepared risk registers increased from 16 to 29 (Ministry of Finance, 2018). The Ministry of Finance has published instructions and guidance for risk assessment (Ministry of Finance, n.d.). According to the response of **Montenegro**, risk assessment for establishing and updating the risk register is carried out in accordance with the Law on Public Internal Financial Control, the Rulebook on the manner and procedure for establishing and implementing financial management and control and the Guidelines adopted by the Ministry of Finance. According to the response of **Armenia**, the Audit Department of Vanadzor municipality has carried out annual testing to assess the risks of likely misconduct or financial shortcomings in all departments of the municipality since 2013.

Corruption proofing of local regulations: While the assessment of laws from the point of view of corruption vulnerabilities is an increasingly common practice throughout the region, the so-called corruption proofing of local regulatory acts is apparently not so widespread. A few of the countries reported that central agencies carried out such proofing of municipal acts. In **Azerbaijan**, the Municipal Affairs Centre of the Ministry of Justice conducts the legal expertise of acts of municipalities. In 2017, the Ministry assessed 64,788 acts and issued recommendations to amend or annul the acts in 1,979 cases. Eventually 741 acts have been annulled and 714 have been amended. The Special Investigation Service (**Lithuania**) also carries out the anti-corruption assessment of legal acts or their drafts including those of municipalities.

In a few other countries, particular municipalities have carried out the assessment of their regulatory acts. The city government of Zenica (**Bosnia and Herzegovina**) reportedly assessed all important acts and especially procedures in the areas of public procurement, licensing, employment, asset management, public services, and service conduct. Unsatisfactory transparency and insufficient on-line information were among the findings of the exercise. According to the response of **Kyrgyzstan**, in collaboration with the Legal Service, the authorised person on matters of corruption prevention of the municipality of Osh has carried out the anti-corruption expertise of the legal acts of the municipality and its subdivisions. The city hall of Craiova (**Romania**) had its internal procedures assessed by internal and external auditors. According to the response of **Armenia**, some of the local governments have carried out the anti-corruption assessment of local regulatory acts.

In **Uzbekistan**, anti-corruption expertise is mandatory for all kinds of legal-regulatory acts including local acts. Since 2017, legal departments of public bodies shall organize the expertise of draft regulatory acts as well as analyse existing acts in order to identify so-called corruptiogenic factors. Moreover, the Law on the Chamber of Commerce and Industry of the Republic of Uzbekistan of 9 July 2018 mandates the Chamber with the task to organize the civic expertise of

regulatory acts in the area of business.

Box 4.1. Valencia (Spain): Rapid Alert System

In difference from corruption risks, which reflect the probability of corruption in future, the so-called red flags or warning signs alert to corrupt activities that may already be happening. The Community of Valencia introduced the SALER IT system to analyse data generated by the administration and to detect immediately any possible instance of fraud or corruption. The system aims to detect signs of bad practices immediately and in this way can be more effective than inspections, audits and review of complaints where a time lag since the incidents is usually present.

- The system connects information from files of administrative data on senior officials, contracts, agreements, payments, subsidies, etc.;
- In its development process, areas of risk were identified such as the administration of public resources, functions relative to regulation, inspection and penalties, authorisations, public services, human resources management, relations with external entities or individuals;
- Based on selected data, each department must define indicators of bad practices. Examples of such indicators are splitting of contracts with the same provider (the same supplier hired in several contracts for the same object avoiding a larger contract), splitting of contracts with different suppliers (contracts for the same object awarded to several suppliers avoiding a single major contract), collusion in biddings (coincidences of two or more bidders in different calls);
- By using algorithms, indicators are converted into numerical parameters that make it possible to set automatic alerts, for example, unjustified periodic payments to the same company, etc.
- When an alert is triggered, investigation is launched, which leads to either further monitoring or filing of a case of violation. Investigations also contribute to the modification or renewal of existing indicators.

In November 2018, the Law on the General Inspection of Services and the Alerts System for the Prevention of Bad Practices in the Administration of the Generalitat [self-government institutions of the community] and its Public Instrumental Sector was adopted. The Law creates the legal frame for the preventive warning system.

Source: Mas, A. (2018), *Rapid alert system*, presentation at the regional seminar "New Approaches and Practical Tools to Prevent Corruption at the Local Level", Vienna, 5-6 November 2018.

4.2. Planning of activities in strategies, action plans and integrity plans

Integrity and anti-corruption plans are increasingly used in various municipalities. Municipal integrity plans or similar documents are found in such countries as **Albania**, **Bosnia and Herzegovina**, **Georgia**, **Kyrgyzstan**, **Latvia**, **Lithuania**, **Moldova**, **Montenegro**, **Romania**, **Serbia**, **Slovenia**.

Local integrity plans mandatory by law: In **Bosnia and Herzegovina**, the Law on the Agency for the Prevention of Corruption and the Co-ordination of the Fight against Corruption obliges the entities (the Federation of Bosnia and Herzegovina and the Republika Srpska), cantons and the Brcko District to develop and adopt anti-corruption strategies and action plans (Article 22). In **Montenegro**, as of 2016, all units of local self-government had adopted integrity plans as required by law (Article 3 of the Law on Prevention of Corruption). Also all public institutions, public companies or other companies, which are founded and majority owned by local self-government units, shall adopt such plans. [As of 2016,] 12 out of 130 such institutions had not adopted

the plans (Agencija za sprječavanje korupcije, 2017). **Serbia** has Guidelines and a Manual on Developing and Implementing the Integrity Plan, which apply to both state and local-government institutions (Агенција за борбу против корупције, 2016; Krunic, Obradovic and Mojsilovic, 2015). All state bodies and organizations, territorial autonomy and local self-government bodies, public services and public enterprises are obliged to develop their integrity plans (Article 59 of the Law on the Agency for the Fight against Corruption). The Agency published an overview according to which 119 institutions of the system of state administration and local-government (in fact only local institutions are covered in the document) had developed integrity plans in the second cycle, which started in 2016. 93 institutions had not developed integrity plans and 2 institutions had developed the plans but did not submit decisions that approve them (Агенција за борбу против корупције, n.d.). In **Slovenia** it is an obligation for local self-governing local communities to draft, adopt and submit to the Commission for the Prevention of Corruption integrity plans (Article 47 of the Law on Integrity and Prevention of Corruption). In **Ukraine**, the Law on Prevention of Corruption requires that anti-corruption programs are adopted in regional bodies (Article 19-1). Communal enterprises above certain size also shall adopt anti-corruption programs (Article 62-2).

Local integrity and anti-corruption plans required by planning documents: According to the response of **Albania**, the municipalities of Lezha, Kucova, Lushja, Elbasan, Fier and Berat have adopted anti-corruption plans. The new national action plan for the years 2018-2020 envisages the requirement for local governments to develop and implement integrity plans. The Corruption Prevention and Combating Guidelines for 2015-2020 of **Latvia** include tasks that shall be implemented by local governments such as the elaboration or updating of anti-corruption plans. According to the response of the country, in 2016, the Corruption Prevention and Combatting Bureau collected information from public institutions regarding the evaluation of internal anti-corruption control measures. 98 local entities and 1,129 institutions of local entities (such as schools, social services, etc.) provided their answers to the Corruption Prevention and Combatting Bureau. Out of these, 54 local entities and 315 institutions of local entities had elaborated anti-corruption plans. The municipality of the capital city Riga has its anti-corruption strategy for the years 2018-2021 and the corresponding implementation plan (Riga.lv, n.d.). One of the observations of the Corruption Prevention and Combatting Bureau was that public institutions did not evaluate the effectiveness of the plans. The National Anti-corruption Programme of **Lithuania** requires state and municipal bodies to develop sectoral and institutional anti-corruption programs. Thus, according to the country response to this study, the local government of the city of Panevezys developed its Anti-corruption Strategic Plan according to the methodology approved by the Special Investigation Service. In **Kyrgyzstan**, the Action Plan of Public Bodies for the Implementation of the State Strategy of the Anti-corruption Policy 2015-2017 served as a basis for local governments in the elaboration of institutional plans for the reduction of corruption zones and risks. In **Moldova**, the Action Plan for the implementation of the National Integrity and Anti-corruption Strategy requires that the second-level local public administration authorities adopt and implement anti-corruption plans. According to the country response, 89% of district councils have adopted such plans for the years 2018-2020. The National Anti-corruption Centre developed the model local anti-corruption plan for the years 2018-2020 and disseminated for adaption to the local conditions by each district council (Centrul Naţional Anticorupţie, n.d.). The **Romanian** Government Decision No. 583/2016 regarding the approval of the National Anti-corruption Strategy 2016-2020 provides that each public institution (including at the local level) develops an integrity plan within six months from the entry into force of the government decision. According to the Monitoring report on the implementation of the National Anti-corruption Strategy 2016-2020 at the level of the local public administration in 2017, approximately 22% territorial administrative units had submitted their integrity plans to the Ministry of Regional Development and Public Administration (MDRAP, 2018).

In addition to integrity plans, in **Montenegro** and **Serbia** the so-called action plans for the Chapter 23 (the chapter of the European Union *acquis* on judiciary and fundamental rights) require developing local anti-corruption plans. According to the response of Montenegro, local anti-corruption action plans were adopted in 21 out of 23 local government units according to a model developed for the period 2013-2014. In Serbia, the local anti-corruption plans include measures not only for the local government units themselves but also for other entities of the local communities. The Anti-corruption Agency has prepared a model of a local anti-corruption plan (Агенција за борбу против корупције, 2017). According to the response to this study 41% of local government units had fulfilled the obligation to adopt local anti-corruption plans.

Optional plans: In certain countries, the adoption of local anti-corruption strategies and plans is recommended and only some municipalities have them. In **Georgia**, the development of municipal action plans is not an obligation. However, several municipalities (Telavi, Rustavi and Tbilisi) adopted anti-corruption action plans, which were included in the national action plan for 2017-2018. Moreover, municipalities in Georgia have commitments within the framework of the OGP. According to the response to this study, the State Commission for Prevention of Corruption of **FYR Macedonia** has been "encouraging the mayors to sign anti-corruption policies / integrity policies as a reflection of the dedication for prevention of corruption and conflict of interests in the operation of the municipalities. Pursuant to the signed integrity policies, the municipalities develop mechanisms for promotion of the integrity in their operation."

Some plans have been developed as rather ad hoc activities. Thus, in 2016, in **Bosnia and Herzegovina**, Transparency International assisted 20 municipalities in developing, adopting and implementing integrity plans in co-operation with the Agency for the Prevention of Corruption and Co-ordination of the Fight against Corruption. In particular, the support involved training municipality representatives of different positions and professional backgrounds on developing local integrity plans. (Transparency International Bosna i Hercegovina, 2017) In **Moldova**, in 2017 Straseni municipality approved the Strategic Plan of Integrity and Anti-corruption Actions (Primăria Municipiului Strășeni, 2017). The councils of Calarasi, Criuleni, Telenesti districts and the city halls of Balti and Cimislia developed local strategic anti-corruption and integrity plans for 2016-2021 within the project "Transparency and Responsibility of Public Authorities through Joint Media and Local and Regional NGO Activities" implemented by the NGO "CONTACT Center" and funded by the European Union. The plans are intended as management tools for the prevention of corruption risks and focus on such areas as the delivery of public services, public procurement, the management of assets, municipal enterprises, the disclosure of information and open data, territorial/urban planning, citizen engagement in decision-making, the planning and execution of local budgets, public financial management and control. The response of **Mongolia** mentions that the Administration of the Governor of Zavkhan province developed a sub-strategy under the National strategy on combating corruption.

Box 4.2. Bosnia and Herzegovina: The Strategic Anti-Corruption Plan of the City Government of Zenica

In 2012, the city of Zenica had inadequate transparency in the area of local government services, no e-administration, non-transparent public procurement procedures, no monitoring and performance evaluation of employees, no planned trainings, no professional code of ethics, no mechanism for reporting corruption and irregularities, inspections spatially separated and not linked electronically to other services or with the register of misdemeanours, no internal audit, and non-transparent employment in the public sector.

To change the situation, the Anti-corruption Strategic and Action Plan 2013-2016 was developed with more than 100 concrete measures and activities complete with implementation deadlines, designated implementers, resources and indicators of success. After identifying areas that are sensitive to corruption through the survey of employees, groups of experts and

key people from the public sector were formed in 6 areas (public procurement, public service management, inspection, public property management, human resources and licensing) with the task of identifying the causes of susceptibility to corruption and proposing solutions for the Plan. In-depth interviews with representatives of NGOs and the business sector (20 interviews) were performed as well. Moreover, focus group discussions were conducted in order to see how these groups perceive corruption in the public administration and collect their proposals.

After the adoption of the Plan, a monitoring team continuously monitored its implementation and requested reports from implementing entities. In 2014, the level of implementation was 35.6%, in 2015 – 41.6%, and in 2016 – 65.75%. The monitoring team continued to follow up the action plan also in 2017 and the level of implementation reached 80.15%.

Some of the most important results were:

- raised awareness of employees about the fight against corruption,
- the code of ethics for employees with an application form for suspected corruption and irregularities in the work,
- the redesign of the website featuring greater transparency regarding all public services, all important acts and proposed material to the Council, published budget and reports on the budget execution, etc.,
- the e-register of administrative proceedings provides downloadable forms and detailed information on the legal bases, fees, documentation to be submitted, deadlines, etc. ,
- the section for investors on the website with information on municipal fees, the cost of utilities, incentives for investors as well as guides on specific subjects such as the registration of business, etc.,
- a free telephone line with the possibility to report suspected corruption of an employee,
- a recommendation made on transparency in employment in the public enterprises and the public institutions,
- the establishment of the IT Department, the Human Resource Department, and the 72 Hour Centre for reporting problems and citizens' requests, to which the management should respond within 3 business days or 72 hours.

The reported factors of success are the political will, the dedication of the key management, participatory process, a focus on the system rather than on corrupt individuals because the local government is not a prosecution body.

Source: Response of Bosnia and Herzegovina

Local measures envisaged in national plans: In many of the countries, national anti-corruption plans include tasks for local governments, which shall be implemented in addition to or besides any local action plans. For example, no requirement to develop integrity or anti-corruption plans for local governments exists in **Armenia** but national anti-corruption action plans include measures for the local level. According to the response of Armenia, communities have adopted development programs for periods of 4 to 5 years and they include also measures to prevent corruption. Also in **Azerbaijan**, national anti-corruption action plans envisage measures for municipalities. In **Uzbekistan**, territorial inter-agency commissions have elaborated and approved territorial anti-corruption plans. However, these commissions, which are presided over by public prosecutors, appear to represent rather state than local government bodies.

Box 4.3. The case La Paz (Bolivia) and "islands of integrity"

One approach of anti-corruption strategy is to focus efforts on a few particular segments rather than the whole public sector or the whole municipality system. The "islands of integrity" idea is to create exemplary segments, which ensure high integrity or represent pockets of effectiveness in environments where poor management and bad governance are

pervasive. "Islands of integrity" are not dedicated anti-corruption institutions and have their mandates unrelated to fighting corruption. However, they are corruption-free or have considerably lower levels of corruption than other generally corrupt and dysfunctional institutions in the country or region. The anti-corruption campaign of the mayor of the city of La Paz Ronald MacLean-Abaroa in the second half of the 1980s and the beginning of 1990s is often referred to as an early instance of an "island of integrity". MacLean-Abaroa invited Robert Klitgaard as his advisor and they discovered that staggering corruption was the deeper cause of the city's inefficiencies.

Some key principles of the mayor's strategy were:

- Work with the bureaucracy, not against it: Employees were involved in assessing and correcting corrupt practices to give them ownership of the anti-corruption solutions. A team rather than the mayor alone fought corruption.
- Show that you mean business and break the culture of impunity: The first action against corruption was to "fry the big fish" and signal that the mayor was bringing about real changes. The "big fish" was the city's cashier well known for amassing wealth and power with corruption.
- Change the incentive structures: The mayor applied the formula of Robert Klitgaard (Corruption = Monopoly + Discretion – Accountability) and sought to reduce discretionary decisions as well as situations or positions where officials had monopoly power, and increased accountability.
- Bring together supply and demand: The mayor encouraged procurement from the private sector rather than followed the previous practice of directly employing an increasing number of people to carry out works or complete projects. The outsourcing led to savings and fair price for services.

It is generally acknowledged that this strategy significantly reduced corruption in all parts of the city government and resulted in major financial gains for the public budget. However, it proved to be hard to fully sustain the positive effects as subsequent change of political leadership of the city was associated with backsliding.

The "islands of integrity" approach has been developed as a distinct methodology and applied in several places. Supported by the UNDP, in 2016, Kutaisi (**Georgia**) and Straseni (**Moldova**) started applying the methodology. Based thereon, integrity plans were adopted in both cities in 2017 (Stareseni) and in 2018 (Kutaisi).

Sources:

Kotetishvili, I. (2018), *Corruption free local governance – UNDP's innovative approach*, presentation at the regional seminar "New Approaches and Practical Tools to Prevent Corruption at the Local Level", Vienna, 5-6 November 2018.

Ronald Maclean Abaroa, Leadership biography, https://olc.worldbank.org/system/files/Ronald%20Maclean%20-%20Leadership%20Biography%20%28Approved%29.pdf.Vasilache, A., *Islands of integrity - An innovative anti-corruption methodology*.

Zúñiga, N. (2018), "The impact of 'islands of integrity'", *U4 Helpdesk Answer*, U4 Anti-Corruption Resource Centre, https://www.u4.no/publications/the-impact-of-islands-of-integrity#1-how-do-islands-of-integrity-emerge-in-corrupt-environments?.

Box 4.4. England: National Strategy for tackling fraud and corruption in local government

Fighting Fraud and Corruption Locally is the second English National Strategy for tackling fraud and corruption in local government (years 2016-2019). In 2010 the National Fraud Authority (an agency of the Home Office) worked extensively with local councils to research and develop a strategy for tackling fraud. The strategy was produced underpinned by three pillars based on the outcome of the research: acknowledge, prevent and pursue. Under

these pillars were streams of action and pilot activities. The strategy was a live and active agreement between councils and other partners such as the private sector. The success of this was overseen by a board which having changed its members several times has benefited from the same secretariat organising activity since 2010. During 2015 the government commissioned a second strategy and involved the original researcher and drafter. The second document was published in 2016 using the same pillars. Whilst the premise was the same, there was now also a focus on corruption. A new permanent board was set up. The strategy has also been included in an academic qualification (the University of Portsmouth bachelor's degree in Criminology and Fraud) as an example of effective collaboration. In 2019, activities include a national conference which showcases good practice and a Leaders Summit for CEOs to discuss current issues. An Awards Event also takes place for the first time to recognise good practice in Local Authorities. Research for FFCL 2020 began in September 2019 with desktop research and 16 workshops scheduled around England with practitioners and managers looking at risks, issues and solutions. The new Strategy was published in Spring 2020. The strategy has a webpage run by the secretariat (https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities).

