

Speaker: *Mihaly Fazeka*

Presentation title: The extra-legal governance of corruption: Tracing the organisation of corruption in public procurement

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The paper aims to explore and trace the organization of political corruption in public procurement, by theoretically and empirically assessing the contribution of extra-legal governance organizations (EGOs). The analysis looks at the governance role played by organized crime groups in corruption networks as enablers, brokers, guarantors and enforcers of corrupt deals. The paper uses regression and machine-learning methods for identifying and validating proxy indicators for institutionalized corruption in line with theory. In our unique empirical set-up of Italian municipalities, dissolved due to organized crime's infiltration, we exploit a large sample of proven corrupt and clean contracts. The validated EGO indicators are then interpreted and applied more broadly to detect institutionalized forms of political corruption in other contexts: across the whole of Italy and all EU regions. As a further confirmation of our theory, the procurement-specific EGO scores correlate with Italian province-level mafia indicators and with Europe-wide corruption indices.