



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 693537.



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Welcome to the 3rd INFORM Year!



Eric Gordy
Project coordinator
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In this third and final newsletter of the INFORM project, we are presenting results of the research, the proposals that follow from it, and we are hoping to give an idea of the importance of the INFORM project.

The research was funded by the European Commission, and their principal goal was to get research findings that could be helpful in understanding and possibly advancing the integration of the states of Southeast Europe into the wider European framework. **On this point we have made several suggestions, but the main suggestion is that greater attention is needed to the social environment and to conditions on the ground.** Institutions like the EU have tended to measure the progress of integration through formal means, like

monitoring whether recommended laws have been passed. Candidate states, for their part, tend to perform well in passing laws. But what happens after the laws are passed, and whether these laws make a meaningful difference in developing reliable and responsive institutions that improve the lives of citizens, remains, as our colleague Predrag Cveticanin has put it, a „black box.“ It is inside that box that informal practices develop to perform the work that is not accomplished by formal institutions.

We think that the project has also made some theoretical contributions. One of them has been to transcend the Manichean way in which much of the existing research tends to view formality and informality. There is a strong impulse on the one hand to conceive of

the formal state as an ideal and to regard informality as a problem, which subverts the rule of law and requires strict control or suppression. The other extreme view regards formality as artificial and confining, and celebrates informality as a spontaneously developed set of means for resolving problems. Neither of these views is entirely wrong, but both are incomplete. **INFORM has shifted the focus to look at the interaction between formality and informality, and this has enabled us to identify areas where informal practices indicate the existence of a shortcoming in the formal sector, areas where informality undermines the functioning of formal institutions, and areas where informality offers resolutions that could inform the formal sector.**

The ambiguous character of informality was largely overlooked before INFORM, and we hope to have been able to offer a bridge across this conceptual block.

The guiding motivation behind INFORM has been to assure that the projects of reform in the states of the region will produce meaningful benefits in the lives of citizens. This means that many of the findings will appear to be critical, both of the EU as a promoter of reform and of the states of the region as implementers. We hope that INFORM's criticisms will be received not as dismissal but as support, with researchers and policymakers sharing the purpose of using scientific knowledge to improve the lives of people who are affected.



Informality and the INFORM project



Alena Ledeneva
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As the INFORM project is coming to an end, it is time to reflect on its key outcomes and implications for the field of informality. The concept of informality was first used in the context of the labour market in Ghana in the 1970s and the typology of the activities in the informal (not formally regulated) sector (1973). Since then the adjective ‘informal’

has been added to politics, economy, governance, institutions, organisations, rules, norms, networks and practices.

Theoretical debates on informality revolve around three concerns. First, how to reduce complexity of non-codified behaviour and devise conceptions, conducive to articulation, identification and measurement. Second, whether the relationship between formal and informal constraints constitute a clash, a continuum or a symbiosis, and whether it is possible to create a typology of such forms of interaction. Third, how to tackle the elusiveness and context-bound nature of informality in terms of data collection. Fourth, how to supersede somewhat simplistic, yet unavoidable, dichotomies in our analyses (formal/informal, legal/illegal, licit/illicit, legitimate/illegitimate, good/bad, white/black), and deal with the ambivalence of informal

behaviour, that can subvert, but also support; be a problem, but also a solution; be costly, but also beneficial.

INFORM scholars have made a contribution on all four counts. They joined forces to devise a context-sensitive model of informality; to assemble pioneering survey data on informal practices; to explore complexity through in-depth case studies; and to suggest guidelines for context-sensitive policy making.

Along the lines of conceptualisation, an important distinction has been made between social, or cultural, norms and informal practices. Social norms can be conceived as long-lasting, difficult to change, associated with informal institutions, or informal rules, which constitute a real constraint, when channelled and enforced by social networks. They may or may not be in clash with formal

institutions, formal rules, which are much easier to change, but may be more difficult to enforce when such a clash takes place. Informal practices emerge from navigating both formal constraints enforced by organisations and informal constraints, enforced through the pressure of customs, cultural norms and social conformity. Informal practices are more volatile than social norms: they may adapt to specific changes in formal rules or social norms or become symbiotic with persisting defects of formal institutions. Nuances of conceptualisation are relevant for the policy-making too: it is essential to differentiate social norms from informal practices.