Source: Information provided by United Kingdom for the study.

Guidance for local measures: **Estonia** has adopted the guidance Internal Control and Prevention of Corruption in the Local Authority. The guidance includes recommendations to map officials, procedures and activities with corruption risk, map activities to prevent and resolve conflicts of interest, designate a position or structural unit responsible for identifying corruption risks and activities for their mitigation, ensure documentation of processes and activities in the institutions so that they are transparent and can be verified later, establish consistent procedures for the prevention of conflicts of interest and the use of property of institutions subordinate to the local authority, let the council's opposition lead the audit committee to ensure stronger political control from the council. The guidance contains examples of corruption risks and problems as well as examples of countermeasures. For example, a risk is that a public official will engage in outside business activity to assist private entities in preparing applications for permits. One proposed countermeasure is to establish a procedure for the notification of outside activities, indicating to whom and in what form the notification should be provided (for example, the name of the legal entity where the official is engaged and a brief description of the outside activities should be included in the notification). (Rahandusministeerium, 2018)

In **Montenegro**, in order to assist municipalities, a working group of representatives of the Ministry of Interior, the Union of Municipalities and NGOs developed the Model Action Plan for Combating Corruption in the Local Government 2013-2014 with technical assistance of the Council of Europe experts. The Government and the Union of Municipalities recommended municipalities to use the model for the development and adoption of their own action plans. In co-operation with the Anti-Corruption Agency, the Union of Municipalities developed a renewed model anti-corruption action plan for local governments for the period 2017-2018. The model was submitted to municipalities for revising the existing plans or adopting new ones.

The response of **Kyrgyzstan** referred to the initiative of the secretariat of the Security Council of Kyrgyzstan in 2018 to develop methodology for the elaboration, implementation and monitoring of anti-corruption measures taking into account the legislation that governs the activities of local government bodies. The planned activity envisages specialized methodology based on the examples of two cities and two village councils in the northern and southern parts of the country.

> **Box 4.5. FYR Macedonia: Integrity measures of the municipalities Gazi Baba, Prilep, and Strumica**

Risk management: The municipality of Strumica adopted its risk-management strategy in 2008. The municipality of Prilep started the adoption process in 2014. The municipality of Gazi Bab had a risk-management strategy for 2010-2013 and started the preparation of a new strategy for 2014-2017. Gazi Baba carries out annual self-assessments of particularly high-risk processes. Based on these assessments, the Internal Audit Department prepares its annual work plan. Interviews in the municipalities of Strumica and Gazi Baba showed that the transfer of competencies from the central to local level in the framework of decentralization served as motivation for the adoption of the strategies since greater powers of municipalities bring greater opportunities of corruption.

Reporting of corruption: The municipality of Strumica has guiding principles for the reporting of corruption, which have been announced publicly. The municipal website has a separate section for reports of corruption and there is an appointed person with an e-mail address and telephone where corrupt actions of the municipal administration can be reported. There is also a form for reporting corruption. A similar section is found also on the website of the municipality of Prilep.

Participation and accountability in the area of public finances: The three municipalities of Gazi Baba, Prilep and Strumica have several good practices:

- local social-economic councils,
- participation of stakeholders in the preparation of budget,
- presentation and explanation of the adopted budget to citizens,
- accountability regarding activities implemented with budget means,
- oversight of public procurement by stakeholders,
- specialization of a part of internal auditors in the work of agencies and enterprises established by municipalities.

The municipality of Prilep organized two types of forums – on projects and budget. In the budget forum, the municipal administration in co-operation and with direct participation of stakeholders discusses and approves the priorities of the municipal budget. The municipality of Strumica also set up such forums. In this municipality, with the help of the budget forum, particular ideas of citizens were included in the budget. A working group of members of NGOs and citizens who participate in the forum monitors the implementation of the budget and priority programs and projects, which passed through the forum, and provides information to the participants of the forum on the effectiveness of the programs. The municipality of Gazi Baba introduced the two-stage review of the budget at the council. The budgeting process is based on wide participation, which starts with meetings of the mayor and the administration with citizens in communities in order to set priorities for municipal programs in the coming year. The elaboration of the first version of the programs and budget is followed by more meetings in the communities and consultations with advisors. The budget is also subject to public hearing before the adoption.

Oversight of public procurement: For a certain period, the municipality of Strumica ensured the participation of civil society organizations in the opening of tenders. The Association for the Prevention of Corruption and Protection against Discrimination "Pravina" from Strumica participated in the implementation of public procurement.

Reporting of problems: In the municipality of Prilep, citizens can report problems, which can be solved by municipal services, through a special system "Report a Gap". The municipal enterprises participate in the system. A similar system "48" was developed in Strumica, which envisages solving problems of citizens in the course of 48 hours. Gazi Baba developed a system "Report a Problem" with a similar purpose.

E-permits: The three municipalities successfully implemented the system of electronic issuance of building permits through the website www.gradezna-dozvola.mk. The websites of the municipalities provide all necessary forms of applications.

Source: Нечев З., А.Николов and Д.Тодороски, "Предводници во спречување на

корупција во општинската администрација – идентификување и промовирање на позитивни практики", in: Институт за демократија "Социетас цивилис" Скопје (2015), *Судир на интереси и корупција на локално ниво,* http://idscs.org.mk/wp-content/uploads/2009/08/CSF-sudir-na-interesi-i-korupcija-na-lokalno-nivo.pdf.

4.3. Monitoring and reporting mechanisms

Different monitoring and reporting mechanisms are employed regarding the implementation of anti-corruption measures at the local level. Some of these mechanisms are local and function within particular municipalities while others function on national level.

The monitoring of plans: Monitoring can start even before the implementation of municipal plans, notably in the form of reviewing them before adoption. The plans can be reviewed also later while their implementation is in progress. According to the response of **Lithuania**, the Special Investigation Service has evaluated municipalities' corruption prevention programs and implementation plans or their projects. The Special Investigation Service presented comments and proposals, the evaluation was published and submitted also to the Association of Local Authorities. In **Ukraine**, the anti-corruption programs of public bodies are subject to approval by the National Agency on Corruption Prevention.

Central mechanisms: It is common to have arrangements where a central anti-corruption body monitors the implementation of measures at the local level. The monitoring can be carried out by specialized anti-corruption bodies independently or in co-operation with other stakeholders. In **Montenegro**, municipalities with anti-corruption plans have formed commissions for monitoring and reporting on the implementation of measures under the plans. The commissions report to mayors, municipal assemblies, the Union of Municipalities and the Agency for Prevention of Corruption. The Union of Municipalities submits summary reports to the Agency for Prevention of Corruption in line with deadlines set in the Action Plan for Chapter 23 and upon special requests. Local government units also report annually on the implementation of their integrity plans to the Agency. These reports cover both the implementation of the envisaged measures and the current status of identified risks. In **Mongolia**, the Independent Authority against Corruption co-ordinates, monitors, evaluates and provides recommendations on the implementation of anti-corruption action plans in public bodies including local governments and reports thereon to the competent committee of the Parliament. The central anti-corruption body carries out the monitoring also in **Lithuania**.

Box 4.6. Montenegro: Results of the implementation of integrity plans in 2016

In 2016, all local government units (21 municipalities, the Historic Royal Capital Cetinje, the Capital City Podgorica and two urban municipalities) adopted integrity plans, which covered all local administrative and government bodies. In the following year, they submitted reports on the implementation of the integrity plans to the Agency for Prevention of Corruption. The reports were extensive documents, which reflected risks and measures for each secretariat, directorate, administration and agency that are defined as local administrative bodies by decisions on the organization and work manner of local administration. Local government units had to report on the status of the total of 1,762 residual risks and on the implementation of 2,162 risk reducing or eliminating measures.

Out of the total number of measures, it was reported that 1,232 measures were undertaken (57%), 493 measures were partially undertaken (22.8%), and 315 measures were evaluated as not undertaken (14.6%). As for 122 measures (5.6%), there were no data concerning the level of their implementation.

All local government units reported to the Agency for Prevention of Corruption on change in the intensity of identified risks as a consequence of the implementation of measures defined

in the integrity plans. Of all risks identified in the integrity plans of local government units, 863 (49%) risks were reported to be reduced after one year in comparison to the initial assessment. 90 risks (5.1%) were assessed as having intensified during the period, while 630 risks (35.8%) were reported as remaining on the same level. The current status or the possible change in the risk intensity was not adequately determined for approximately one tenth of the risks (179). The statistics cannot inform about the quality of the plans and measures. Non-governmental experts claim that the integrity plans were prepared in the course of a few days and mainly copy the risks and activities from the sample developed by the Corruption Prevention Agency.
Sources: Response by Montenegro.
Agencija za sprječavanje korupcije (2017), *Izvještaj o donošenju planova integriteta u 2016. godini*,
http://www.antikorupcija.me/media/documents/Izvjestaj_o_donosenju_planova_integriteta_u_2016._godini.pdf.
Marković, V. Ć. et al. (2018), *Četvrti izvještaj o sprovođenju akcionog plana za poglavlje 23*, Mreža za afirmaciju nevladinog sektora, http://www.mans.co.me/wp-content/uploads/2018/03/4IzvjestajAP23.pdf.

It is also common that monitoring is carried out by executive institutions other than specialized anti-corruption bodies. In **Georgia**, the Secretariat of the Anti-Corruption Council (the analytical department of the Ministry of Justice) monitors the implementation of anti-corruption commitments under the national anti-corruption action plan. Municipalities report on progress once every six months while the Secretariat assesses the implementation and provides recommendations. The Secretariat produced a monitoring report on the implementation of the commitments in 2017. The Anti-Corruption Council approves the monitoring documents. In **Kyrgyzstan**, a decision of the Government requires all public bodies including local government bodies to report quarterly on progress in implementing the action plan of the State Strategy of the Anti-corruption Policy and institutional action plans to the Apparatus of the Government. The Apparatus of the Government reports quarterly the progress to the Secretariat of the Security Council. The Government of Kyrgyzstan also approved the Guidance on Carrying out the Complex Assessment of the Effectiveness of the Implementation of Anti-corruption Measures by State Bodies of the Kyrgyz Republic (15 September 2015) although the document does not refer to local bodies (Правительство Кыргызской Республики, 2015b). The Directorate for Integrity, Good Governance and Public Policies of the Ministry of Regional Development and Public Administration of **Romania** supports and monitors local authorities in implementing the National Anti-corruption Strategy 2016-2020. The monitoring takes place based on a collaboration agreement with the Ministry of Justice. For this purpose, the Directorate developed a monitoring and reporting methodology. An IT platform is envisaged in order to simplify reporting by local authorities. The envisaged monitoring activities include also evaluation missions together with experts from the Ministry of Justice in order to gain a fuller insight in the implementation of anti-corruption measures at local public authorities. (Grigore, 2017)

Local mechanisms: The Anti-corruption Committee of the Sisak-Moslavina County (**Croatia**) has five members appointed by the County Assembly. Together with other institutions, the Anti-corruption Committee is responsible for the implementation of all measures of the Anti-corruption Action Plan of the County. The Commission reports to the County Assembly at least once a year on the implemented measures of the Action Plan. (Sisačko-moslavačka županija, 2016) In 2017, for the municipality of Riga (**Latvia**), "PricewaterhouseCoopers" prepared the Evaluation of the Efficiency and Effectiveness of the Corruption Control System of the Local Government of Riga City. Moreover, annually all institutions of the municipality report to the Centre for the Fight against Bureaucracy regarding the implementation of the anti-corruption plan in the previous year. The Centre compiles the results and submits a report to the Committee for Security, Order and Corruption Prevention Matters. In the response of Latvia, Riga reports a reduction in the

number of complaints about procurement carried out by the municipality and reduced possibilities to use the vehicles of the municipality for private needs as examples of successful reforms in the area of fighting corruption. In the municipality of Jurmala (**Latvia**), a permanent working group monitors the implementation of the plan of anti-corruption measures. In **Romania**, on the level of municipalities, dedicated commissions (Roman) or internal auditors (Craiova) may carry out the monitoring of the implementation of integrity plans or equivalent documents. The response of **Serbia** mentions local anti-corruption bodies – forums for the monitoring of the implementation of local anti-corruption plans.

Mixed mechanisms: The Special Investigation Service of **Lithuania** regularly requests information on the implementation of corruption prevention programs, evaluates the information provided and reports back to the municipalities about the evaluations results. Meanwhile some municipalities carry out internal monitoring as well. According to the response of the country, the Internal Audit Division of the Druskininkai Municipality Administration audits corruption risk management once in three years. Such audit was performed last in 2015. The audit reportedly found that corruption risks in the municipality were managed effectively and in compliance with legal requirements. The internal audit plan foresees a new audit of corruption risk management again in 2018. The Anti-corruption Commission of the City Council of Vilnius follows up on the implementation of anti-corruption strategies internally.

Interactive publication: In **Romania**, an interactive map of good practices in the implementation of the National Anti-corruption Strategy in the local authorities was published (http://greencity.mdrap.ro). The information was provided in several categories of good practices: e-administration, anti-corruption education, citizen involvement, tools for preventing corruption, open-data, transparency and communication. The map also showed, which local governments implemented quality management standards such as ISO and measures like one-stop shops.

Surveys of clients: Municipalities often monitor the provision of their services through surveying of their clients. Such surveys sometimes directly or indirectly cover also questions related to corruption. According to the questionnaire submitted by **Lithuania**, regular surveys by the Druskininkai municipality aim to gauge the satisfaction of residents with the administrative services of the municipality. Reportedly, the surveys include questions on corruption but the responses have not indicated the presence of corruption in the municipality administration. Surveys were also conducted at the public institutions Druskininkai Hospital and Druskininkai Primary Health Care Centre, which reportedly revealed that the corruption level was low. The response of **Romania** referred to satisfaction surveys in Roman and Rosiorii de Vede municipalities. The response provided by the Iasi City Hall cited its participation in the "More Responsible" project, which features an on-line questionnaire containing, among others, questions on access to services and possible requests of money or need for the intervention by third persons (Centrului pentru Inovare Publică, 2018). Also the municipality of Riga (**Latvia**) reports carrying out annual surveys of citizens, which ask questions on, among other things, the satisfaction with the accomplishments of the Riga municipality in reducing corruption risks. GIZ (*Deutsche Gesellschaft für Internationale Zusammenarbeit*) has carried out surveys on satisfaction with services in **Armenia**. Satisfaction surveys were mentioned also by the municipalities of Gracanica and Zenica (**Bosnia and Herzegovina**) and Jurmala (**Latvia**).

4.4. Local integrity institutions

Dedicated anti-corruption units and bodies: The municipality of Budva (**Montenegro**) established the Anti-corruption Office, which handles integrity matters of all employees in the local administration together with the integrity manager and fulfils preventive functions by:

- implementing awareness-raising, training and transparency-related tasks in the local bodies,
- implementing advisory, organizational, co-ordinating, monitoring, and reporting tasks related to the implementation of the Anti-corruption Action Plan and other anti-corruption activities in the municipality,
- ensuring co-operation with state bodies including the Secretariat for Local Government and NGOs as well as ensuring public participation.

In 2016, the municipality of Bucharest (**Romania**) established the Department for Integrity in order to co-ordinate the activities of the municipality regarding the prevention and fight against corruption/professional abuse as well as ensuring integrity. The department became operational at the end of 2017 and has 12 employees.

Ethics commissions: In **Armenia**, the law "On Public Service" requires that ethics commissions for public servants are established including for the staff of local self-governing bodies. The ethics commissions are mandated to carry out disciplinary proceedings on alleged violations of ethics rules. They are not in place at the local level yet. The municipality of Tivat (**Montenegro**) appointed the Ethics Committee for Elected Representatives and Functionaries and the Ethics Committee for Local Civil Servants and Employees.

Teams and working groups: Due to its complex state structure, **Bosnia and Herzegovina** has numerous subnational anti-corruption institutions, notably anti-corruption teams in nine out of ten cantons of the Federation of Bosnia and Herzegovina. In the beginning of 2014, the city government of Zenica established the Team for Monitoring and Evaluation of the Implementation of the Anti-Corruption Action Plan 2013-2016. The team includes 15 members (managing officials of the local government and the public sector) and has tasks related to monitoring, co-ordination, reporting, proposing measures and revising the action plan if needed. The municipality of Jurmala (**Latvia**) established a permanent working group for the implementation of the municipal plan of anti-corruption measures and the implementation of the government regulations on the internal control requirements for the prevention of corruption and conflict-of-interest risks. In **Montenegro**, local governments have set up teams to draft and implement local anti-corruption action plans. The teams involve different stakeholders (representatives of the local governments, media, NGOs and political parties represented in the local parliaments). The teams regularly report to their respective assemblies and presidents of the municipalities on the implementation of local action plans and to the Corruption Prevention Agency on measures from the Action Plan for Negotiating the Chapter 23 (the chapter of the European Union acquis on judiciary and fundamental rights) and the respective Operating Document. Municipalities also have working groups for developing integrity plans. In **Romania**, the Ministry of Regional Development and Public Administration asked all local governments to create working groups to set up integrity and anti-corruption measures. The co-ordination of the working group is a task of either the secretary of the commune/municipality (for example, Ciugud, Cumpana, Iasi, Brasov, Targu Mures municipalities) or the vice mayor (Roman and Hunedoara municipalities).

Designated integrity officials: According to the response of **Montenegro**, presidents or mayors of all local governments have appointed integrity managers: "It is usually someone from the managerial staff who is well familiar with the functioning of all local government bodies and authorities of the municipality/local government (e.g., in Podgorica, it is the chief administrator)". In particular, the integrity manager manages the proceedings of the working group for developing the integrity plan, co-ordinates the implementation of the plan, and reports on the implementation to the president of the municipality as well as to the Corruption Prevention Agency. In **Romania**, the Law on the Code of Conduct for Civil Servants requires that heads of institutions appoint ethics advisors for counselling and monitoring of compliance with the rules of conduct. The

country response for this study referred to the example of the municipality of Alba Iulia where the mayor appointed an ethics advisor who monitors the application of the said Law and supervises compliance with the principles laid down in the normative act. The response of **Kyrgyzstan** also mentions authorized persons on matters of corruption prevention in municipalities. Based on the workplan of the authorised person in the municipality of Osh, the following tasks are reportedly carried out within the framework of the human resources policy:

- activities to implement ethical standards of municipal employees,
- arranging of anti-corruption training for the municipal staff and individual counselling,
- assistance to the human resources services of the structural units of the mayoralty in the area of compliance with restrictions, prohibitions and requirements aimed at preventing conflicts of interest as well as compliance with other legal provisions,
- recordkeeping of the facts of inclination of employees to commit corruption violations, including those related to the conflict of interest, and advising them on necessary measures in these situations,
- facilitation of greater transparency of the municipality,
- participation in the work of commissions for in-service investigations, review and analysis of declarations on conflicts of interest, and review of ethics matters,
- setting up the roster of corruption risks in the apparatus of the mayoralty and structural units as well as the database of typical conflicts of interest.

The Decree No. 706 of 4 September 2013 of the Cabinet of Ministers of **Ukraine** requires setting up/appointing subunits (persons) for matters of prevention and detection of corruption in national-level executive bodies and their territorial units, authorities of the Autonomous Republic of Crimea, state administrations of regions, cities of Kyiv and Sevastopol, and districts as well as enterprises, agencies and organizations belonging to the realm of administration of central and local bodies of executive authority. The Decree only recommends setting up/appointing such subunits (persons) in bodies of local government and communal enterprises, agencies and organizations. According to the country response for this study, as of 1 January 2018, only 39 (8%) of 471 district state administrations had set up or appointed the authorized subunits (persons). The rest of the state administrations had either complemented the functions of prevention and detection of corruption with additional areas of work or assigned the functions to units or officials who have other basic functions. This practice is in breach of the provision of the decree, which prohibits assigning to the authorised units duties that do not belong to or are beyond the limits of the authorisation.

Other local units and bodies: In the municipality of Riga (**Latvia**), the Committee for Security, Order and Corruption Prevention Matters is competent to develop the anti-corruption strategy of the local government and oversee its implementation, evaluate the action plans of municipal institutions for the reduction of corruption risks and oversee their implementation, encourage the public involvement in the prevention of corruption and its risks, co-ordinate and facilitate the co-operation of municipal and state institutions in reducing corruption risks (Rīgas dome, 2011). Moreover, in direct subordination to the chairperson of the municipal Council, the Centre for the Fight against Bureaucracy shall exercise several tasks, which relate to the prevention of corruption – analyse deficiencies in the organization of municipal institutions, review complaints, monitor the implementation of anti-corruption action plans, organize education events in the area of corruption prevention, carry out inspections in municipal institutions (Rīgas domes priekšsēdētājs, 2009). The Centre, among other things, develops drafts of the municipal anti-corruption strategy and its implementation plan, drafts the schedule for the evaluation of the implementation of anti-corruption action plans of institutions, compiles information on the implementation of the strategy (Rīgas domes priekšsēdētājs, 2015). In the municipality of Gjorce Petrov (**FYR Macedonia**), an internal auditor was appointed for communicating and co-operating

with the State Commission for Prevention of Corruption, monitoring and organizing trainings.

In **Montenegro**, financial management and control managers of local governments engage in:
- developing and monitoring the implementation of the plan for establishing financial management and control,
- co-ordinating the establishment and development of financial management and control,
- assisting the entity's manager in developing and adopting a risk management strategy,
- preparing and monitoring the implementation of the plan for removing internal control deficiencies,
- preparing an annual report on financial management and control,
- reporting to the head of the entity on the state and development of financial management and control, and
- co-operating with the Central Harmonization Unit of the Ministry of Finance.

In the country response, some local governments also reported having persons in charge of co-ordinating the risk management process. In the capital city Podgorica, this person informs other managers about the need to establish a risk management process, encourages a culture of risk management and assists managers by raising awareness, initiates activities to introduce the process and sets deadlines in co-operation with the heads of organizational units, as well as prepares reports on risk management. The municipality of Tivat also reported a similar practice.

Box 4.7. Lithuania: A multitude of local anti-corruption institutions

The response of Lithuania mentioned several kinds of institutional arrangements depending on the municipality:
- the head of institution in charge of integrity and anti-corruption measures,
- the central audit department of the city council,
- an appointed official of the municipality administration,
- an anti-corruption commission,
- the Corruption and Misconduct Prevention Unit of the Personnel Department (Vilnius City Council).

The Corruption and Misconduct Prevention Unit of the Vilnius City Council is responsible for assessing areas with the probability of manifestation of corruption, preparing and implementing institutional anti-corruption programme, carrying out the anti-corruption assessment of normative local legal acts (drafts), setting up anti-corruption environment and promoting zero tolerance for corruption, plus implementing other measures of corruption prevention provided by law.

The main task of the Anti-corruption Commission of the Vilnius City Council is to control the implementation of laws, regulate anti-corruption activities in the Vilnius City Municipality Administration as well as participate in other anti-corruption measures.

Sources:

Vilniaus miesto savivaldybė, *Korupcijos ir nusižengimų prevencijos skyrius*, https://paslaugos.vilnius.lt/index.php?m=22&itemID=485,

Vilniaus miesto savivaldybės tarybos Antikorupcijos komisija, https://vilnius.lt/lt/personalas-ir-teise/korupcijos-prevencija/antikorupcijos-komisija/.

Territorial bodies set up by state: According to the response of **Mongolia**, the Minister of Justice and the General Director of the Independent Authority against Corruption adopted the procedure on the Public Oversight Sub-council. Such sub-councils function at ministries, agencies, aimags (provinces) and the capital city. The Independent Authority against Corruption selected the members of the sub-councils and signed contracts with them. According to the

response of **Uzbekistan**, territorial interagency commissions for countering corruption have been established. Public prosecutors of the respective territories head the commissions. Heads of the territorial bodies of the prosecutor's, justice, employment and labour relations authorities monitor compliance with official ethics requirements at the local level.

Corruption-risk management and systematic planning of anti-corruption activities have become accepted practices throughout the ACN region. Of all themes covered by this thematic study, local anti-corruption policies were most widely reflected in country responses. A cautionary note is in place to remind that risk assessments and planning of corruption prevention measures can be done thoroughly and sincerely as well as superficially and for the sake of mere image of anti-corruption efforts. It is beyond the scope of this study to evaluate how genuine the efforts reported by countries are. Nevertheless, anti-corruption policies at local level have become mainstream and provide institutional frameworks for committed actors who want to introduce, implement and monitor meaningful anti-corruption actions.

List of references

Agencija za prevenciju korupcije i koordinaciju borbe protiv korupcije (2018), *Pravila za izradu i provođenje plana integriteta u institucijama u Bosni i Hercegovini. Priručnik*, http://apik.ba/zakoni-i-drugi-akti/Plan_integriteta/?id=1742.

Agencija za sprječavanje korupcije (2017), *Izvještaj o donošenju planova integriteta u 2016. godini*, http://www.antikorupcija.me/media/documents/Izvjestaj_o_donosenju_planova_integriteta_u_2016._godini.pdf.

Agency for Prevention of Corruption (2015), *Rules for the drafting and implementation of the integrity plan*, http://www.antikorupcija.me/media/documents/Pravila_za_izradu_i_sprovodjenje_planova_integriteta_-_ENG.pdf.

Agency for Prevention of Corruption (n.d.a), *Questionnaire for identification of work processes that are particularly exposed to corruption*, http://www.antikorupcija.me/media/documents/Primjer_upitnika_za_utvrdjivanje_rizicnih_radnih_procesa-ENG.pdf.

Agency for Prevention of Corruption (n.d.b), *Example questionnaire for risk assessment in local self-government*, http://www.antikorupcija.me/media/documents/Primjer_upitnika_za_procjenu_rizika_u_lokalnoj_samoupravi-ENG.pdf.

Būdvytis, G. et al. (2017), *A guide of development and implementation of an anti-corruption environment in the public-sector*, https://www.stt.lt/documents/nkkp_2017/AAV_viesam_sektoriui_2017_03_24_EN_final.docx.

Centrul Naţional Anticorupţie (n.d.), *Model al planului local anticorupţie pentru anii 2018-2020*, https://www.cna.md/public/files/sna_cadrulnormativ/Planul%20local%20anticoruptie%20pentru%20anii%202018-2020.docx.

Centrului pentru Inovare Publică (2018), *Mai responsabili*, http://www.mairesponsabili.ro/ (accessed

on 16 December 2018).

Grigore, A. (2017), presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

KNAB (2018), *Izstrādātas vadlīnijas par iekšējās kontroles sistēmas pamatprasībām korupcijas riska novēršanai*, Korupcijas novēršanas un apkarošanas birojs, https://www.knab.gov.lv/lv/press/532749-izstradatas_vadlinijas_par_ieksejas_kontroles_sistemas_pamatprasibam_korupcijas_riska_noversanai.html.

KPK (2015), *Ocena korupcijskih tveganj in tveganj za kršitev integritete v slovenskih občinah ter priporočila občinam glede upravljanja identificiranih tveganj*, Komisija za preprečevanje korupcije, https://www.kpk-rs.si/kpk/wp-content/uploads/2018/02/CIP_-_analiza_obain.pdf.

KPK (2014), *Smernice za izdelavo, uvedbo in izvajanje načrtov integriteta*, Komisija za preprečevanje korupcije, https://www.kpk-rs.si/kpk/wp-content/uploads/2018/02/Smernice_za_nacrt_integrit.pdf.

Krunic, D., M. Obradovic and M. Mojsilovic (2015), *Приручник за израду и спровођење плана интегритета*, Агенција за борбу против корупције, http://www.acas.rs/wp-content/uploads/2018/03/Prirucnik-za-izradu-plana-integriteta.pdf.

McDevitt, A. (2014), *Local Integrity System Assessment Toolkit*, Transparency International, https://www.transparency.org/whatwedo/publication/local_integrity_system_assessment_toolkit.

MDRAP (2018), *Raport de monitorizare (M2) a implementării Strategiei Naţionale Anticorupţie 2016 - 2020 la nivelul administraţiei publice locale în anul 2017*, Ministerul Dezvoltării Regionale și Administrației Publice, http://www.mdrap.ro/rapoarte-de-monitorizare.

MDRAP (n.d.), *Metodologia de identificare a riscurilor si vulnerabilitatilor la coruptie (autoritati publice locale)*, Ministerul Dezvoltării Regionale și Administrației Publice, http://www.mdrap.ro/sna-2016-2020.

Ministry of Finance (2018), *Activities for establishment of financial management and control*, https://www.finance.gov.mk/en/node/967.

Ministry of Finance (n.d.), *Legal Framework*, https://www.finance.gov.mk/en/node/972 (accessed on 16 December 2018).

Moldova case, UNDP Program: Promoting Integrity and Anticorruption at Local Level, Straseni Municipality, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Primăria Municipiului Strășeni (2017), *Plan strategic de integritate şi acţiuni anticorupţie al Primăriei municipiului Strășeni*.

Rahandusministeerium (2018), *Sisekontroll ja korruptsiooni ennetamine kohalikus omavalitsuses*, https://haldusreform.fin.ee/static/sites/3/2018/03/kov_sisekontrolli_ja_korruptsiooni_ennetuse_j uhend-1.pdf.

Riga.lv (n.d.), *Rīgas pilsētas pašvaldības pretkorupcijas stratēģija*, https://pasvaldiba.riga.lv/LV/Channels/Riga_Municipality/rigas-pilsetas-pasvaldibas-pretkorupcijas-strategija/default.htm (accessed on 16 December 2018).

Rīgas dome (2011), *Rīgas domes 01.03.2011 saistošie noteikumi Nr.114 "Rīgas pilsētas pašvaldības nolikums"* https://likumi.lv/doc.php?id=227996.

Rīgas domes priekšsēdētājs (2015), *07.04.2015. iekšējie noteikumi Nr.3 "Korupcijas novēršanas sistēmas organizācijas un kontroles veikšanas kārtība Rīgas pilsētas pašvaldībā"*.

Rīgas domes priekšsēdētājs (2009), *12.08.2009. reglaments Nr.3 "Rīgas domes Birokrātijas apkarošanas centra reglaments"*, https://pasvaldiba.riga.lv/NR/rdonlyres/853E8A7F-F2CE-4D55-8CF0-7ECF525DE1B7/51307/bac.doc.

Secretariatul General al Guvernului (2016), *Ordin nr. 400 din 12 iunie 2015 (*actualizat*) pentru aprobarea Codului controlului intern managerial al entităţilor publice*, http://sgg.gov.ro/new/wp-content/uploads/2016/04/OSGG-400-actualizat-forma-Legis.doc.

Sisačko-moslavačka županija (2016), *Akcijski plan suzbijanja korupcije u Sisačko-Moslavačkoj županiji za razdoblje od 2016. do 2018. godine*, http://www.smz.hr/site/images/stories/antikorupc/akcijski_plan_suzbijanja_korupcije.pdf.

STT (2018), *Korupcijos rizikos analizė*, Lietuvos Respublikos specialiųjų tyrimų tarnyba, http://www.stt.lt/lt/menu/korupcijos-prevencija/korupcijos-rizikos-analize/.

Transparency International Bosna i Hercegovina (2017), *Annual Report 2016*, https://ti-bih.org/wp-content/uploads/2017/05/Godisnji-izvjestaj-2016.pdf.

Transparency International Bosna i Hercegovina (2015), *Priručnik: uvođenje planova integriteta na lokalnom nivou*, http://apik.ba/zakoni-i-drugi-akti/Plan_integriteta/default.aspx?id=402&langTag=en-US.

Transparency International Bosna i Hercegovina (n.d.), *Publications*, https://ti-bih.org/publikacije-istrazivanja/?lang=en (accessed on 16 December 2018).

Агенција за борбу против корупције (2017), *Модел локалног антикорупцијског плана (ЛАП) за јединице локалне самоуправе (ЈЛС)*, http://www.acas.rs/wp-content/uploads/2017/04/Model-LAP-04042017.pdf?pismo=lat.

Агенција за борбу против корупције (2016), *Смернице за израду и спровођење плана интегритета*, http://www.acas.rs/wp-content/uploads/2011/12/Smernice-za-izradu-plana-integriteta-2017.pdf.

Агенција за борбу против корупције (n.d.), *Израда плана интегритета-други циклус*, http://www.acas.rs/wp-content/uploads/2018/01/Sistem-drzavne-uprave-i-lokalne-samouprave.pdf.

НАЗК (2018), *Звіт про діяльність Національного агентства з питань запобігання корупції за 2017 рік,* Національне агентство з питань запобігання корупції, https://nazk.gov.ua/sites/default/files/dodatok_2_zvit_pro_diyalnist.pdf.

Правительство Кыргызской Республики (2015а), *Постановление от 30 марта 2015 года № 170 Об утверждении Плана мероприятий государственных органов Кыргызской Республики по выполнению Государственной стратегии антикоррупционной политики Кыргызской Республики на 2015-2017 годы*, http://cbd.minjust.gov.kg/act/view/ru-ru/97423?cl=ru-ru.

Правительство Кыргызской Республики (2015b), *Руководство по проведению комплексной оценки эффективности реализации антикоррупционных мер государственными органами Кыргызской Республики*, http://cbd.minjust.gov.kg/act/view/ru-ru/210934.

Правительство Кыргызской Республики (2014), *Методика разработки и реализации ведомственной программы и плана мероприятий по противодействию коррупции*, http://cbd.minjust.gov.kg/act/view/ru-ru/210934.

Премьер-министр Кыргызской Республики (2016), *Методическое руководство по выявлению, оценке и управлению коррупционными рисками*, http://cbd.minjust.gov.kg/act/view/ru-ru/215180.

5. **The political level of local governance**

This chapter briefly reviews tackling corruption problems that are related to the abuse of public power by local political office holders and their political parties. The focus is first on risks in political campaigning and democratic political competition more generally, relations between local governments and the local media, conflict-of-interest provisions for local political office holders. As elsewhere in this study, the review does not cover the whole legal system, which governs, for example, local political campaigns but rather focuses on initiatives at the local level. The chapter also examines specific forms of the abuse of political power – clientelism and nepotism and their prevention. In relation to the local level, clientelism may take place when national-level politicians skew the distribution of public benefits, for example, subsidies in favour of those local governments that politically support them. Clientelism may also take place purely within the local level when political office holders provide resources to entities such as schools where the management is politically supportive.

5.1. **Rules for local political campaigns and the role of democratic political competition**

The country responses for this study generally reflect few initiatives or measures at the local level regarding the fairness of political campaigns and the encouragement of political competition. The responses mainly mention the local practice regarding the placement of campaign posters and stands. This is partly understandable given that municipalities usually have regulatory and supervisory roles regarding the use of public spaces. Thus the City Administration of Zenica (**Bosnia and Herzegovina**) notes that there is sufficient space for campaign and promotion posters and claims that the administration adheres to the equal treatment of all political actors in providing opportunities for the display of advertisement boards. This municipality also notes the availability of equal space and time for media appearances in line with the Election Law of Bosnia and Herzegovina on the public TV service RTV Zenica, which is in the majority control of the city. The municipality of Alba Iulia (**Romania**) reports fair distribution of electoral displays and the approval of a regulation regarding the organization, authorization and the lay-out locations for electoral publicity.

Potentially local governments could be more active in order to ensure a level playing field in local elections. Local measures could constitute rules against the abuse of administrative resources by incumbents and steps to facilitate free debates, for example, by providing neutral debate spaces. In particular, the misuse of administrative resources has been internationally recognised as a problem:

> …there are certain particularities of local and regional elections […] as regards the negative consequences of a misuse of administrative resources. As incumbents are closer to the electorate in local elections, the negative impact of misuse usually relates to areas within their competence (decisions on districting, land-use etc.). Also, particular attention has to be paid to the role of local office holders in the election administration who may use their power to discriminate against opposition candidates, for example as regards the allocation of town halls or public buildings for campaigning. (Congress of Local and Regional Authorities, 2016)

International standards constitute a solid imperative for ensuring fair elections. Many relevant

principles are enshrined in international instruments of fundamental rights. The Venice Commission Code of Good Practice in Electoral Matters (2002) requires that state authorities have a neutral attitude particularly with regard to the election campaign, coverage by the media, in particular by the publicly owned media, and public funding of parties and campaigns (Venice Commission, 2018). When interpreted in a comprehensive manner, it is clear that such requirements are applicable also to local authorities as far as they have competence on these matters.

The report of the Congress of Local and Regional Authorities on the misuse of administrative resources and the role of local and regional elected representatives and public officials concluded that it would be useful to develop ethical standards for local and regional representatives with a focus on possible misuse in relation to electoral processes, to further develop mechanisms to monitor the implementation of the laws on misuse at the grassroots' level, to hold awareness-raising and training seminars with a special focus on possible misuse in the local and regional context (Congress of Local and Regional Authorities, 2016).

5.2. Relations between local governments and the local media

Generally, laws provide little competence or powers for municipalities to regulate media activities. This is apparently the reason why most country responses contain no information on whether a local government has implemented measures to strengthen the anti-corruption watchdog role of the local media except for publishing information or holding press conferences. However, local governments can be owners of media outlets or be important buyers of advertising space. In such ways, local governments have a significant potential to affect the local media scene.