The INFORM project teams have focused on informal practices that bridge, navigate, or embody the interaction between formal and informal institutions in the Western Balkans societies that had a history of rapid,

often ‘imported’ political and ideological transformations and thus acquired a certain fatigue. In this context, it would make little sense to inquire into what went wrong with the Europeanisation, yet another set of reforms that did not work, as far as the locals are concerned. **Focusing on informal practices ‘that work’ instead has proven a successful strategy for data collection.**

The INFORM scholars have demonstrated context sensitivity by case studies and aimed to avoid normative approaches and simplistic dichotomies. In 2018, informality acquired its own global encyclopaedia ([The Global Encyclopaedia of Informality](#), UCL Press), an open access resource for the world’s informal practices, unwritten rules and open secrets, where entries are defined in the language of participants. The West Balkans region is now well represented in this global collection.

Practices and institutions in the fields



Predrag Cvetičanin
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In our studies of informality in the societies of Southeast Europe, we have been guided by two groups of theories: a group of concepts labeled “new institutionalism” and another group of ideas referred to as “theories of practice”. At the beginning of our study, theories of “new institutionalism” were our main inspiration. But, as our research progressed, the focus gradually shifted from studies of the relations between formal and informal institutions toward the relations between social practices and both formal and informal rules.

In order to facilitate research we created a heuristic device, which included all the factors which needed to be taken into account, the sequence of steps, as well as an overview of the gaps that impede institutional change in the societies of Southeast Europe. It could also be treated as a model of a field, which includes, on the one hand, forms of capital and influences from other fields (horizontal axis), and, on the other, formal and informal constraints which limit and enable practices (vertical axis).

Bearing in mind our main research question – to what extent the harmonisation and transposition of EU rules and regulations within the national, legal, political and economic systems lead to substantive changes in practices and procedures, or alternatively, to what extent the imported rules remain “empty shells” with little influence on social life – the first step in our research was always the detailed description of practices (practices of education, practices of obtaining medical treatment, practices of seeking employment, voting practices, business practices, networking practices,

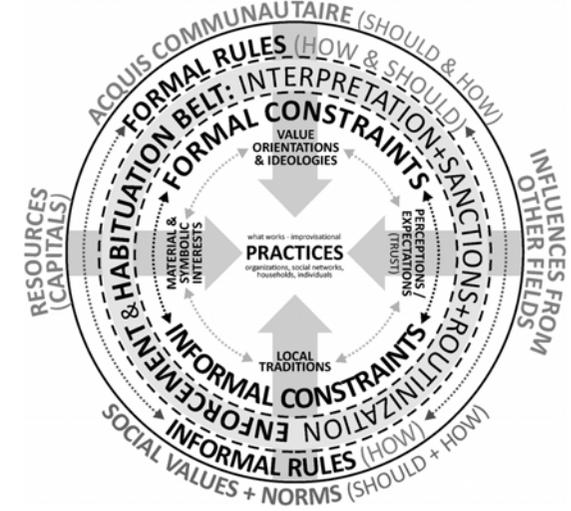
governance practices, etc.) as they are carried out in the societies of Southeast Europe.

If the initial step was always the detailed description of practices, and in particular informal practices (how they unfold, who the actors are, who the key brokers are, which mechanism they use, which internal conventions lead to these practices, etc.), then the next step was the identification of the reasons or motives behind the use of informal practices which the carriers of practices themselves cited. **We classified these motives into four groups: perceptions of the state in the field in which they are active, which logically led to expectations regarding the behavior of other actors in the field; their value orientations and ideologies; their material and symbolic interests; and local traditions which they gave as a reason/motive for certain types of practices.**

The final step was the identification of structural factors which encouraged these kinds of practices. Out of the majority of structural causes, we focused on two groups.

On the one hand, we considered the resources to which the carriers of practices (individuals, households, networks, organizations) have access (economic, political, social, cultural and symbolic capital), and, on the other hand, we examined influences from

other fields (primarily the political field and economic field – in relation to other social fields). And finally, what lies at the core of our research - we studied how relations between formal and informal constraints in SEE societies shape social practices.



Beyond Formal Democracy



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One of the goals of the INFORM project was to describe the kinds of informality that do work. Because life is mostly comprised of informality (except the areas explicitly regulated by formal institutions), one could say that all of these informal institutions do work – and work well.

During our ethnographic work we observed that informal institutions work well and in positive direction when they are outside the sphere of the official party democracy.

Consider the following example.

At least in some places in Montenegro there exist local low-level democratic institutions that are run very much informally. The main body of this institution is called *odbor* (committee). It is established during a meeting of local citizens and is envisaged by the Montenegrin law as a semi-formal low-level democratic institution. The law does not regulate specifically how such a meeting should proceed and does not tie it to the political party system. The local inhabitants just come together to discuss current problems and make decisions on how to resolve them. The *odbor* is elected during such a meeting and consists of a small number (3-4) of local men, each representing a group of related families.