The Recommendation 273 (2009) of the Congress of Local and Regional Authorities on Equal access to local and regional elections calls to urge governments to "guarantee, through appropriate domestic regulations, fair and balanced media coverage (television, radio and newspapers) of all candidates in local and regional electoral campaigns, notably under the supervision of an independent local or regional authority" (Congress of Local and Regional Authorities, 2009). Although many local authorities do not have any designated independent local body for media supervision, they often have tools that can be used or misused to affect the coverage.

This is a controversial issue in **Latvia** where local governments have been publishing their own bulletins, which by their format resemble newspapers, are distributed for free and moreover sell advertising space. They distort the market by pulling providers of advertisement away from independent local media, which cannot be distributed for free and hence lose readership and revenue. The subsequent resource depletion of the local independent media prevents them from improving their quality and fulfilling their watchdog role. The free municipal bulletins have been criticized also for being biased in favour of the ruling politicians of the local government. Other related problems of the local media scene are the dependence of the local media on advertising contracts with the local government (or other municipal financial support), acting in the role of public relations support for the local government especially in the case of local TV stations, conflicts of interest of media owners, editors or journalists who themselves are active in local politics, for example, become members of municipal councils. (Kažoka and Stafecka, 2017) There is a government plan to prohibit for information materials funded or controlled by public bodies to participate in the advertising market (Ministru kabinets, 2016). Respective draft amendments of the Law on Local Governments were pending in parliament as of December 2018. In 2017, the local newspaper "Bauskas dzive" sued Latvia in the European Court of Human Rights for "allowing municipalities to issue their own newspapers that imitate the independent press" (Sorainen, 2017).

5.3. Conflict-of-interest provisions

Managing conflicts of interest at the local level presents particular challenges. In most countries of the region, anti-corruption laws or laws on conflicts of interest apply not only to national public officials but also to officials and civil servants of regional and local authorities. One of the challenges for the effective management of conflicts of interest at the local level is the risk of paralysing the work of local bodies due to the small size of communities and situations where nobody can make a decision in the local government without being somehow related to persons who would be affected and hence becoming disqualified. On the other hand, solving this challenge by applying more relaxed rules at the local level creates a risk for local governments, which could systematically award resources to persons who are related to key decision makers or take other decisions in their favour.

Moldova and Ukraine are countries, which have tried to solve this situation by approaching it in diverse ways. In **Moldova**, mayors and other categories of local officials are subject to stringent restrictions to fulfil their obligations in situations of real conflict of interest. From this follow frequent situations where local authorities are seemingly unable to fulfil their functions or else the concerned individuals could become liable for violating conflict-of-interest rules.[9] On the contrary, in **Ukraine** elected officials of local and regional self-governments generally shall only make a public announcement when engaging in the consideration, preparation and decision-making, which involve their conflicts of interest (Law on Local Self-Government in Ukraine, Article 59-1). As a general rule, the most appropriate solution would be, on the one hand, less permissive than in Ukraine but, on the other hand, flexible enough in order to avoid decapacitating a whole local government body. Certain situations of conflicts of interest could be managed by involving a regional-level or national-level body in the particular decision-making instance.

Laws for local officials: Other than references to national laws on conflicts of interest, country responses to this study contained few particular measures by local authorities. In a few countries, there are laws, which govern matters of conflicts of interest and aim exclusively at local officials. The response of **Azerbaijan** refers to the Law on Rules of ethical conduct for members of municipal councils and the Law on Rules of ethical conduct for municipal servants. Another example is the mentioned Law on Local Self-Government in **Ukraine**, which contains an article on conflicts of interest.

Incompatibilities within local governments: A specific aspect of the conflict-of-interest framework is incompatibilities between different roles in the local government. The Law on Local Self-government of **Kosovo** explicitly prohibits municipal directors, directors of institutions and enterprises under the authority of the municipality and the civil servants of the administration of the municipality to be members of the Assembly of Kosovo or of the assembly of the municipality where they work (Article 65.2). The Law on Local Governments of **Latvia** prohibits members of a local council to combine this office with the positions of the executive director (or deputy director), the head of administration (or deputy head) and several other categories of positions in the executive structure and enterprises of the local government (Article 38). In **Serbia** the Law on Local Self-government establishes an incompatibility between membership in the municipal assembly and an employee position in the municipal administration or a position where a person is appointed by the municipal assembly (Article 30).

Local oversight: A few responses referred to the role of local oversight units. The municipality of Jurmala (**Latvia**) stated that its Audit Department identified and averted several cases of

---

[9] Based on the author's interviews with stakeholders in the Republic of Moldova in 2017.

conflicts of interest in the process of conducting audits. According to the response of **Lithuania**, the Law on the Adjustment of Public and Private Interests in the Civil Service provides the relevant rules while, for example, the Corruption and Misconduct Prevention Unit of the Personnel Department of Vilnius municipality provides recommendations to civil servants and controls their implementation.

Codes of ethics and conduct: Codes adopted at the local level are common tools and typically contain provisions, which cover conflict-of-interest matters. For example, the response of **Bosnia and Herzegovina** referred to the codes for elected officials in the City Administration of Zenica and the Municipality of Kladanj. The municipality of Jurmala (**Latvia**) has the Code of Ethics in the form of internal rules adopted in 2017 (Jūrmalas pilsētas dome, 2017). The local Council has established the Ethics Committee, which shall assess applications regarding non-compliance with the principles of ethics and conduct as well as provide consultations. A breach of the requirements of Code can constitute a disciplinary violation. (Meiksane, 2018) The municipality of Tivat (**Montenegro**) has the Code of Ethics for Elected Representatives and Functionaries and the Code of Ethics for Local Civil Servants and Employees.

5.4. Prevention of clientelism

Clientelism is "an unequal system of exchanging resources and favours based on an exploitative relationship between a wealthier and/or more powerful 'patron' and a less wealthy and weaker 'client'" (Transparency International, n.d.a). Clientelism can take place between the national government and local governments where national subsidies or other resources are provided disproportionately to those local governments, which support the government politically. It can also happen on subnational levels where regional or local governments provide resources primarily to those schools, hospitals or other entities, which are supportive of the ruling political parties or leaders.

The country responses provide few references to measures against clientelism at the local level. Moreover, under-researched as it is, the problem of clientelism is not equally felt in all countries of the region. For example, a recent study on **Georgia** found that "despite fiscal dependency of municipalities on central government, there is no conclusive statistical evidence to suggest that the central authorities have been misusing budgetary transfers to influence the results of the elections" (Lomtadze, 2018).

Box 5.1. Romania: Clientelism case
In Romania, in the years 2004-2010, the distribution of the natural disaster fund on political grounds persisted through three different governments (socialist, liberal, democratic-liberal) and even increased after the economic crisis. The below data show the systematic deviation in favour of municipalities controlled by the ruling party. The share of funds received by these municipalities was always larger than the share of votes that the ruling parties received in municipal elections overall.

	2004 (Socialist)	2008 (Liberal)	2010 (Democratic Liberal)
Share of funds allocated by government to its own party municipalities	49	45	62
Share of vote in local elections	35.5	16.19	28.82

It appears like Romania was hit by disasters especially in the areas where government party mayors were elected. An alternative explanation is that Romanian governments,

irrespective of where the floods occurred, preferentially funded mayors from their own party. Clientelism in the allocation of funds for local governments remains a major challenge in Romania. The organization Expert Forum found that:

- The allocation rules for the National Program for Local Development, the Reserve Fund (RF), and the Intervention Fund (IF) are vague and unstable;

- RF/IF allocations are made based on numerous exceptions to the law;

- There are significant differences between RF/IF allocations and payments, and promises to allocate funds represent strong incentives for mayors during electoral periods;

- There is no long-term vision for investments, and they are planned in ad hoc manner;

- Political shifts at the national level may affect allocations and payments to the local governments, and projects risk losing funding;

- It is hard to identify outcomes and track the evolution of funded projects;

- Procurement to politically linked and corrupt companies destroys fair competition, lowers quality and raises prices.

The Expert Forum has developed an on-line Clientelism Map, which shows how clientelistic the behaviour of different governments has been in the period 2004-2018. The map shows all allocations and transfers to municipalities and county councils from RF/IF as well as from funds managed by the Ministry of Regional Development and Public Administration.

Sources:
Expert Forum (2018), *EFOR Annual Report: The bazaar governance*,
https://expertforum.ro/en/annual-report-2018/.
Expert Forum (2018), *Map of Political Clientelism (2004-2018)*,
https://expertforum.ro/en/clientelism-map/.
Quotes from Mungiu-Pippidi, A. et al. (2011), *Contextual Choices in Fighting Corruption: Lessons Learned*, NORAD, Report 4/2011, pp. 17-18, 22,
https://www.oecd.org/countries/zambia/48912957.pdf.

Mechanisms of distribution of resources: A few responses, for example, that of **Azerbaijan** refer to laws, which define mechanisms for the allocation of subsidies to local governments. The Law "On Budget System", as amended within the framework of the implementation of the National Action Plan for 2012-2015, reportedly specifies criteria for the allocation and ensures the protection of transparency and fairness during the distribution process. The response of **Kyrgyzstan** refers to the Regulation on the selection and funding of projects for co-funding (stimulating) grants and the Instruction on the preparation and implementation of the projects (approved by the government in 2015). The regulation provides procedure for the preparation, submission, review, selection and implementation of the projects. Projects submitted by executive bodies of local governments are assigned registration numbers. In 2016, the Ministry of Finance made the submission, registration, reception and selection procedure automatic through the website www.budjet.okmot.kg, which makes the process less cumbersome and excludes the need of personal interaction with representatives of the Ministry of Finance. Reportedly these mechanisms ensure transparent and effective allocation of the grants.

That the distribution of grants to local governments can be a cause of concern has been noted, for example, by the Congress of Local and Regional Authorities with regard to **Serbia**:

> Most of the grants for local government are general, although the Law on Local Government Finance (Article 45) recognises category grants for special purposes or projects. Several of the interlocutors highlighted transparency problems with the category grants provided by the government. In the very tense economic situation currently experienced by local government, a last resort would be to turn to the Ministry of Finance to apply for support from its reserve fund. However, the criteria for allocating money from this fund seem to be less than clear-cut. This practice has thus been criticised as being arbitrary and non-transparent, and some sources raised concerns that it has been misused for political purposes. (Congress of Local and Regional Authorities, 2017)

The Municipality of Gračanica (**Bosnia and Herzegovina**) reported the application of the LOD (Reinforcement of Local Democracy) methodology for the funding of the non-governmental sector. This methodology was developed by the LOD project implemented by the United Nations Development Programme in Bosnia and Herzegovina and its goal is "the allocation of budget funds, especially funds from local self-government units' budgets, so as to allow a more useful and transparent transfer of funds to Civil Society Organizations" (Omerefendić et al., n.d.). The country response of **Ukraine** refers to the practice of the Sumy Regional State Administration, which, in 2017, established a competitive procedure for allocating funds to support to civic organizations of disabled people, veterans, political prisoners, repressed persons, and citizens who have suffered from the Chernobyl disaster in order to eliminate excessive discretionary powers.

However, overall it appears that the prevention of clientelism has not been recognized by local governments as an issue, which should be countered in any specific manner at the local level.

5.5. Prevention of nepotism

Nepotism is a "form of favouritism based on acquaintances and familiar relationships whereby someone in an official position exploits his or her power and authority to provide a job or favour to a family member or friend, even though he or she may not be qualified or deserving" (Transparency International, n.d.b).

Direct prohibitions against nepotism: Legal provisions in some countries directly address the issue of nepotism. Thus, the response of **Uzbekistan** refers to the Model rules of ethical conduct of employees of state administrative bodies and local bodies of executive authority (approved by the government in 2016), which prohibit a manager from selecting and appointing staff based on the grounds of kinship, regional relation (*землячество* – Russian) or personal devotion. He/she shall strictly suppress the manifestations of clanism, parochialism (*местничество* – Russian), favouritism as well as other negative factors in the process of fulfilling his/her official duties. Surely the existence of such provisions in itself does not allow for any assessment regarding their implementation.

Restriction to make decisions, which affect related persons: One of the most common measures against nepotism is restrictions to make decisions, which affect one's relatives or other related persons. The restrictions are formulated in different forms and their exact scope vary from law to law. Nevertheless, this element, which can be considered a corner stone of conflict-of-

interest policies, is found near universally in the region. Given the wide presence of such rules, they will not be reviewed in detail here.

Restrictions for work in hierarchical relationships: Another common rule, which can have an effect against nepotism, is restrictions against the work of family members or otherwise related individuals in hierarchy. For example, according to the response of **Azerbaijan**, it is prohibited to recruit a candidate who has family/ close kinship ties with the chairperson or his/her deputies, or the municipal servant under whose direct or indirect supervision he/she would work.

Competitive recruitment: A few country responses refer to recruitment through competition as a means to prevent nepotism. Thus, **Azerbaijan** reported amendments to the Law "On Municipal Service" abolishing recruitment directly by chairs of municipal councils, which was the practice until 2015. The amendments envisage recruitment to the municipal service through competition following the public announcement of vacancies on-line, in the media and in the municipality building. A competition commission consisting of five municipal members and municipal servants carries out the selection. The municipality of Alba Iulia (**Romania**) requires that competitions are announced in the Official Gazette and in a wide-circulation newspaper at least 30 days before the date of written tests for candidates. Relevant conditions and other information regarding the competition is displayed at the city hall and in the "jobs" section of its website. The Kherson Regional State Administration (**Ukraine**) reported the practice to include the head of the Sector for Prevention and Detection of Corruption of the apparatus of the Regional State Administration in recruitment competition commissions.

The political risk factors of corruption are notoriously hard to tackle because, in addition to anti-corruption policies, their elimination requires favourable political culture, effectively functioning mechanisms of democracy and accountability, true commitment of political leaders, etc. In some countries and regions, the political context can appear as given and unchangeable at will by some anti-corruption champion. Responses to this study suggest that local governments rarely focus on political factors behind their corruption problems. This is partly understandable because the national context usually forms the framework of local political processes – campaigns and election mechanisms, rules of local political decision making, and principles of co-operation between national and local political actors. Meanwhile local leaders play a great role in shaping the local political environment, and hence local governments also bear responsibility for encouraging vigorous political competition and real electoral accountability.

List of references

Congress of Local and Regional Authorities (2017), *Local and regional democracy in Serbia*, https://rm.coe.int/local-and-regional-democracy-in-serbia-/168074fb82.

Congress of Local and Regional Authorities (2016), *The misuse of administrative resources during electoral processes: the role of local and regional elected representatives and public officials*, https://rm.coe.int/168071a562.

Congress of Local and Regional Authorities (2009), *Recommendation 273 (2009) Equal access to local and regional elections*, https://rm.coe.int/168071a5db.

Jūrmalas pilsētas dome (2017), *Iekšējie noteikumi Jūrmalas pilsētas pašvaldības ētikas kodekss*, https://jurmala.lv/lv/pasvaldiba/dokumenti/jurmalas_pilsetas_pasvaldibas_etikas_kodekss/5034 3-jurmalas-pilsetas-pasvaldibas-etikas-kodekss.

Kažoka, I. and L.Stafecka (2017), *Varas līdzsvars un kontrole Latvijas pašvaldībās*, Sabiedrība par atklātību – Delna, domnīca Providus, http://deputatiuzdelnas.lv/assets/upload/userfiles/files/PROVIDUS%20petijums%20par%20pas valdibam%202017.pdf.

Lomtadze, G. (2018), *Looking for Evidence of Political Clientelism in the Georgian Local Government*, Institute for Development of Freedom of Information, https://expertforum.ro/en/political-clientelism-georgia/.

Meiksane, R. (2018), *Code of Ethics and its implementation in Jurmala*, presentation at the regional seminar "New Approaches and Practical Tools to Prevent Corruption at the Local Level", Vienna, 5-6 November 2018.

Ministru kabinets (2016), *Latvijas mediju politikas pamatnostādņu 2016.–2020. gadam īstenošanas plans*, https://likumi.lv/ta/id/286453-par-latvijas-mediju-politikas-pamatnostadnu-2016-2020-gadam-istenosanas-planu.

Omerefendić, S. et al. (n.d.), *LOD Methodology for Allocation of Funds to Civil Society Organizations*, UNDP BiH, http://www.ba.undp.org/content/dam/bosnia_and_herzegovina/docs/Research&Publications/Po verty%20reduction/LOD_Metodologija%20_09_02_2015.pdf?download.

Sorainen (2017), *European Court of Human Rights initiates case Bauskas Dzīve vs Latvia*, Sorainen, http://www.sorainen.com/en/Deals/5760/european-court-of-human-rights-initiates-case-bauskas-dzive-vs-latvia.

Transparency International (n.d.a), *Anti-Corruption Glossary, Clientelism*, http://www.transparency.org/glossary/term/clientelism.

Transparency International (n.d.b), *Anti-Corruption Glossary, Nepotism*, http://www.transparency.org/glossary/term/nepotism.

Venice Commission (2018), *Code of Good Practice in Electoral Matters, Guidelines and explanatory report*, https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2002)023rev2-cor-e.

6. **Service delivery**

Delivering of services to citizens and businesses lies at the core of local-government functions. Service delivery can be abused for corrupt purposes because the service is a resource that can be distributed in a particularistic way so as to benefit personally the decision-makers and persons related to them. However, various approaches are known that help improve the service delivery in ways that reduce corruption. A fundamental factor is the availability of information about the services. For example, in **Moldova**, Balti municipality, the city of Cimislia, the village of Pelinia as well as the regions of Falesti and Straseni received the highest evaluation (100%) in the category of social services in a ranking published by the non-governmental organization Viitorul. In the case of a city, according to the methodology of the ranking, it means that information is available about the social services provided and the methods to apply as well as the list of social assistance institutions set up by the municipality is available on the website. (Viitorul, 2018) Moreover, easing the burden on service receivers (for example, the need to visit different offices at different places) and limiting personal contacts between service providers and receivers are common strategies to reduce corruption risks in service delivery. There are also other approaches for preventing corruption in the area of public services. However, in order to limit the scope, this chapter will specifically focus on using one-stop shops and e-services.

6.1. **One-stop shops**

One-stop shops are a common way to improve service delivery and reduce opportunities for corruption throughout the region. In brief, a one-stop shop is a service provision outlet where a multitude of services is available. Traditionally a one-stop shop is a physical space where services are provided although now the term is used also with regard to electronic platforms where a number of services are available. One-stop shops are generally seen as a mechanism, which provides services easier, faster and more transparently than dispersed outlets in different offices. (Martini, 2013) The greater ease of receiving the service should reduce incentives to engage in unofficial methods to this end while transparent physical setups of service centres can make illegal exchanges of money and other items impossible.