The task of the *odbor* is to work on a particular communal task, for instance, repairs of a local church. The committee would also be entrusted to collect the necessary money required to carry out the task. The money is raised by means of semi-voluntary contribu-

tions collected in a traditional manner, that is, only from the male members of each family. The expected contribution is usually 100 Euros. If the family has more adult males, it contributes accordingly by multiplying this amount. Once the money is collected, the *odbor* carries out the supervision of the works and use of the funds.

In contrast to the public institutions of a higher (and official) level, *odbor* enjoys a comparatively high level of trust. It is not an ideal institution, as sometimes people do say that the collected money has not been spent wisely. In other cases, the money has to be returned because the committee had not been able to carry out the entrusted tasks.

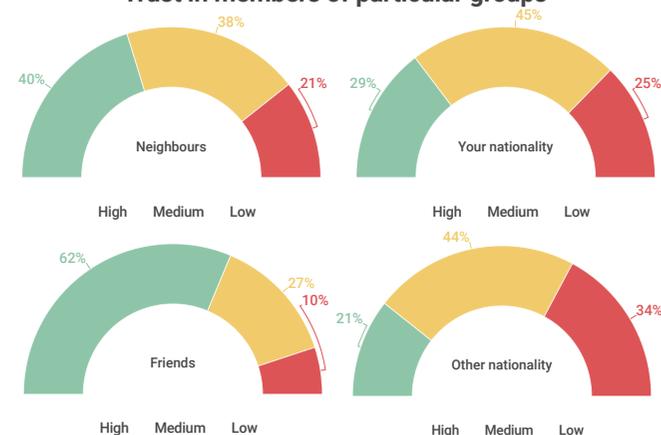
One of the reasons for the higher level of trust is that *odbor* is not linked to party politics, but is instead comprised by representatives of families – entities that are less subject to conscious manipulations and actual political fluctuations. It also complies to the principle of the “networks of knowledge” or information flows (see

Inform Newsletter #2).

That such self-organisation is possible and results in pro-social activities that are not ridden with mistrust and allegations of

self-interest, indicates that, correctly designed, formal institutions could tap into this existing tradition and achieve socially desirable results.

Trust in members of particular groups



Source: INFORM Survey, 2017

Beyond Ethnic Boundaries: Entrepreneurial Informal Networking



Adnan Efendic
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Informality in the SEE region tends to be identified as an indication of the shortcomings of formal institutions and a reason for the emergence of different informal practices that compensate for the ineffective institutional settings. **Our**

research in the business field identifies inter-ethnic informal networking of entrepreneurs as a positive example that shows that well-established informal practices can be conducive to overcoming ethnic distances where formal institutions often fail to do so.

The relationship between ethnic diversity and economic performance is somewhat ambiguous, as it is possible to find research outcomes that highlight both positive and negative effects of ethnic diversity. Still, we find strong and consistent empirical evidence from the most-complex multicultural society in this part of Europe, Bosnia and Herzegovina (BiH), that ethnic diversity is an important resource for entrepreneurial growth aspirations, pro-social behaviour

of citizens, and individual and household economic well-being.

As part of the INFORM project we have conducted 70 semi-structured interviews throughout the region, investigating how ethnic diversity operates through informal networking of entrepreneurs. **We find that entrepreneurial informal networks are blind to ethnicity, while inter-ethnic barriers constitute a persistent challenge in some of the formal institutional environments in these societies.** Entrepreneurs emphasize the importance of integrating a diverse set of people in their business activities and networks, seeing this as an additional opportunity for the advancement of their businesses.

The reasons for the better performance of ethnically diverse societies may be found in the combination of positive effects based on experiences from different cultures and traditions. Formation of the inter-ethnic social capital can favour pro-social behaviour that, in turn, leads to innovation, creativity and better economic performance. **Lessons learned from this type of informality favour formal institutional policies that are ethnically inclusive. Policies designed to encourage and support ethnic inclusion are not a threat to these societies; rather, they have the potential to be welfare-enhancing.**

What our informants tell us

“In my network, there are various people, people from different spheres of life. In business relationships the ethnic background is irrelevant, because everyone is striving towards the same goal that is the mutual satisfaction coming from the job done.”

“The people I work with come from different social and ethnic groups. Depending on one’s needs (interest) business does not discriminate based on ethnic criteria.”

From Refugees to Trans-local Entrepreneurs: Crossing Borders Between Formal Institutions and Informal Practices in Bosnia and Herzegovina



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Our study is focused on the former war refugees who partially returned to their homeland, Bosnia and Herzegovina, and became significant investors in their local communities. We were particularly interested in their experiences with manoeuvring between different countries and institutional environments, as these refugee entrepreneurs have been running their businesses simultaneously



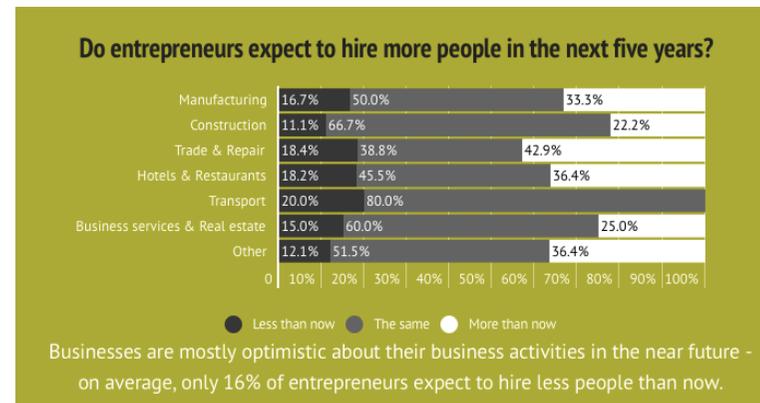
Nirha Efendic
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in developed European economies (Switzerland and Sweden) and in their home country. Although the two companies run by the former refugees discussed in our study are located in the areas that remain divided along the ethnic lines caused by the war (Srebrenica and Banja Luka), **we find that the post-war returnees' businesses are ethnically tolerant and inclusive,**

sending a powerful message to the formal institutions, which often act in the opposite way.

The presented two case studies reveal a broader trend among the members of the Bosnian refugee diaspora investing in their homeland by largely utilising informal practices and networks, while simultaneously having entirely formal businesses abroad. **We found that it is not a pure profit interest which motivates these investors to come and invest in Bosnia and Herzegovina, but also their wish to change these places from once being places of pain to new places of hopes.**

In both cases, the protagonists had to engage in a certain amount of informality, sometimes strategically circumventing the formal system, as a way to ensure the survival of their businesses in Bosnia and Herzegovina. Similarly, **the case**



Source: INFORM Survey, 2017

studies prove that the relationship between migrants' integration and transnationalism can be positive, i.e., that processes of integration and transnationalism can be mutually supportive and beneficial to both

sending and receiving countries. Finally, they demonstrate that formal institutions and informal practices do not necessarily create parallel systems, but can also work towards the same goal.

How things get done in Kosovo: The power of "connections"



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In Kosovo, informality is a form of sociality expressed through multifaceted practices. As the research data indicate,

informality in Kosovo assumes an important role in the everyday life experiences of many Kosovars. Indeed, informality is omnipresent, dynamic and shifting. Reliance on social connections is a facet of every society, and this applies to Kosovo too. A particular informal practice prevalent in Kosovo is *lidhjet*. Hence, *lidhjet* constitute an informal practice and an aspect of culture that centers on the necessity to use connections in order to get things done. **To be sure, our study has confirmed that *lidhjet* are a prominent feature of the Kosovo society today.** As an informal practice, *lidhjet* grow out of a traditional

emphasis on family and kinship relationships. *Lidhjet* are embedded in social norms, solidarity and reciprocity, as well as in the reliance on kinship and social networks to find solutions to everyday issues Kosovars face. In Kosovo, where the family is the most trusted institution, this practice gains prominence; relatives and friends enjoy high levels of trust. *Lidhjet* are, therefore, organically linked in everyday life as a way to maintain trust through informal exchanges between citizens and formal institutions.

Our research shows that circumstances under which *lidhjet* interact in everyday life to get things done, point to connec-

tions across several fields of social life: healthcare, the judicial system, the police, education, and employment. Similarly, in neighboring countries, as well as in Kosovo, the majority of citizens believe that having *lidhjet* are crucial to getting things done. Moreover, the majority of Kosovars report they have to rely on important people with *lidhjet* (70%) when faced with issues in everyday life. In Kosovo, the family serves as the main mediator in finding *lidhjet* when seeking employment, access to education, navigating the judiciary, as well as access to health and social services. **The centrality of the family in *lidhjet* not**

only shows that Kosovo is bound together by intimate social and cultural ties, but also highlights how family relations permeate and shape formal institutions. Informality endorsed through *lidhjet* has maintained a central role in the social fabric enveloped in the ideals of family and kinship relations. At the same time, *lidhjet* are often practiced in response to formal constraints and inefficient formal institutions. *Lidhjet* are characteristic of the micropolitics of informality, and not only do they shape the mundane aspects of everyday life in Kosovo, but also have an impact on formal institutions.