Integrated one-stop shops: There is a trend to set up integrated one-stop shops where different services provided by different municipal agencies are available. One-stop shop system is adopted in all municipalities of **Albania**. For example, the Shkodra County introduced the system and transformed the service delivery from a system where each one-stop shop had own production offices to a system where all one-stop shops are served by a single production office (integrated back-office functions). The service provision is standardized (the inventory of services, the procedures, the legal framework, the time for providing services, the cost of services, the possibility to file complaints) and the same standards apply regardless where a citizen applies. 11 such one-stop shops have been created and they cover the whole territory of the county. There is a tracking service, which shows the status of the requested service. (Bashkia Shkoder, 2017) The response from Albania also mentions four integrated front offices in the capital city Tirana.

Country responses contain several examples of integrated service centres from different municipalities – 14 one-stop shops of the Yerevan municipality where 44 services are provided as well as citizen offices in other communities (**Armenia**), public counter halls in the municipalities of Kladanj and Lukavac (**Bosnia and Herzegovina**), one-stop shops in the central apparatus and several departments of the municipality of Bishkek (**Kyrgyzstan**), customer service/visitors' centres in the municipalities of Jurmala and Riga (**Latvia**), integrated one-stop

shops in the municipalities of Panevezys (almost 150 services including private services) and Silale (only public services) (**Lithuania**), a one-stop service centre, which provides 200 government services, established by the Administration of the Governor of Ulaanbaatar (**Mongolia**), the Information Centre for Citizens, which, among other things, issues building permits, certificates and transport licences at the City Hall of Brasov (**Romania**).

The separation of the front and back offices is a specific aspect of service delivery, which is seen as a common measure to reduce corruption risks (see the aforementioned example of the Shkodra County in **Albania**). The municipality of Riga (**Latvia**) reported the separation of the front and back office in several institutions to prevent influencing the person who prepares or makes a decision. For example, the Eastern Executive Directorate of the municipality has separated the procedures for the preparation of documents and permits for street trade from the procedure for the actual issuance of the permits. The City Hall of Craiova in **Romania** also reported the practice of separating the front-office and back-office functions for services that are vulnerable to corruption. The staff, which interacts with citizens, is not involved in processing or drafting administrative acts and issuing documents.

Networks of service-provision centres: There is a trend of setting up nation-wide networks of service centres, which provide public (both state and municipal) services sometimes along with private services. In **Azerbaijan**, the State Agency for Public Service and Social Innovations manages the ASAN centres, which provide public services based on the one-stop-shop principle. Another example is public service halls in cities and community centres in rural communities of **Georgia**, which have been gradually opened since 2012. 58 community centres and 19 public service halls provide more than 200 public and private services based on the "one-stop-shop" principle. (Public Service Development Agency, n.d.) The public service halls are intended, among other things, for ensuring the simplification of administrative procedures and reducing corruption. In **Kyrgyzstan** local government bodies have set up 112 service centres. According to a study published by the European Union in 2017, **Ukraine** had set up integrated one-stop shop administrative centres under the name "Transparent Offices". They operate at the councils of cities – regional centres – in different parts of the country. Several "Transparent Offices" have websites, which allow users to order individual services and appointments, track the progress of their case, and obtain other informative consultations. Some of the centres provide a possibility to receive issued documents by mail and thus avoid the need to collect them in person. (Volintiru et al., 2017) In its response to this thematic study of ACN, Dnipropetrovsk Regional State Administration reported having 35 centres for provision of administrative services established in the region (23 in district state administrations, 5 in executive committees of cities of regional significance, and 7 in village and town councils). Kherson Regional State Administration reported 22 centres (in 18 districts and 4 cities of regional significance). Unified centres of state services for entrepreneurs at the hokimiyats of districts (cities) started functioning on 1 January 2016 in **Uzbekistan**. During 2016, the centres received more than 100,000 applications from entrepreneurs for 16 types of state services. In 2018, the unified centres were transformed into state service centres functioning at the People's Receptions of the President of Republic in all districts (cities). In this way, the Agency of State Services provided 64 kinds of services as of the second half of 2018.

6.2. E-services

While traditional one-stop shops are physical service-delivery spaces, an increasing number of public services are accessible on-line through online platforms. High costs (particularly due to the need to consolidate big amounts of data and to ensure the interoperability of institutional databases) and difficulties in linking different national and local institutions are two reasons why progress in this area in the countries of the Eastern Partnership used to be slow (Volintiru et al.,

2017). However, country responses reflect rapid developments in several parts of the region. A number of countries reported the existence of e-services at the local level. Below are examples of the kinds of services that are provided in this manner.

Armenia:
- property tax calculation,
- land tax calculation,
- the calculation of lease payments,
- receiving and responding to applications,
- the provision of decisions of the Elders' Council and the Community Head,
- the registration of citizens for the Mayor's audience,
- an electronic management system for kindergartens in Yerevan with a possibility of on-line registration. The reported results are improved quality of work, facilitated and regulated registration process, the reliability of information, and an improved reporting system.

Kyrgyzstan:
- The Education Authority of the City of Osh introduced an electronic queue system for the admission of children into pre-school institutions. Users can check the place of their children in the queue on-line. Moreover the Electronic Queue in Pre-school Educational Organizations project (http://www.balabakcha.edu.gov.kg/) provides such service for all citizens of Kyrgyzstan.

Latvia:
The Building Authority of Riga:
- The approval of advertisement and the issuance of placement permits – applications are submitted electronically, the electronic workflow goes to two departments (thereby ensuring the four-eye principle), the verification and management of payments take place electronically (unless a payment is made, a decision can be taken but a permit cannot be prepared). The permits are prepared and signed only electronically.
- Tree-felling permits – applications are submitted electronically, electronic workflow is ensured within the department, the verification and management of payments take place electronically (unless a payment is made, a decision can be taken but a permit cannot be prepared). The Committee of Greenery makes the decisions and its agendas are published on-line beforehand. The permits are prepared and signed only electronically.
- The submission and registration of geodesic performance measurements – land surveyors can submit and get the performance measurements approved after the end of the construction process. All decisions are signed electronically.

The municipality of Jurmala provided three examples of electronic services: the purchase of passes for vehicles entering Jurmala city, the real estate tax payment, and the registration of children for pre-school education.

Lithuania:
- In the municipality of Druskininkai, the local tax system for the resort's public infrastructure administration enables individuals to fill in accommodation registers electronically and submit declarations to the municipality administration.
- In the municipality of Vilnius, corruption risk factors were identified in relation to the admission of children to kindergartens. The introduction of the electronic registration for kindergartens reportedly helped to manage these risks. There is a large number of

electronic services on the website of Vilnius Municipality (https://paslaugos.vilnius.lt/services).

Romania

The municipality of Alba Iulia:
- the submission of complaints,
- the search of documents in the registry service,
- the consultation of the construction authorizations register, the demolition authorizations register, and the urbanism certificates register,
- reporting of irregularities such as issues with sanitation, lighting, animals, road signalisation, building discipline, etc.,
- the submission of referrals, complaints, petitions, proposals or initiatives related to the public domain through the Civic Alert application for mobile devices (https://albaiuliasmartcity.ro/en/proiect/civic-alert-2/),
- applying for audiences.

The City Hall of Craiova:
- On-line services for filing documents at the Mayoralty's Office, at the Taxes Directorate and for filing a person's records at the headquarters of the Craiova Personnel Registration Department. The services are available on the website of the mayoralty (www.primariacraiova.ro) in the e-services section. The website allows on-line scheduling of a visit to any of the three locations for submitting documents. Users of this service are able to select a date and time, subject to availability, for submitting and recording the documentation.
- The service for the submission of documents allows submitting on-line referrals, suggestions, and complaints. It also allows filing applications and adding supporting documents for the issuance of administrative documents (agreements, authorizations, certificates, etc.).
- A document tracking service.
- The on-line consultation of building permits and urban planning certificates.
- An on-line taxes and fees service for information on debts to the local budget with the possibility of paying through electronic payment instruments, without having to travel to the city hall or the bank office.
- The fee for vehicles weighing more than 3.5 tonnes in Craiova's "A" and "B" perimeters can be paid on-line.

Several municipalities (Alba Iulia, Brasov, Calarasi, Ciugud, Cumpana, Hunedoara, Iasi, Roman, Rosiorii de Vede) provide a possibility to pay taxes and fees through the portal ghiseul.ro.

Table 6.1. Summary of the kinds of local e-services reported by the selected countries
Note that these are selected services only, reported by particular local governments. There may be more e-services actually available.

Kinds of services	AR	KG	LV	LT	RO
Access to registers of documents					x
Filing registrations and submission of declarations				x	x
Submission and registration of geodesic measurements			x		
Calculation of taxes and other payments	x				
Acceptance and management of payments			x		x
Submission of applications, complaints, other documents and provision of responses	x		x		x

Application for a visit	x				x
Application for and provision of permits (e.g. advertising, construction, tree felling)	x		x	x	x
Management of access to kindergartens	x	x	x	x	
Sale of passes for vehicles			x		x

Technical features, which are used in e-services, include:
- **Accounts**: A common functionality is a possibility for citizens to create their accounts in the on-line portals, allowing them to, for example, see the situation of their possessions, payments, answers to their requests (for example, Alba Iulia in **Romania**).
- **On-line tracking of cases**: In communities in **Armenia**, it is possible to follow online requests, verify taxes and fees, etc.
- **Services machines**: Gjakova municipality in **Kosovo** introduced digital services machines (Gjakova municipality, 2017).
- **Authorisation**: In Abovyan community (**Armenia**) citizens can get online services after identifying with the identification card in the Community Management Information System.
- **Unified portals for public services**: In **Uzbekistan**, a unified portal of public services provides access to both state and municipal services (https://my.gov.uz/). A similar portal operates in **Georgia** (my.gov.ge).

Rationalization of service provision in dedicated physical spaces and in on-line environment has been a key focus of national and local authorities in many ACN countries. Advances in this area should be able to radically diminish whole types of corrupt behaviour where officials abuse their monopoly power and encourage supply of bribes by controlling access to services in a discretionary manner. This thematic study does not aim to prove correlations between reforms in service provision and actual corruption levels but the presumed rationale for the anticipated preventive effects is obvious. The easier the access to what a citizen is entitled to, the less incentive to ease the access with the help of corrupt means. Hence this area seems to be one of the most successful in terms of its potential to reduce corruption in several ACN countries.

List of references

Bashkia Shkoder (2017), *System of integrated One Stop Shops, Budget Transparency*, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Gjakova municipality (2017), *Open government*, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Martini, M. (2013), "Reducing bureaucracy and corruption affecting small and medium enterprises", *U4 Expert Answer*, U4 Anti-Corruption Resource Centre, https://www.u4.no/publications/reducing-bureaucracy-and-corruption-affecting-small-and-medium-enterprises/pdf.

Public Service Development Agency (n.d.), *Community Centre*, http://centri.gov.ge/en/about-us/history (accessed on 16 December 2018).

Viitorul (2018), *Transparency of 60 largest cities and 32 regions in Moldova*, http://localtransparency.viitorul.org/ (accessed on 16 December 2018).

Volintiru, C. et al. (2017), *Preventing corruption and promoting public ethics at the local and regional level in Eastern Partnership Countries*, European Union, http://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/preventing-corruption-and-promoting-public-ethics.pdf.

7. **Building and other permits**

Local governments issue various permits and licenses. The decision to issue or deny a permit or a license can make a major difference for the profit of a business large or small. In some cases, the very existence of a business may depend on acquiring a certain license. This chapter looks at practices where corruption risks are addressed in issuing permits for particular activities such as the construction of an object and licenses for certain types of entrepreneurship. In most countries of the region, municipalities issue certain permits. A notable exception is **Azerbaijan** where municipalities are reportedly not authorised to provide permits and licences.

Relevant measures regarding building and other permits usually aim particularly at increasing transparency or more generally at improving the services through electronic or other means.
Transparency: An example of transparent practice is found in the municipality of Pristina (**Kosovo**), which publishes in an open-data format a list of decisions granting permission for the use of public space (including the applicant, the duration of the permit, the dates of commencement and termination of the permit, a brief description of the substance of the permitted use, a reference to the awarding decision and the decision in the form of a PDF file) and a list of construction permits by year (including the date of application for the permit and issuance, the owner, company/investor, and designer, neighbourhood, the construction area in square meters, amounts of payable taxes and fees, boundaries and purpose of the object, links to the decision and the map of the object area). The decisions themselves are published as image files, which cannot be machine read. (Komuna e Prishtinës, 2018) The municipality of Calarasi (**Romania**) publishes lists of urban certificates (including the number and issuance date of the certificate, the period of validity, the beneficiary, the purpose and the address of the works) and building permits (including the issuance date, validity/duration of execution, beneficiary, the purpose and address of the works) (Primaria Municipiului Calarasi, n.d.a; Primaria Municipiului Calarasi, n.d.b). According to the response of Romania, also other local governments display on their websites construction permits on a monthly basis in order to increase transparency in the field of urban and territorial planning.

Permits through e-service: According to the response of **Romania**, the Iasi city hall has been testing an application for the electronic issuance of urban planning certificates, the extension of building permits, town planning certificates, and dismantling authorizations. The city hall of Brasov also provides a possibility to obtain urban planning certificates on-line. The possibility to receive certain permits electronically is reported also by **Armenia** (an on-line construction permit system and an on-line external advertisement installation permit system), the **FYR Macedonia** (construction permits), **Latvia** (permits related to street trade, placing of advertising, and felling of trees in Riga), and **Lithuania** (for example, permits for the installation of standard signboards)..

Changes in the way local authorities issue permits can be introduced as nationwide reforms. Thus, in 2014, **Serbia** amended the Law on Planning and Construction to introduce an integrated procedure with a one-stop shop for investors in construction industry, the exchange of documents between public authorities without citizens (investors) acting as intermediaries and a communication hub through which the authority competent for issuing a construction permit acquires and distributes documents on behalf of investors. In January 2016, Serbia launched the electronic system, which allows submitting applications and issuing construction permits through centralized software used by all involved parties: investors, local governments, public utility companies, cadastre and other institutions. (Strizovic, 2018)

> **Box 7.1. Online services of Tbilisi City Hall Architecture Service**
>
> The Tbilisi City Hall Architecture Service is a legal entity under public law within Tbilisi Municipality. The Service is accountable before the executive body in the municipality.
>
> The Architecture Service is responsible, among other duties, for setting conditions for the use of land lots for construction, approving designed construction projects, issuing construction permits. The Service issues permits for the reconstruction of cultural heritage sites. The Service has the right to legalize projects initiated without prior permission or with violations of the agreed projects.
>
> The Architecture Service has introduced on-line services to increase efficiency in the review of requests and reduce corruption risks associated with long and burdensome procedures. Requests and statements are submitted electronically through the Service's website (www.tas.ge). All accompanying documents need to be submitted through the same website (Articles 3 and 4 of the Resolution of the Tbilisi Municipality City Assembly on electronic document circulation), and there the user also receives the decision of the authority. The website also offers on-line consultations for users.
>
> The Architecture Service ensures participation of the interested party in an oral hearing in case the decision adversely affects that person.
>
> *Sources*: Information provided by Georgia for the study.
>
> Churghulia, D. (2018), *Construction permit issuing process and its monitoring*, presentation at the regional seminar "New Approaches and Practical Tools to Prevent Corruption at the Local Level", Vienna, 5-6 November 2018.

Other measures to reduce risks: Even without direct e-services to citizens, the improvement of procedures and organization can reduce corruption risks. The City Administration of Zenica (**Bosnia and Herzegovina**) reported the following measures to prevent corruption and eliminate "mediators" in the issuance of building permits:

- the availability of information on all phases of the construction permitting process,
- the adoption of an internal act on the deadlines of certain stages in the licencing process,
- greater transparency in the administrative proceedings,
- daily information on the stage of administrative cases management available to the heads of the department,
- the reception of parties at a certain time of the week with the Assistant Mayor rather than with the executors.

According to the response of the country, the results of these measures are the availability of information for citizens about the procedure and the necessary documentation, a possibility to get daily information about the current stage of decision-making, the awareness of the regular way to obtain a license without turning to the so-called mediators who "settle" matters for customers for a fee.

Straseni municipality (**Moldova**) reported the following measures in relation to issuing urban certificates, building and demolition permits:

- a document management system for tracking, managing and storing documents, which reduces the paper use and increases transparency,
- a connection to the automated information system for the management and issuance of permissive documents (building, demolition permits and informative notices) through the one-stop shop,
- a mechanism for reporting an illegal/unauthorized construction/building with a respective heading on the municipality website and a box in the city hall where citizens can report anonymously (Moldova case, 2007).

The reported measures in the area of permits enhance transparency and the ease of respective administrative procedures. The service-oriented approach to the issuance of permits reduces incentives to engage in corruption in order to circumvent unnecessary administrative hurdles. It is not equally effective against corrupt efforts to obtain permits, which should not be provided on legitimate grounds. It appears that measures to detect warning signs and record alerts of possible irregularities have not spread much in the area of issuance of permits, and this could be a direction for further innovation to prevent corruption in local governments.

List of references

Komuna e Prishtinës (2018), *Prishtina open data*, https://opendata.prishtinaonline.com/dataset (accessed on 16 December 2018).

Moldova case, UNDP Program: Promoting Integrity and Anticorruption at Local Level, Straseni Municipality, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Primaria Municipiului Calarasi (n.d.a), *Autorizații*, http://www.primariacalarasi.ro/index.php/directiile-primariei/directia-urbanism/autorizatii (accessed on 16 December 2018).

Primaria Municipiului Calarasi (n.d.b), *Certificate urbanism*, http://www.primariacalarasi.ro/index.php/directiile-primariei/directia-urbanism/certificate-urbanism (accessed on 16 December 2018).

Strizovic, J. (2018), *Electronic issuance of construction permits*, presentation at the regional seminar "New Approaches and Practical Tools to Prevent Corruption at the Local Level", Vienna, 5-6 November 2018.

8. **Territorial/urban planning**

Territorial/urban planning decisions can have major economic consequences for business operators and owners of properties and are prone to corruption. This chapter examines a few cases where local governments ensure the transparency and participatory manner of decisions regarding what can be developed where and how. However, overall information reported by authorities for this study on the practices of territorial or urban planning was relatively scarce.

Transparency: Probably the most elementary risk reduction measure in this area is the publication of plans. For example, Straseni municipality (**Moldova**) publishes the urban plan on-line and places it on the information board in the city hall immediately after the general approval. The municipality has run an awareness-raising campaign regarding the importance of the urban plan and the negative impact of non-compliance therewith. The municipality of Calarasi (**Romania**) publishes zonal urban plans and at least some detailed urban plans. There is information also about the revision of the general urban plan with supporting materials. (Primaria Municipiului Calarasi, n.d.)