LGBTs in Serbia: Between Formal Acceptance and Informal Rejection



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Generally Europeanization is defined as “a process in which states adopt EU rules”. As Serbia is getting closer to the EU, this process, while gaining momentum, is far from smooth. Formal endeav-

ors aimed at changing the social status of LGBT persons in Serbia are a case in point, as they are linked to the idea of Europeanization. In accordance with the EU conditions, a number of laws aimed at fighting discrimination of LGBTs were passed, programs with the same goal were implemented, and several Pride Parades took place without major incidents (as Belgrade was “besieged” by heavy police forces).

At the same time, high state officials publicly manifest their reluctance toward non-heterosexuals, with the police practicing indirect resistance toward organizing the Pride.

The LGBT affirming actions were characterized by a short time-span, superficiality and artificiality, which makes this case a paradigmatic one for the Serbian Government’s attitude to Europeanization: the formal obligations (as imposed) are fulfilled, while simultaneously enormous (informal) efforts are undertaken in order that no changes occur in the society.

Attempts to diffuse EU rules and regulations seem to be of no avail if the local adaptation, interpretation and appropriation of these norms and resistance they spawn, is not taken into account.

Religiosity and Informal Economic Practices in Southeastern European Societies



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The dominant religions in Southeastern European countries (Serbia, North Macedonia, Montenegro, B&H, Kosovo, Albania), Orthodoxy, Islam, and Catholicism, contain social teachings which include several norms that deal with certain forms of economic practices. Furthermore, in the conditions of transition and orientation towards the EU, various forms of

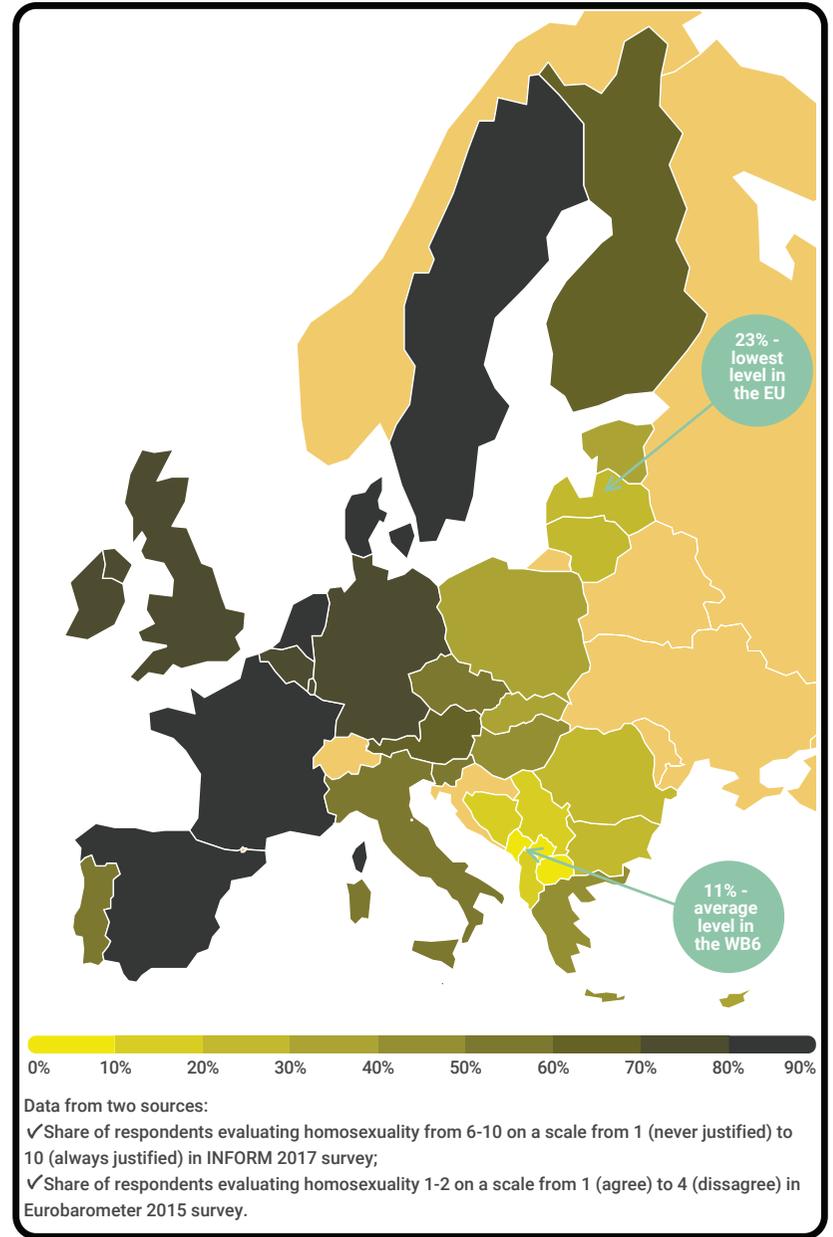
informal practices have developed in these post-socialist societies (Ledeneva, 1998, 2013), some of which are contrary to elements of the religious social teachings and religious ethics. In the context of the revitalization of religiosity after the fall of socialism in the region (Zrinščak, 2004, 2009, Cvitković 2004), a question can be posed on whether the attitude towards informality and the application of certain informal economic practices, which range from illegitimate to illegal (getting things “done” through informal connections, tax evasion, corruption), correlate to some extent with the level of religiosity and the type of religion.

Based on data collected from 6040 respondents in the region, this study within the INFORM project explores the relationship between religious social teachings and

religious ethics of Orthodoxy, Islam, and Catholicism, and attitudes towards informal economic practices and engaging in them.

The results of the empirical research show that there is a connection between belonging to a certain faith or religion, on the one hand, and approving of informal practices and engaging in them, on the other, and that these practices correlate with other analysed characteristics of religiosity (self-declared religiosity and the level of religiosity). At the state level, a specific dynamic is developed even when it comes to approving of and engaging in informal practices depending on whether the members of a specific faith constitute a minority or a majority in each of the studied countries.

Homosexuality is less tolerated in WB6 than anywhere in the EU



Source: INFORM Survey, 2017

Beyond vote buying: a typology of clientelist practices in Western Balkans



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North Macedonia

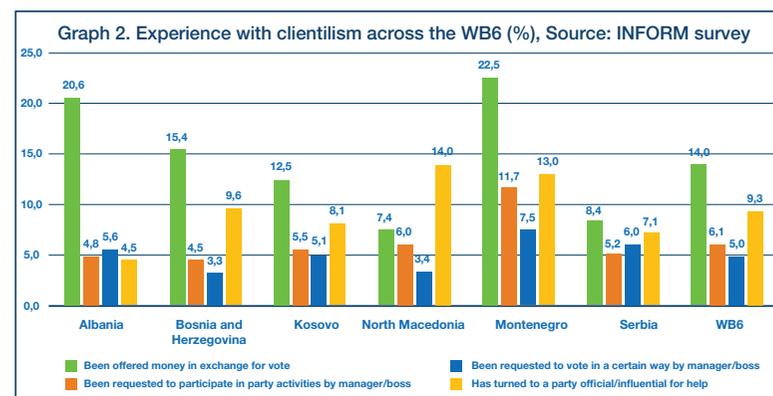
In our study, carried out together with Jovan Bliznakovski, we understand political clientelism as a non-program-

matic political strategy for mobilization aimed at securing loyalty in times of election. Unlike programmatic politics, where political parties should ideally be accountable to voters, we understand the dynamic, as Stokes would put it, as perverse accountability – a system where voters are accountable to parties. This contributes to resources being put into predicting and controlling voter behavior and less so to delivering on political promises.

In order to create these relationships, political parties offer positive and negative inducements to clients. The positive inducements typically involve

rewarding loyalists with public resources such as employment or procurement contracts and less so buying votes or turnout close to the election day. The negative inducement model includes intimidation of temporarily employed public servants or withholding public services they control.

The INFORM survey results show significant distribution of clientelism. Between 7% and 23% of the adult population in the WB6 countries were offered money or favors in exchange for loyalty (vote), and about 5% were intimidated by their employers to vote a certain way.



Who are the Clients? Predictors of Citizen Engagement in Political clientelism in the Western Balkan Region



Jovan Bliznakovski
Institute for Democracy “Societas Civilis”,
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In our study, carried out together with Misha Popovikj, of political clientelism in the Western Balkan region, we made extensive use of the INFORM survey and semi-structured interview database, leading us to findings not only about the characteristics of people engaged in clientelism, but also to the attitudes, perceptions and value orientations of the so-called ‘clients.’ Our logistic regression analyses on survey data show

that **political clientelism is not limited to the poorest segment of population; in fact, we find significant engagement among individuals who are situated higher in the income ladder (we may perhaps brand this as ‘middle-class clientelism’)**. In addition, we find that the most stable predictor of citizen engagement in clientelism is political party membership. For example, people that have ever been members of political parties have 1,5 times the odds to receive ‘offers’ consisting of benefits and favours in return for their vote, 2 times the odds to experience a clientelist threat, and more than 3 times the odds to request a clientelist favour from a political party, in comparison to their non-member counterparts.