Involvement of stakeholders: Since territorial planning affects the interests of the broader public, it is an area where public participation is particularly important. However, relatively few country responses describe particular examples thereof. The response of **Romania** refers to the practice of consulting the public on the intention to elaborate the urban development plan. For example, the city hall of Alba Iulia reportedly ensures citizens' participation in territorial planning starting with the stage of drafting the documentation. Consultations with the public involve collecting opinions, proposals, and objections, which are then compiled and used for the finalization of the urban planning documentation. Some specific tools for obtaining opinions of the public are representative polls (used for the Integrated urban development strategy for Ploiesti 2014-2020), working groups in neighbourhoods or online campaigns (used for the Integrated urban development strategy for Iasi 2014-2020) (Calistru, 2017).

The involvement of citizens in territorial and urban planning is mentioned also in the responses regarding several municipalities of **Bosnia and Herzegovina** (public discussions), the municipality of Riga (**Latvia**) (public hearings and meetings with interest groups), the municipalities of Alytus, Panevezys and Silale (**Lithuania**). The response of **Albania** refers to gathering citizens' opinion through dedicated spaces "Improve my city" on the websites of some municipalities, applications such as "Tirana ime" where the citizens can share data and suggestions, and public hearings on investment projects such as the reconstruction of the main (Skanderbeg) square in Tirana.

Effective participation in discussions on territorial and urban planning requires not only opportunities provided by authorities but also preparedness of citizens to dedicate time and effort in order to contribute. Incentivising and encouraging such participation appear somewhat overlooked by authorities even when formal opportunities are in place. Making citizens feel that their contributions matter takes more than the implementation of participation procedures. Probably one of the aspects where more effort is needed throughout the ACN region is feedback to citizens, which would reflect how their opinions affected decisions taken.

List of references

Calistru, E. (2017), *How to use civic tech/ open government tools to boost transparency in the local public administration, case studies from Romania*, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Primaria Municipiului Calarasi (n.d.), *PUZ*, http://www.primariacalarasi.ro/index.php/directiile-primariei/directia-urbanism/puz, *PUD*, http://www.primariacalarasi.ro/index.php/directiile-primariei/directia-urbanism/pud, *PUG*, http://www.primariacalarasi.ro/index.php/directiile-primariei/directia-urbanism/pug (accessed on 16 December 2018).

9. **Planning and execution of local budgets**

Budgets can be abused in a variety of ways, for example, budget resources can be used in order to maintain clientelist networks or otherwise misappropriated. This chapter examines good practices in planning and executing local budgets that have preventive effects on corruption.

9.1. Transparency of local budgets

As can be expected, municipalities throughout the region publish information on draft budget plans, adopted budgets and actual expenditure. However, the formats of publication as well as the scope and level of detail of the information vary. In addition to the publication of the actual budget documents, some municipalities prepare special brochures, which present the main budget data to citizens in a more accessible form.

The publication of budget documents and data: The municipality of Pristina (**Kosovo**) publishes, in a machine-readable format, categories of revenue with annually planned and realized amounts. Data on expenditure are published in monthly, quarterly and annual formats arranged according to administrative/functional and economic classification. Plus the whole annual budget is presented by economic and administrative categories with descriptions regarding the purpose of expenditure. There is also information on the recipients of subsidies. (Komuna e Prishtinës, 2018) The municipality of Gjakova publishes budget spending visualization although its level of detail appears limited (Gjakova Portal, 2018). The municipality of Vilnius (**Lithuania**) publishes its budget data on-line including the distribution of appropriations by spending units of the local government and their programs, detailed reports on the execution of the budget (in excel format), and financial statements (in PDF format) (Vilniaus miesto savivaldybė, 2018a). The local government of Silale district also publishes quarterly and annual reports on the execution of budget and financial statements although only as document scans, which make machine reading hard or impossible (Šilalės rajono savivaldybė, 2018). In responses to this study, the municipalities of Alytus and Panevezys reported that they published budget plans on their websites. The municipality of Calarasi (**Romania**) publishes open data of the local budget, which include details of the annual budget plus projections for the coming three years, budget amendments, payments on a monthly basis with exact dates, amounts and recipients as well as monthly salaries by job titles (Primaria Municipiului Calarasi, n.d.). Similar data (except for detailed information on payments) are available on the websites of the municipality of Alba Iulia and the Bistrita Nasaud county council although in the PDF format. Some of the documents are scanned and difficult for machine reading. (Consiliul Judeţean Bistriţa-Năsăud, 2018; Primaria Municipiului Alba Iulia, 2018) Municipalities also publish data on their investments.

The response of **Armenia** mentions the on-line publication on community websites of annual community budgets and implementation reports, summary bulletins, brochures and booklets as an important practice for informing the public. The publication of the city budget, the budget execution report and a summary budget in the form of a brochure "Budget for citizens" was reported by the City Administration of Zenica (**Bosnia and Herzegovina**) (Grad Zenica, 2018). According to the response of **Georgia**, Akhaltsikhe, Batumi, Kutaisi, and Ozurgeti municipalities published on their websites full versions of the budgets. In February 2017, citizen's guides to the city budgets were developed with data on revenues, expenditures and public services. The guides were printed as brochures and distributed among interested parties. Meanwhile there is

evidence that the overall situation may still need to improve. In 2017, the Local Self-government Index found municipal bodies failing to proactively publish information about their administrative expenses (Toklikishvili et al., 2017). The response of **Montenegro** states in general terms that local governments comply with legal rules, which require, among other things, holding public debates as well as publishing draft budgets and final statements of budget accounts.

In **Moldova**, Straseni region received the highest evaluation 100% in the category of budgeting in the ranking published by Viitorul.This means that the draft of the budget for 2017 was consulted with the public, the draft budget for 2017 contained a description of all items (programs, subprograms and other parts of the budget), including a brief justification for each item in the income section and section of expenses, corrections to the 2016 budget were submitted for public consultation, the current budget of the territorial-administrative unit was available on the website, plus the budget was available on the website for at least the last three consecutive years (2015 - 2017), and the annual reports on budget execution for 2016 were available on the official website. (Viitorul, 2018)

Table 9.1. Categories of budget-related information that can be published

Detailed and summary draft budgets and amendments for consultations before adoption; justification for envisaged items
Categories of revenue (planned and collected amounts on monthly, quarterly, annual basis)
Administrative, functional, and economic categories of expenditure (planned and expended amounts on monthly, quarterly, annual basis)
Explanations of purposes of expenditure; spending visualisations; maps of the territorial distribution of spending; summary bulletins or brochures (printed and/or electronic); guides for citizens
Recipients of subsidies; other payments with exact dates, amounts and recipients
Monthly salaries by job titles and other salary-related data
Projections of budgets for coming years

Interactive publication: Some municipalities have started publishing budget data on-line in innovative formats, which visualise the information and permit interactive exploration of the data. For example, the budget transparency on the website of the Shkodra county (**Albania**) is ensured through a map, which shows expenses by program and expenditure items, how much funds are planned and spent where, funding sources, and, in some cases, also implementers, start and end dates. There are links to more detailed information and a possibility to submit suggestions. The map also reflects the planned and realized amounts of revenue by territorial units, the amounts of transfers and the total budget of the county. A citizen can also calculate the amounts of local taxes and fees payable. (Bashkia Shkodër, 2018) The municipality of Yerevan (**Armenia**) has the "Yerevan Interactive Budget" web page, which represents the sectoral distribution of the community funds since 2015 and allows on-line monitoring of executed and planned expenses. It is possible to zoom in the data to the level of particular contractors with start and end times of contracts, planned amounts and payed amounts. (Yerevan Municipality, 2018)

The publication of salaries and related data: According to the response of **Armenia**, in 2014 the municipality of Yerevan started publishing on its website the accounts of subordinated organizations of the municipality, their staff lists, summary data on the tariff lists and actual performance as well as the number of community staff and information on the planned salary fund. The municipality of Vilnius (**Lithuania**) publishes the average monthly salaries of civil servants and employees categorized by job titles, salaries of the managers of the municipality's enterprises on a monthly basis, average salaries of other employees of enterprises and institutions subject to municipal regulation and education institutions (Vilniaus miesto

savivaldybė, 2018b).

Other budget accountability measures: The response of **Azerbaijan** mentions the accountability of municipalities in relation to the parliament. Namely, the Law on the Status of Municipalities (Article 52-2) requires municipalities to report to the parliament on the exercise of additional powers granted to the municipalities by the legislature and the executive under the Article 144.2 of the Constitution and on the use of funds allocated to the local budgets from the state budget in specific cases prescribed in the law. Municipalities shall also prepare and disclose a written report to voters annually on the use of funds and municipal property. The report is placed on designated boards in front of the municipal building as well as delivered to the public by announcements, bulletins, leaflets, local press, internet site and other means.

9.2. **Public participation in budgeting**

The involvement of the public in developing local budgets is a widely recognized trend across the region. The numbers of involved citizens and the depth of the involvement vary. However, at least some form of consultation opportunity can be considered a current de-facto standard.

Consultations: Many of the responses for this study mention different forms of public consultations or debates regarding municipal budget proposals. For example, according to the response of **Armenia**, the organization of public discussions in the budget area has revealed ideas and opinions of all stakeholders, shown the public opinion on the debated issues, identified alternative approaches and options. For example, the draft budget of the municipality of Yerevan reportedly passes through all stages of public discussions every year. The draft budget is posted on the unified website for the publication of the legal acts of the Ministry of Justice (http://www.e-draft.am) as well as on the website of the Yerevan municipality. Public hearings regarding the draft budget are reported also by the municipality of Gracanica (**Bosnia and Herzegovina**). The response of **Georgia** states that priorities identified by the local population during public consultations have been taken into consideration in the budget planning of Akhaltsikhe, Batumi, Kutaisi and Ozurgeti municipalities. The Council of Civil Advisors (one of the forms of citizen participation envisaged in the Local Self-government Code, which shall, among other things, review draft municipal budgets) in the municipality of Rustavi reportedly adopted a mechanism for citizen participation in the municipal budget development. As with regard to the publication of budget data, the Local Self-government Index of 2017 was also critical in its assessment of the practice of consultations with citizens and claimed that the absolute majority of municipalities did not ensure citizen participation in the budget planning process (Toklikishvili, 2017). In the budgeting process, recommendations are adopted and forwarded to the mayor. Responses of **Albania** and **Romania** also referred to the practice of consultations on local budgets[10].

Kyrgyzstan reported the mechanism of public budget hearings, which is envisaged in the Budget Code of Kyrgyzstan. The hearings shall take place as open debates on the formation and execution of budgets on the basis of initiative by executive bodies. Materials for the hearings shall be published on-line 10 days beforehand. Participants and representatives of the media shall be registered on the day of the hearing. The executive body shall draft a protocol and concluding documents with results, compile proposals and inform the participants on decisions made based on the review of the proposals.

Participatory budgeting: An even deeper involvement of the public in the local budget formation is granting certain decision-making rights to the population. Allowing community members to

---

[10] See minutes of participatory budget hearings in Tirana (in Albanian): http://www.tirana.al/publikime/buxheti/.

submit proposals and decide in a direct vote on how to spend a part of a budget is called participatory budgeting and has become a popular tool in some countries of the region. The first full participatory budgeting process took place in 1989 for the municipal budget of the city of Porto Alegre in **Brazil** (Participatory Budgeting Project, n.d.). Since then, participatory budgeting spread to such diverse countries as Argentina, Ecuador, India, Indonesia, Italy, Peru, Portugal, South Africa, Spain, United Kingdom, the United States, Uruguay, Venezuela, etc. (Open Government Partnership, 2017)

Box 9.1. Participatory budgeting in Tartu (Estonia)

Tartu city launched a participatory budget procedure in 2013 and carries it out annually. The inhabitants of Tartu can decide on spending EUR 200,000 EUR, which constitutes approx. 1% of the total annual investment budget. According to information published by the city government, the process of participatory budgeting consists of the following stages:

- A call for ideas where every citizen can present an idea, which must qualify as an investment and cost no more than EUR 100,000.
- Experts analyse the presented ideas and consider their feasibility.
- Discussions are held about the ideas and their impact between the experts and the individuals behind the ideas. The discussions determine, which ideas are submitted for the concluding vote.
- The city government presents the selected ideas on-line and in public spaces. The submitters of the ideas can engage to seek support for them.
- At the stage of public voting, citizens aged 16 or more can vote for all of the selected ideas electronically or in person.
- Two ideas, which receive most support, are implemented.

The winning ideas in 2018 were equipment for physical activities at the outdoor area of the Tartu City Centre School and the renovation of a sports ground outside the Tartu Descartes' School and the Tartu Hansa School.

Source: Tartu City Government (2018), *The participative budgeting process in Tartu*, https://www.tartu.ee/en/participative-budgeting.

In **Poland**, the city of Sopot introduced the participatory budgeting for the first time in 2011. The practice spread widely in 2014-2016 when the number of cities with district rights, which used participatory budgeting, increased from 32 to 62. (Olejniczak and Bednarska-Olejniczak, 2017) In 2017, rules on the civic budget were added to the laws on the local governments of communes, districts, and voivodships. The share of the budget subject to this mechanism is at least 0.5% of municipal expenditure in cities with the rights of districts. It shall not be possible to remove or essentially change items that have been approved by citizens' vote. The use of the civil budget remains optional for communes, which do not represent cities with the rights of districts.[11] (Legalis administracja, n.d.)

According to the country response, the municipality of Craiova (**Romania**) has envisaged a participatory budgeting project in order to involve citizens more actively. The proposed budget for the program "Participatory Budget – Craiova 2019" is EUR 900,000 for six projects with the maximum value of EUR 150,000 per project. Citizens will be able to submit projects on-line in the following areas:

- street infrastructure: alleys, sidewalks, squares, pedestrian areas,
- cultural and educational infrastructure,

---

[11] *Ustawa z dnia 8 marca 1990 r. o samorządzie gminnym*, http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU19900160095/U/D19900095Lj.pdf.

- decorating public spaces (urban furniture, public lighting, etc.),
- green areas and playgrounds,
- mobility, accessibility and traffic safety,
- the digital city.

The municipality of Calarasi also runs participatory budget process with proposals from citizens (Calarasi.info, 2016; Calarasi.info, 2018).

Ukraine reported the citizens' budget program implemented in the city of Kropyvnitsky where any local resident who is at least 16 years old and who is a citizen of Ukraine may submit a project for financing. 40% of the total "citizens' budget" are allocated for small projects (up to UAH 150,000 or approx. EUR 4,800), 50% are allocated for large projects (from UAH 150,001 to UAH 1,000,000 or approx. EUR 31,800), and 10% are allocated for social projects. The projects shall be implementable in the course of one year and be within the competence of local government bodies. The submitter of a project shall fill a form and add a list of individuals supporting the project (at least 25 supporters for small and social projects and at least 50 for large projects). After the review of submitted projects, the Department of Economy of the City Council publishes the preliminarily approved projects on the website. After that a voting period of 12 calendar days takes place. (Міська рада міста Кропивницького, n.d.) In 2017, 23 such projects were implemented, for example, the improvement of the Pokrovsky Park (UAH 740,500) and the reconstruction of sports grounds in the city centre (UAH 100,000).

Uzbekistan has decided to introduce participatory budgeting in districts (cities) starting with 2019 based on Presidential Decree of 22 August 2018.

Box 9.2. "Consul" software for citizen participation

One software solution that can be used for participatory budgeting is the "Consul" open source digital platform, which is available free of charge and can be used for collecting citizens' proposals, running voting procedures, ensuring participation in the preparation of legislation and action plans, implementing participatory budgeting, carrying out advanced participation processes with regard to such matters as urban development or complex institutional plans, and holding debates.

According to the published dossier of the software, specific features for participatory budgeting are an interface, which allows evaluating proposals, easily configurable process phases, an advanced voting system for multiple proposals, and creation of independent budget allocations for areas, districts, and neighbourhoods.

The application can be configured for specific needs of the administration, for example, to define phases, deadlines, thresholds in participation processes or adjust participation requirements for each process.

In the ACN region, the application has been used for participatory budgeting in the municipality of Kranjska Gora (**Slovenia**). The software has also been applied in Tirana (**Albania**).

Source: *Consul*, http://consulproject.org/en/ (accessed on 16 December 2018).

The exact correlations between budget transparency and participatory budgeting, on the one hand, and preventing effects against corruption, on the other hand, will likely remain matters of debates among scholars and policy makers. Nevertheless, data of this thematic study show that good practices of transparency and participation have become established at local level in particular local entities or whole countries. Anticipated benefits of such practices extend beyond countering corruption while hardly any significant negative side effects occur. Therefore, their further expansion throughout the ACN region should be encouraged in the future.

List of references

Bashkia Shkodër (2018), *Transparenca e buxhetit*, http://scm.smartprocesses.net/smartapps/scm/geoportal/map.aspx (accessed on 16 December 2018).

Calarasi.info (2018), *Buget 2018/Iată ce propuneri a primit Primăria Călăraşi din partea călărăşenilor*, http://www.calarasi24.info/2018/01/18/buget-2018-iata-ce-propuneri-a-primit-primaria-calarasi-din-partea-calarasenilor/.

Calarasi.info (2016), *Primăria Călăraşi aşteaptă propuneri pentru bugetul anului 2017*, http://www.calarasi24.info/2016/12/27/primaria-calarasi-asteapta-propuneri-pentru-bugetul-anului-2017/.

Consiliul Judeţean Bistriţa-Năsăud (2018), *Indicatori bugetari*, http://www.portalbn.ro/cj/Pagini/IndicatoriBugetari.aspx (accessed on 16 December 2018).

Gjakova Portal (2018), *E-shpenzimi*, http://gjakovaportal.com/al/e-Sh%C3%ABrbimet/e-Shpenzimi (accessed on 16 December 2018).

Grad Zenica (2018), *Budžet za građane*, http://www.zenica.ba/gradska-uprava/budzet/budzet-za-gradane/ (accessed on 16 December 2018).

Komuna e Prishtinës (2018), *Prishtina open data*, https://opendata.prishtinaonline.com/dataset (accessed on 16 December 2018).

Legalis administracja (n.d.), *Budżet obywatelski na nowych zasadach*, https://gov.legalis.pl/budzet-obywatelski-na-nowych-zasadach/.

Olejniczak, J. and D. Bednarska-Olejniczak (2017), *Participatory Budgeting in Poland - Finance and Marketing, Selected Issues*, conference paper, Hradec Economic Days 2017, https://www.researchgate.net/publication/313107510_PARTICIPATORY_BUDGETING_IN_POLAND_-_FINANCE_AND_MARKETING_SELECTED_ISSUES.

Open Government Partnership (2017), *Participatory Budgeting: Spreading Across the Globe*, https://www.opengovpartnership.org/stories/participatory-budgeting-spreading-across-globe.