These findings paint a picture of the ‘clients’ in the Western Balkan societies as people who are in possession of some level of economic, social and political

capital that can be utilized in a clientelist bargaining process. **People are not mere recipients of clientelist benefits, but rather consciously evaluate their clientelist engagement and attempt to maximize the utility from their involvement.** The findings underline a need for policies designed to prevent and suppress political clientelism and intervening at the societal level. It is also necessary to work with other actors, such as oversight institutions and political parties, in addition to designing formal rules. The ‘hunt’ for ‘connections’ in political parties is a more-or-less a normalized practice of everyday life in the six Western Balkan societies. A closer policy engagement with the society is thus necessary to effectively move in the direction of eradicating clientelism, as one of the crucial modes of political mobilization in the region.

Conclusion

- Different types of political clientelism affect different categories of citizens (exception: party socialization).
- Understanding the variations of political clientelism is important for both scientific inference and policy intervention.
- Clientelism is not exclusively a mobilization strategy of political parties, it is also a strategy through which citizens pursue their (particularistic) interests.
- The significant and stable effect of party socialization indicates importance of informal relations and norms in the making and breaking of clientelist linkages.

Private Funding of Electoral Campaigns and Clientelist Practices in Electoral Process in Albania



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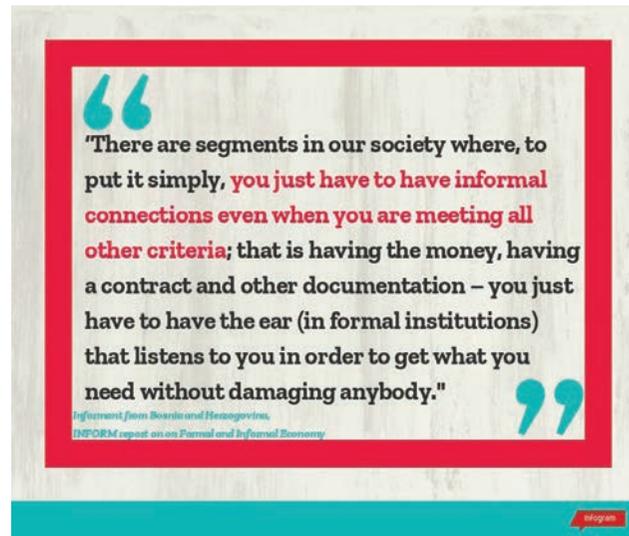
The analysis was based on ethnographic fieldwork conducted from February 2017 to September 2017, in-depth interviews with active members of local organisations of the three largest political parties in Albania, opinions and information from 30 people, collected before and after the elections, regarding their decision to

vote (18 of them as semi-structured interviews and 12 as non-structured conversations), quantitative data gathered from the survey conducted in the framework of the INFORM project in six Southeast European countries, and media and other reports.

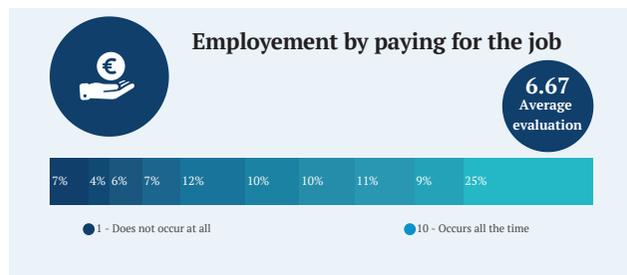
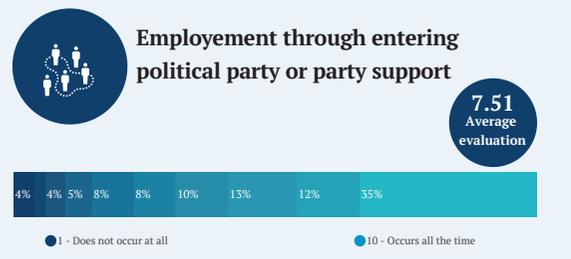
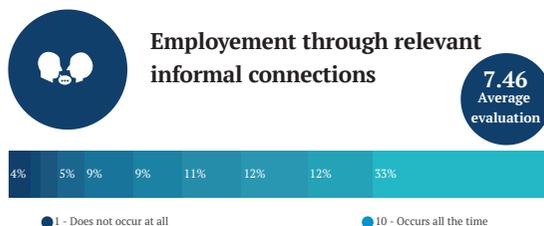
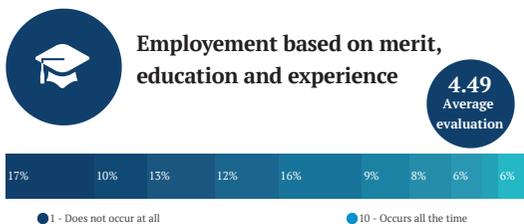
The main research questions were the following: how does private funding of electoral campaigns work during elections? Who are the donors? What are the donation procedures like, and what are the expectations of the donors? One of the main findings is the perception by politically active people that the main expectation of private donors in return for their financial support to the political parties is better access to state institutions if the party they supported wins the elections. **Apart from advantages related to receiving public money and**