Participatory Budgeting Project (n.d.), *What is PB?*, https://www.participatorybudgeting.org/what-is-pb/.

Primaria Municipiului Alba Iulia (2018), *Bugetul primăriei*, http://www.apulum.ro/index.php/primaria/buget (accessed on 16 December 2018).

Primaria Municipiului Calarasi (n.d.), *Budget*, http://www.primariacalarasi.ro/index.php/informatii-de-interes-public/buget (accessed on 16 December 2018).

Šilalės rajono savivaldybė (2018), *Biudžeto vykdymo ataskaitų rinkiniai*, http://silale.lt/go.php/Biud%C5%BEeto%20vykdymo%20ataskait%C5%B3%20rinkiniai258, *Finansinių ataskaitų rinkiniai*, http://silale.lt/go.php/Finansini%C5%B3%20ataskait%C5%B3%20rinkiniai422 (accessed on 16 December 2018).

Toklikishvili, G. et al. (2017), *Local Self-government Index: Key Findings and Recommendations*, http://www.osgf.ge/files/2017/Publications/LSGINDEX_English_version.pdf.

Viitorul (2018), *Transparency of 60 largest cities and 32 regions in Moldova*, http://localtransparency.viitorul.org/ (accessed on 16 December 2018).

Vilniaus miesto savivaldybė (2018a), *Biudžeto vykdymo ataskaitų rinkiniai*, https://vilnius.lt/lt/biudzeto-vykdymo-ataskaitu-rinkiniai/, *Finansinės ataskaitos*, http://www.vilnius.lt/index.php?317022570, *Vilniaus miesto savivaldybės biudžetas*, https://vilnius.lt/lt/biudzeto-suvestine/ (accessed on 16 December 2018).

Vilniaus miesto savivaldybė (2018b), *Vilniaus miesto savivaldybės valstybės tarnautojų ir darbuotojų, dirbančių pagal darbo sutartis, vidutinis mėnesinis nustatytasis (paskirtasis) darbo užmokestis*, https://vilnius.lt/lt/personalas-ir-teise/darbo-uzmokestis/darbo-uzmokestis-2018-m-i-ketv/ (accessed on 16 December 2018).

Yerevan Municipality (2018), *Interactive budget for Yerevan*, http://budget.yerevan.am/ (accessed on 16 December 2018).

Міська рада міста Кропивницького (n.d.), *Громадський бюджет*, http://kr-rada.gov.ua/gromadskiy-byudzhet/ (accessed on 16 December 2018).

10. **Procurement**

Procurement is one of the most universally recognised areas of corruption risk. While a full review of local procurement regulatory regimes is beyond the scope of this chapter, it examines particular kinds of good practices of regulations and tools to prevent corruption in procurement at local level.

E-procurement: Hard evidence on the anti-corruption effects of electronic procurement is missing. However, e-procurement has contributed to increased numbers of bidders, more international deliveries, higher quality of implementation and saved costs (Congress of Local and Regional Authorities, 2017). In responses, which mention e-procurement, it has been introduced at the local level mostly as part of the system at the national level. For example, the municipalities in **Armenia** and **Latvia** that carry out larger purchases used electronic procurement systems, which have been developed in the framework of the national procurement systems. In **Kyrgyzstan**, the Law on Public Procurement requires that all purchasing organizations and suppliers use the electronic procurement through the public procurement web portal. The municipalities of Vilnius and Alytus (**Lithuania**) and those in **Romania** also reported implementing e-procurement systems. The response of **Ukraine** mentions the practice of Popasna district where procurement below thresholds set in the Law on Public Procurement used to be conducted through direct negotiations associated with corruption risks. To reduce the risks, based on an order, lower thresholds were established, above which procurement must proceed through the electronic ProZorro system. Reportedly, this resulted in saving UAH 800,000 in 2017. The introduction of e-procurement system in Ukraine is generally seen as a major step, which enhanced transparency and reduced corruption in public procurement. Since 2016 all public procurement above set thresholds (UAH 200,000 for goods and UAH 1.5 million for works and services) must be carried out through this system. (OECD, 2017)**Transparency**: In **Moldova**, Balti municipality received the highest evaluation (100%) in the category of public procurements in the ranking published by Viitorul. According to the methodology of the ranking it means that the public procurement announcement is published, the results of public procurements are publicly placed, the archive of procurement outcomes of (at least) the last 2 years is available on the website, the public is informed about award notices (public procurement's results), and quarterly/biannual and annual monitoring reports on the execution of public procurement contracts are published on-line. (Viitorul, 2018)

In the municipality of Straseni, the Strategic Plan of Integrity and Anti-corruption Actions of 2017 envisaged enhancing transparency of the entire public procurement process and in particular:
- the publication of all announcements (intention, participation and award of the contract) on the website of the municipality and the information board as well as in the local media and radio,
- a series of workshops for the public procurement working group, municipality managers and contractors about the use of the new national e-procurement system,
- the involvement of the local council in monitoring procurement procedures and contracts by setting-up a committee responsible for the permanent monitoring of procurement,
- the transformation of the public procurement section on the municipality website into an electronic register of public procurement, including real-time information on the level of contract implementation (Moldova case, 2017).

Overall many municipalities in **Latvia**, **Lithuania**, **Romania** and elsewhere have sections of their websites dedicated to procurement.

Other administrative measures: The municipality of Riga (**Latvia**) reports the rotation of the members of procurement commissions of municipal authorities and the delegation of representatives of the Legal Board and Finance Department as full voting members to the procurement commissions. Information on procurement planned in the current year, decisions on procurement results and concluded contracts is published in the procurement section of the municipality website. The municipality has been centralizing procurement for its authorities and this has reportedly reduced the number of complaints submitted to the state Procurement Supervision Bureau about procurement in Riga municipality. The local government of Silale district (**Lithuania**) carried out a risk assessment regarding simplified procurement. The assessment found that the examination of complaints regarding procurement was not regulated in sufficient detail, publicly available information on the standing commission for simplified procurement was outdated and the functions of the commission members were unclear, recommendations regarding the appointment of a person responsible for the organization of procurement and supervision of procurement procedures have not been taken into account, and information published on the website of the local government was deficient. (Šilalės rajono savivaldybės meras, 2017) The municipality of Roman (**Romania**) has adopted the Code of Ethical Conduct for the Procurement Process. The Code covers the fundamental principles of public procurement, prevention and identification of corruption as well as measures to combat corruption in the process of awarding public procurement contracts, actions that relate to the phenomenon of corruption (including offences as defined in the law), ethics risks in the process of awarding public procurement contracts, and risk avoidance measures. (Municipiul Roman, 2012).

Monitoring: In **Georgia**, Transparency International created the on-line Tender Monitor tool. The tool provides detailed profiles of every supplier (national and local) and procurer registered in the procurement system. Tender Monitor draws data from the procurement platform of the Competition and State Procurement Agency. Each tender, which is stored in the system, is checked against indicators of corruption risk. Users of the website can view, which tenders demonstrate higher risk. The flags of corruption risk include a large difference between the estimated cost and the final contract value, a newly founded company or a newly registered supplier as a winner, only one participant in the tender, requirements for provider's experience, disqualification of any participant of the tender, a supplier linked to an offshore zone, envisaged possibility of issuing advance payment. The presence of the flags does not prove any irregularity but is meant to signal a possible vulnerability. (Transparency International Georgia, 2018) In **Kosovo**, Open Data Kosovo has been collecting and visualizing municipal procurement data on the e-prokurimi platform. The platform features an algorithm of red flags, which automatically detects possible irregularities in the procurement processes. (Open Data Kosovo, 2018) Data of 2016 are available regarding five municipalities – Ferizaj, Gjakova, Gjilan, Prishtina, and Vitia. For example, in the case of Pristina, the portal published data on procurements with the total planned value of EUR 37,772,870.86 and contracted value (plus annexes) of EUR 22,467,147.26. Ten criteria for red flags have been defined, for example, the value contracted by the municipality is equal to the value foreseen or differs from the value foreseen by more than 10%. (Open Data Kosovo, n.d.) Civil society on-line tools for monitoring public procurement exist also in other countries of the region, for example, the Anti-corruption Monitor in **Ukraine** (Антикорупційний монітор, 2016).

The procurement section of the website of the municipality of Vilnius (**Lithuania**) invites users to vote on-line and express opinion on the transparency of each procurement. Upon the receipt of more than 500 votes, which express doubt, the municipality undertakes to entrust the Internal Audit Service with verifying the particular public procurement procedure and publish the results of the verification. (Vilniaus miesto savivaldybė, 2018).

In addition to the need to have sound procurement procedures and use electronic procurement systems, in this area, the advantages of online disclosure of data and automatic monitoring of red flags are particularly obvious. As examples of Ukraine and other countries reveal, the new technical possibilities to ensure transparency and monitoring can result in savings, which would have been hardly possible just a decade ago. Civil society organizations have been trailblazers in developing automatic monitoring tools and their efforts will remain important also in the future. The data of this thematic study suggest that local authorities have been somewhat less proactive to innovate in this respect. The national and local authorities in ACN countries can realize significant corruption prevention potential by adapting and introducing monitoring practices, which have already been effective in some parts of the region.

List of references

Congress of Local and Regional Authorities (2017), *Making public procurement transparent at local and regional levels*, https://rm.coe.int/making-public-procurement-transparent-at-local-and-regional-levels-gov/168074cf72.

Moldova case, UNDP Program: Promoting Integrity and Anticorruption at Local Level, Straseni Municipality, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Municipiul Roman (2012), *Codul de conduită etică în desfăşurarea procesului de achiziţii publice*, http://www.primariaroman.ro/20181130backup/SNA/2015-03-05%20COD%20CONDUITA%20%20_ACHIZITII.pdf.

OECD (2017), *Anti-corruption reforms in Ukraine, 4th round of monitoring of the Istanbul Anti-Corruption Action Plan*, OECD Anti-Corruption Network for Eastern Europe and Central Asia, https://www.oecd.org/corruption/acn/OECD-ACN-4th-Round-Report-Ukraine-ENG.pdf.

Open Data Kosovo (2018), *E-prokurimi*, http://www.opendatakosovo.org/digital-solutions/2017/08/05/e-prokurimi/ (accessed on 16 December 2018).

Open Data Kosovo (n.d.), *Çfarë janë "Red Flags"?*, http://e-prokurimi.org/prishtina/red-flags (accessed on 16 December 2018).

Šilalės rajono savivaldybės meras (2017), *Korupcijos pasireiškimo tikimybės nustatymo išvada dėl Šilalės rajono savivaldybės supaprastintų viešųjų pirkimų vykdymo*, https://www.stt.lt/documents/kpt_2017/KPT_Silale.pdf.

Transparency International Georgia (2018), *Tender Monitor*, https://tendermonitor.ge/en (accessed on 16 December 2018).

Viitorul (2018), *Transparency of 60 largest cities and 32 regions in Moldova*, http://localtransparency.viitorul.org/ (accessed on 16 December 2018).

Vilniaus miesto savivaldybė (2018), *Viešieji pirkimai*, https://vilnius.lt/lt/viesieji-pirkimai/ (accessed on 16 December 2018).

Антикорупційний монітор (2016), http://acm-ua.org/ (accessed on 16 December 2018).

11. Management of assets and municipally-owned enterprises

This chapter examines good practices in managing municipal assets and enterprises, which have preventive effects against corruption. Local governments often own considerable assets such as real estate, fleets of vehicles or stock in companies. All these assets should fully be used for the benefit of the public interest just as all of them can be potentially abused for the personal benefit of particular officials or persons related to them.

11.1. Management of assets

Recording of assets and transparency: A key task in managing assets and a necessary precondition for transparency is ensuring clarity regarding what a local government owns. As of 2017, one of the strategic objectives of the Strategic Plan of Integrity and Anti-corruption Actions of the municipality of Straseni (**Moldova**) was to ensure efficiency and transparency in land management – public property of the municipality. Activities to this end included the delimitation and registration of all land, which is public property in the municipality, the implementation of land management software, the organization of training for responsible officials on the management of public property, software use, legal issues, and the procedure of land delimitation/ registration. (Primăria Municipiului Strășeni, 2017) In 2014, the municipality of Osh (**Kyrgyzstan**) created a commission for recording the objects of municipal property. In 2016, the City Council approved the register of municipal property.

The city administration of Zenica (**Bosnia and Herzegovina**) reported publishing a list of 325 business premises owned by the city with data on their size, purpose, address, and the name of the user. The municipality of Riga (**Latvia**) reports that all information about premises, buildings, built-up and undeveloped land owned by the municipality and available for purchase or lease is available on the websites of authorities in charge, for example, the Property Department of Riga Council (www.rdid.lv). The website also includes information on land that is available for exchange.

- The municipality of Calarasi (**Romania**) had developed an integrated database on educational institutions, which comprised information on land provided to them; annual averages over the last 3 years of material expenditure and repairs; capital expenditures, inventory items, fixed assets for the last 3 years; monthly consumption of utilities (value and quantity) and annual averages over the last 3 years; budget required and investment projects for 2018; the disposal of fixed assets / goods over the past 3 years; the list of leased premises within the educational institutions.

The sale of property: The responses to the study rarely mention arrangements for the sale or other forms of disposal of municipal property. However, when such sale is considered or takes place the risks of potential abuse can be considerable. In **Moldova**, Balti municipality and Straseni region received the highest evaluation (100%) in the category of sale of public property in the ranking published by Viitorul. In case of a city, according to the methodology of the ranking it means that information on the results of auctions / contests / direct negotiations selling / renting / leasing property belonging to territorial-administrative unit, the archive of the results for at least the last two years, the rule on the award of land plots for construction of individual residential houses, and the list of people standing in line for improvement of living conditions / assignment

of land plots for construction of individual residential houses are published. (Viitorul, 2018) In the country responses, public tenders for the sale of state property were mentioned regarding the municipality of Gracanica (**Bosnia and Herzegovina**) and at the level of regions in **Uzbekistan**. **Vehicles**: The municipalities of Jurmala and Riga (**Latvia**) reported using systems to track municipal vehicles. The response of Riga states that the implementation of a procedure for the use of road vehicles, the determination of routes, limits for fuel and supervision (including planned and ad hoc checks) have reduced the level of risk of using the vehicles for personal needs.

11.2. Governance of municipally-owned enterprises

Municipalities often invest resources in municipally-owned enterprises, which provide essential utilities and manage major assets. The governance of state-owned enterprises is a complex area and many of its aspects are covered in international standards and recommendations such as the OECD Guidelines on Corporate Governance of State-Owned Enterprises. In most countries, the governance of enterprises owned by the state and municipalities takes place within at least partly identical legal framework. This sub-chapter focuses on initiatives that local governments undertake to improve the governance and mitigate corruption risks in the enterprises.

Anti-corruption measures: According to the response of **Bosnia and Herzegovina**, directors and other representatives of companies owned by the city of Zenica were involved in drafting the local Strategic Anti-Corruption Plan upon the initiative of the mayor who performs the function of the shareholder assembly of public companies. All employees of the companies filled questionnaires for determining susceptibility to corruption in specific areas. Key expert individuals from the companies participated in identifying the causes of the susceptibility and measures to mitigate them. Some representatives of the companies were included in the monitoring team for the implementation of the Anti-corruption Strategic and Action Plan 2013-2016. The Action Plan envisaged, among other things, creating websites for those public companies, which did not have them yet, posting all data relevant to service users such as the type and price list of services as well as the approval of prices by a pricing body.

According to the report on the implementation of the Corruption Prevention Program of Vilnius city local government (**Lithuania**) in 2017:

- the enterprises controlled by the local government were requested to create sections "Corruption Prevention" on the company websites or supplement already existing sections,
- the Public Procurement Division analysed the public procurement of municipal enterprises with a value greater than EUR 300 000 exclusive of VAT and provided comments directly to the enterprises (most often the comments concerned qualification conditions, splitting of procurement objects and the application of the bank and insurance guarantees),
- municipal enterprises, when preparing conclusions about the probability of corruption occurrence, consulted with specialists from the Corruption and Misconduct Prevention Unit of the Personnel Department who provided comments on draft conclusions before submitting them to the Special Investigation Service (Vilniaus miesto savivaldybė, n.d.).

According to the response of **Latvia**, municipal enterprises of Riga develop and implement anti-corruption action plans and report on their implementation to the Committee for Security, Order and Corruption Prevention Matters.

Transparency and other governance measures: As of 2017, one of the strategic objectives of the Strategic Plan of Integrity and Anti-corruption Actions of the municipality of Straseni

(**Moldova**) was improving the quality of sanitation service by increasing the transparency and efficiency of the municipal enterprise "Gospodaria comunala Straseni". The activities to this end include:

- defining, completing and approving the inventory of movable and immovable property related to the service,
- creating a website for the enterprise (or a subpage within the municipality website),
- publication of the annual performance report, statutes, internal regulations, auditor's report, annual procurement plan, and CVs of the managers of the enterprise,
- elaboration, approval and publication of contracts for the delegation of management services, the annual activity plan of the service, the terms of reference (specifications), performance indicators, tasks and competencies of the director and the staff of the enterprise. (Primăria Municipiului Strășeni, 2017)

Other measures in countries' responses include reports on the work of municipal companies (the municipalities of Gracanica and Kladanj in **Bosnia and Herzegovina**), display of the economic and performance indicators of municipal enterprises in open format (the municipality of Calarasi in **Romania**), and centralised accounting and document management systems of municipal companies (the municipality of Panevezys in **Lithuania**).

The practices of local governments with regard to the management of assets and municipally-owned enterprises show that clarity about what is owned and transparency about how it is used are the cornerstones of prevention of corruption in this area. With regard to assets such as real estate, ensuring easy public access to information alone can sometimes be a deterrent against their misuse for private benefit. With regard to municipally-owned enterprises, a more complex set of good corporate standards is essential. The relative scarcity of information provided by authorities on local corporate governance suggests the need to further tackle corruption risks by merit-based selection of board members of enterprises, clear goal setting, monitoring of performance, introducing internal anti-corruption procedures and adhering to other internationally recognised practices.

List of references

Primăria Municipiului Strășeni (2017), *Plan strategic de integritate şi acţiuni anticorupţie al Primăriei municipiului Străşeni*.

Viitorul (2018), *Transparency of 60 largest cities and 32 regions in Moldova*, http://localtransparency.viitorul.org/ (accessed on 16 December 2018).

Vilniaus miesto savivaldybė (n.d.), *Vilniaus miesto savivaldybės administracijos 2017-2018 metų Korupcijos prevencijos programos priemonių įgyvendinimo 2017 m. ataskaita*, https://vilnius.lt/wp-content/uploads/2018/08/2017_Korupcijos_prev_priem_ataskaita.docx.

12. Other practices of transparency

Disclosure of public information is key to ensuring accountability and a potent preventive factor against corruption. The chapter focuses on specific examples such as the use of open data in addition to activities described previously. The review examines cases where open data and other information are made available, reused and disseminated in ways that create restraints against the abuse of public power for personal gain.

The implementation of freedom of information legislation: Several country responses indicated that municipalities carried out actions to comply with freedom of information rules. According to the response of **Albania**, all municipalities have appointed co-ordinators for the right to information and published their transparency programs, which describe all categories of information and the way of its publication by the public authority, in compliance with the Law on the Right to Information. The on-line information covers legislation, licensing and permits issued by the municipality, the entire process of public procurement, the entire information on public services offered by the municipality, and expenditures. In **Armenia**, the municipality of Yerevan and other municipalities publish information in compliance with the Law "On Freedom of Information", which requires that information holders publish at least once a year several categories of information such as works and services performed for the public, the budget, the forms of written inquiries and guidelines on filling them, staff lists with contact details, hiring procedure and vacancies, the list of held (maintained) information and the procedures of providing it, etc.[12] In **Romania**, reportedly all local governments have designated persons responsible for implementing the Law on Free Access to Information of Public Interest and the Law on Decisional Transparency in the Public Administration. The municipality of Roman reported publishing reports on the implementation of these laws.

Interactive resources: Open Data Kosovo created the map of illegal dumps in Gjakova (**Kosovo**). The preparation involved 30 young volunteers and made use of the open data of the local waste management company. 686 illegal dumping sites have been reported within the project. (Open Data Kosovo, n.d.) The municipality of Osh (**Kyrgyzstan**) in co-operation with the organization "Youth of Osh" created an interactive on-line map of applications in order to monitor the satisfaction of the population with municipal services and ensure speedy communication between the population and the municipality. The map allows posting observations and proposals regarding municipal services in particular locations (http://map.oshcity.kg). The municipality of Hunedoara (**Romania**) has published a map, which reflect investments by categories (installations and equipment, recreation spaces, video systems, etc.). It is possible to click on each investment to see details such as the total value of the investment, start and completion dates, source of funding, objectives, results, images, etc. As of May 2018, the website contained information on 139 investment projects (http://hartainvestitii.primariahd.ro/). The municipality of Tashkent (**Uzbekistan**) has created an interactive map for the refurbishment program of residential areas (http://tashkentnews.uz).

As of the first half of 2018, the platform **Datacity** held data portals for a number of cities in Albania, Bosnia and Herzegovina, Armenia, Azerbaijan, Croatia, Czech Republic, France, Georgia, Italy, Kosovo, Latvia, FYR Macedonia, Moldova, Montenegro, Norway, Romania, Serbia, Korea,

---

[12] Article 7, Paragraph 3.

Slovakia, Ukraine, United Kingdom, Turkey, and Viet Nam (https://www.datacity.global/en/). The portal tracks the performance of the cities based on 225 indicators (the same for all cities) using data from both the cities and users (Kučera, 2017). Examples of the indicators are:

- the satisfaction of passengers in public transport,
- total cost savings in city auctions,
- the time for the police to arrive at a crime scene,
- the crime index,
- the transparency index,
- the monthly costs of nursery school and primary school pupils and high school students,
- the cost of external services relative to the total operating costs of the water company,
- illegal waste dumps relative to all landfills,
- the amount of foreign direct investment per inhabitant of the city,
- the number of complaints relative to the total number of water and sewer connections,
- the share of subsidies to public transport relative to the total subsidies of the city,
- operating costs of the city per capita,
- the average running costs of the public transport vehicle per km,
- planned and real expenses of particular investment projects and many others.

Transparency of council sessions: Some of the country responses refer to measures for the transparency of municipal council meetings. **Armenia** reported online broadcasts of public hearings and council sessions. The municipality of Ozurgeti (**Georgia**) reported livestreaming assembly meetings and uploading full video recordings on the website. Live broadcasts also show citizens' questions and comments. Overall, according to the Local Self-government Index of 2017, six municipal councils ensured regular live broadcasting of their sessions (Toklikishvili et al., 2017). According to the Law on Local Governments of **Latvia** audio recordings of municipal council sessions shall be published online (Article 37).

Other measures: A publicly available list of targeted social assistance beneficiaries has been introduced in **Azerbaijan**. Despite concerns regarding the respect for private life, such publication could become a self-regulating tool with deterrent effects against fraudulent beneficiaries that would not be entitled to these services as well as against the clientelistic distribution of favours or abuse of administrative resources in election campaigns. (Volintiru, 2017)

The response of **Georgia** described several practices of the municipality of Ozurgeti within the framework of the action plan for the Open Government Partnership:
- memorandums are concluded with members of stakeholder groups, which comprise representatives of state agencies, physical persons, and representatives of NGOs, on the provision of the information of interest to them,
- the database of interested parties has been developed and information on interesting and important issues is sent to the persons registered in the database through special software,
- electronic polls have been introduced to identify population priorities,
- citizen participation centres have been established and equipped with modern digital technology in 5 villages out of 28 administrative units of the municipality.

Ratings: The organization Viitorul publishes a ranking of the transparency of local governments of 60 cities and 32 regions of **Moldova**. The rating evaluates transparency along nine categories of indicators: access to information; participation in decision making process; public procurements; sale of public property; budgeting; human resources; professional ethics and

conflicts of interests; social services; investments, municipal companies, shares in commercial companies. The rating has been published in 2016, 2017 and 2018. In 2018, the highest overall scores were assigned to the city of Balti (82%) and the region of Straseni (78%). (Viitorul, 2018) Transparency International implemented the project "Transparent Cities" in **Ukraine** and created the transparency ranking of 100 biggest cities. The publication of the rating was accompanied by education activities. In order to foster co-operation and the exchange of experience between city council representatives, activists and journalists, 10 seminars were held (in Dnipro, Kharkiv, Khmelnytskyi, Kropyvnytskyi, Kyiv, Lviv, Odesa, Poltava, Sloviansk, Zaporizhia,) and engaged 317 participants from 90 cities. Further envisaged activities included workshops for representatives of city councils, activists and regional media and mini grants for NGOs. As of the end of 2017, the key reported achievements were:

- up to 10 cities implementing TI Ukraine's recommendations (Zhytomyr implemented 70% of the recommendations),
- cities see a high position in the rating as an indicator of investment attractiveness,
- the application of the rating started to spread to cities which were not initially covered by it (for example, Pyryatyn),
- other NGOs are also using the methodology,
- publicity with more than 350 media mentions in the national and local media in 10 months. (Transparency International – Ukraine, 2017)

In **Uzbekistan**, the Civic Council for Co-ordination and Monitoring of Activity to Ensure Transparency of the Activity of State Authority and Management Bodies prepares a transparency rating of state bodies (including at the local level) (Общественный совет, n.d.).

Transparency of local governance remains an area where many innovative initiatives take place while legitimate criticism of unjustified secrecy is also common. It is important to monitor and strengthen compliance with the general framework of freedom of information at local level because citizens and other stakeholders must be able to request and obtain information that the authorities are reluctant to disclose. Meanwhile the successful initiatives to proactively publish open data, which are described in this thematic study, attest to the willingness of an increasing number of local governments to subject themselves to stronger public scrutiny. These practices could be interpreted as good signs of growing integrity of the local governments.

List of references

Kučera, M. (2017), *How data crowdsourcing and public monitoring of city performance may limit the room for corruption and increase transparency*, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Open Data Kosovo (n.d.), *Illegal Dumps*, http://opendatakosovo.org/app/illegal-dumps/ (accessed on 16 December 2018).

Toklikishvili, G. et al. (2017), *Local Self-government Index: Key Findings and Recommendations*, http://www.osgf.ge/files/2017/Publications/LSGINDEX_English_version.pdf.

Transparency International – Ukraine (2017), *Transparent Cities*, presentation at the Regional Seminar "Corruption-Free Cities of the Future", 7-8 December 2017, Tirana.

Viitorul (2018), *Transparency of 60 largest cities and 32 regions in Moldova*, http://localtransparency.viitorul.org/ (accessed on 16 December 2018).

Volintiru, C. et al. (2017), *Preventing corruption and promoting public ethics at the local and regional level in Eastern Partnership Countries*, European Union, http://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/preventing-corruption-and-promoting-public-ethics.pdf.

Общественный совет по координации и мониторингу деятельности по обеспечению открытости деятельности органов государственной власти и управления (n.d.), http://ochiqlik.uz/ (accessed on 16 December 2018).

13. Promotion of local business integrity

Corruption can be prevented also by addressing the private sector and incentivising private-sector operators to refrain from engaging in corrupt practice. Responses to the study contain little information about measures of promoting business integrity in local governments and incentivizing private-sector operators to refrain from engaging in corrupt practice.

The municipality of Panevezys (**Lithuania**) reported that a Business Council has been established, which includes some members from the City Council, and trainings for businesspersons on the topic of corruption have been organised in the municipality. The city administration of Zenica (**Bosnia and Herzegovina**) responded that business representatives have participated in focus groups and interviews about corruptive actions in the local government and had a chance to propose solutions for preventive measures.

Generally local governments tend to be unaware of opportunities to encourage integrity of private business operators and apparently do not view business integrity as their priority. Local anti-corruption policies certainly should focus mainly on the local public institutions as is the case currently. However, a higher integrity level in the local business could also reduce corruption risks for the public authorities. Therefore, this is an area where ACN countries should consider developing further policy initiatives at both national and local levels.

14.   Recommendations for the prevention of corruption at the local level

Assessment of vulnerabilities and policy design

Governments and specialized anti-corruption bodies should facilitate **meaningful corruption risk assessment** in all local and regional public bodies by providing methodological support and reviewing the results of the assessments. To the extent possible, local governments should involve citizens, NGOs and private-sector entities in the identification and analysis of risks. National anti-corruption bodies should carry out risk assessments in selected municipalities (for example, where corruption incidents have taken place) in order to obtain a second and possibly more impartial opinion. Officials who carry out risk assessments should use surveys and other research findings to strengthen the base of evidence for prospective policies.

Law should envisage **full-fledged permanent risk management systems** (with risk registers and periodic review of risk levels) in all larger municipalities. These systems can be integrated with the management of other types of risks – financial, technological, legal, environmental, etc. Where anti-corruption measures, which shall be implemented at the local level, are part of national strategies and plans, the competent authorities should ensure sufficient opportunities for local governments and representatives of the local public to **participate in drafting**.

Local governments should ensure that their integrity/ anti-corruption plans contain **concrete targets** to be achieved. In addition to the local governments themselves, state oversight institutions and the local public should participate in proofing whether the targets have been achieved. Especially where corruption problems at the local level are considered serious, competent central bodies should be involved in **monitoring** the implementation of anti-corruption measures.

Local governments should **communicate the progress effectively** to citizens. Consider using interactive visualization tools to show what anti-corruption measures have been implemented and how they help achieving the targets.

An official or a unit in the local government should have a clear responsibility for developing, implementing and overseeing anti-corruption measures. In bigger local governments, they should be placed sufficiently high in the hierarchy and given sufficient autonomy to be able to promote the implementation effectively. The officials and units should have the competence to fulfil all anti-corruption functions necessary in the particular context. Such functions can be counselling, arranging of training, handling of reports of corruption, participation in the review of violations, etc.

Political level and impartiality

National governments and local governments should introduce clear **rules against using the local government resources for advancing electoral prospects** of particular candidates. The rules should include transparency and fairness regarding campaign opportunities in public

spaces, fair access to municipal facilities (such as meeting halls) for campaign activities, and the prohibition to use local government resources for promoting ruling politicians outside normal activities for fulfilling local government functions.

National governments and local governments should ensure that information activities of local governments **do not distort the local media market** by, among other things, selling advertising space in subsidised information outlets. Where local governments are shareholders of media organizations, they should adopt and adhere to the standards of editorial independence and prevention of conflicts of interest between the roles of journalists and local politicians. Do not discriminate against critical media in providing official information.

Ensure sufficient standards for **the resolution of conflicts of interest** in local governments in order to make sure that municipal resources, for example, contracts are distributed and other powers used in an impartial manner. Where the optimal size of local governments is being considered within policy debates, possibilities to manage conflicts of interest effectively should be taken into consideration since it can be challenging in small communities.

Local approaches to managing conflicts of interest should include **measures and tools** recommended by international standards, notably, the OECD Guidelines for Managing Conflict of Interest in the Public Service. These measures include adopting and implementing codes of conduct, providing guidance and counselling, ensuring training opportunities, etc.

Governments should make sure that, especially in larger local governments, **adequate incompatibilities** are set for positions in different structures of local government in order to enable elected representatives to carry out oversight functions over executive units impartially.

National **budget contributions** to local governments and funds within local governments for recipients such as schools, healthcare institutions or NGOs should be allocated based on transparent and relevant criteria and formulae in order to prevent the use of the funds for buying or rewarding political support.

Competitive recruitment should be the rule in local governments. Members of the same family or household generally should not work in such subordination, which places the superior in a conflict of interest. Where the optimal size of local governments is being considered within policy debates, possibilities to avoid such conflicts of interest should be taken into consideration since small communities provide a limited pool of qualified employees.

Services

Local governments should organize service provision so as to **minimize hindrances to access and reception of services**. Access to services generally should not take place in secluded spaces (cabinets) shielded from the public eye. Where not yet the case, local governments should arrange service provision in open service halls and shift to electronic services to the extent possible.

In order to **facilitate access to electronic services**, local governments should make public workstations available and create possibilities to authorise users so that physical signatures are not required. On-line tracking possibilities should always be considered as a means to ensure transparency. Meanwhile local governments must not exclude users who do not have the means or skills to use e-services and should continue providing adequate service to individuals who are unable to use electronic tools.

Permits and licences

Local governments should **publish data on permits and licences** at least for activities, which particularly affect the public interest, for example, the environment or territorial development. Where such permits or licences are related to particular locations, for example, building permits, an interactive map is an efficient format of publication. The data should be sufficiently detailed in order to ensure meaningful opportunities of monitoring and, through public oversight, prevent possibilities of discriminating among the seekers of the permits.

Governments and local governments should ensure that **permits and licences are issued subject to clear and transparent criteria and deadlines**. This is one of the areas where discretion should be as limited as reasonably possible.

Local governments should consider developing and introducing systems, which detect **warning signs or red flags** of possibly on-going corruption in the area of issuance of permits.

Territorial/ urban planning

Local governments should **publish draft territorial/urban plans** in good time before the adoption in order to enable comprehensive public discussions.

Local governments should **collect all available opinions** and publicly provide reasoning why they were or were not incorporated in the adopted plans. The collection of opinions should proceed with the help of different means including representative polls, on-line discussion tools and group discussions in neighbourhoods. Efforts should be made to ensure that citizens see how their contributions to consultations shaped the actual decisions.
Where possible, local governments should set up **public consultative councils** to discuss territorial plans and other matters.

Budgets

Local governments should **publish budget plans** in good time before the adoption and in an accessible manner so as to enable comprehensive public discussions. The publication should be in an accessible format both technically (machine readable) and content wise (in reasonably plain language).

Data on budget and expenditure should be published in a machine-readable format in order to facilitate reuse and further analysis. The best practices of publication, as described in this study, should be considered for replication in other local governments. Details regarding particular spending items – purpose, time period, contractors and contract values, payment details, beneficiaries should be as accessible as data protection laws permit. In addition to detailed information, local governments should publish easily readable overviews in the form of brochures and on-line visualisation tools regarding the approved budgets and the actual spending.
Governments should introduce **mandatory public consultations** (public hearings, etc.) on budgets of local governments.

Local governments should **collect all available opinions** and publicly provide reasoning why they were or were not incorporated in the adopted budgets. The collection of opinions should proceed with the help of different means including representative polls, on-line discussion tools and group discussions in neighbourhoods.

Governments and local governments should study experiences with **participatory budgeting**.

At least larger local governments could be required to carry out participatory budgeting mandatorily. After a stage of professional sifting of proposals, the options that are eventually adopted by citizens' vote should be mandatory.

Procurement

Local governments should become users of national **e-procurement systems** and generally run all procurements electronically provided that the local internet penetration is sufficient and digital divides would not distort competition.

Local governments must implement all **transparency requirements** as envisaged in procurement law. Such requirements should at least comply with international standards such as the OECD Recommendation on Public Procurement and the UNCITRAL Model Law on Public Procurement.

As many procurement procedures as possible should be **competitive**. Where the local market is small, local governments should encourage a broader scope of potential bidders by, for example, considering more inclusive qualification requirements or running joint procurements with other local governments.

Local governments should consider **involving members of the local public in procurement proceedings** in the capacity of observers subject to the availability of interested individuals or organizations.

Data on public procurement should be published in formats, which facilitate their monitoring and reuse, permit comparisons of different procedures by amounts envisaged, contracted and payed, types of goods, works or services, winners and possibly also other bidders and their bids, etc. National and local authorities should adapt and introduce systems to monitor warning signs or red flags of possible corruption in procurement proceedings.

Management of assets

Local governments should have **comprehensive records** and provide **accessible public data** on what they own, particularly real estate and stock in enterprises. Interactive maps can be used in order to make information more accessible regarding properties in particular locations. Transparency rules, which apply to public procurement, should also apply mutatis mutandis to procedures of sale, rent or lease of municipal property. Sales should generally proceed in competitive procedures.

Governments should make sure that **enterprises majority controlled by local governments are subject to transparency requirements**, which at least satisfy international standards such as the OECD Guidelines on Corporate Governance of State-Owned Enterprises. Local governments should define clear ownership policies, set performance benchmarks for the enterprises and ensure that their achievement is followed up.

Local governments should **select members of supervisory and executive boards, directors of enterprises strictly on merit**. Where standards of the law are not sufficient, local governments should explore possibilities to use their rights as shareholders and impose adequate conflict of interest rules for members of supervisory and executive boards, directors of companies.

Disclosure

In addition to specific information mentioned in the previous recommendations, local governments should consider **publishing other official information in interactive and machine-readable formats**. The choice of particular data to be published could be made with the help of public consultations. Open data should be freely provided to organizations and individuals who engage in monitoring or develop information resources.

Local governments should livestream and publish **recordings of council meetings**. The meetings should also be announced in public information channels in good time beforehand and accessible for physical presence of citizens.

Local governments should consider **mechanisms for alerting** local interest groups, civil society organizations and individuals on matters, which concern the fields of interest of the said groups and individuals and come in front of local government bodies for consideration.

Relevant governmental, regional and local bodies should monitor and strengthen compliance with **freedom of information laws** at local level because citizens and other stakeholders must be able to request and obtain information that the authorities are reluctant to disclose.

Promotion of local business integrity

Within the boundaries of applicable law, local government should consider possibilities of providing **preferences based on integrity and trustworthiness** in contracting
.
Local governments should effectively **communicate standards**, which shall be complied with in any interaction between local government officials and business entities.