contracts for their businesses, the most often mentioned reason for business owners to fund political parties was to avoid any problems or to solve eventual issues with state administration, especially the fiscal administration.

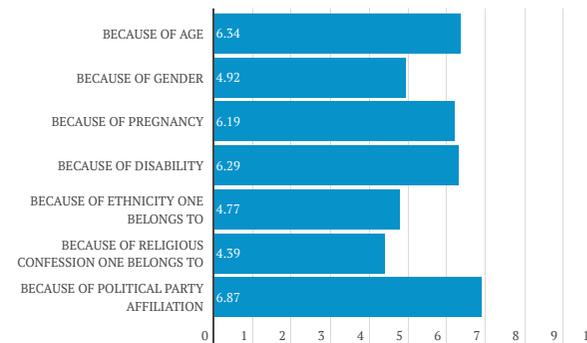
Our ethnographic work indicates that private funding of electoral campaigns is a very complex issue where private and public interests intertwine. **Private funding is an important source for the establishment of long-term clientelist relations between businesses and political parties.** Our data shows that not only are public sector employees likely to abuse state resources, but also business owners and private sector employees. Therefore, the impact of clientelist behaviour on the private sector is considerable and deserves special attention.



Getting a Job in Balkans



How often does one lose or not get a job for the reasons below?



Average evaluations among the respondents on a scale from 1 (Does not occur at all) and 10 (Occurs all the time)

Source: INFORM Survey, 2017

Who Respects the Law: External Legal Culture in Six Southeast European Countries (A Comparative Study)



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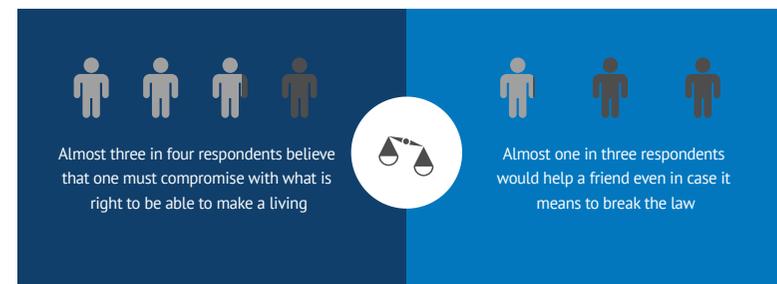
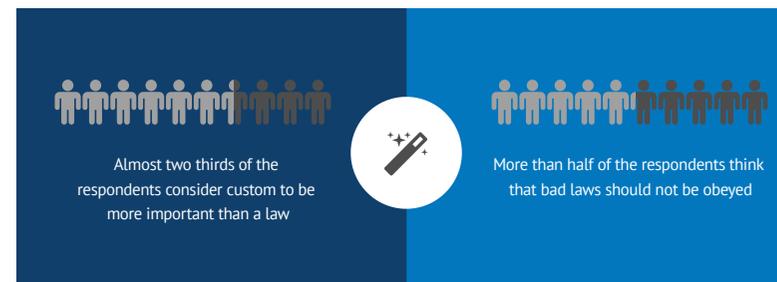
The general goal of this study is to examine whether a common pattern of a Western Balkan legal culture can be found. The analysis raises the question of whether the political, historical and cultural similarities among Western Balkan societies would generate relatively homogeneous popular dispositions towards the law and legal obedience.

In this regard, this study represents a pioneering analysis of legal culture in the Western Balkans from a cross-sectional,

comparative and quantitative perspective. It examines the legal culture through analyses of attitudes towards law-abidingness in six countries of the Western Balkans (Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Kosovo and Serbia) and utilizes a large quantitative dataset based on a survey conducted in the second half of 2017. The study employs a binary logistic regression to test the relationship between popular attitudes on the law and law-abidingness and a set of three value-based

factors: background characteristics of the respondents; general and institutional trust; and dispositions towards EU rules.

The study located a number of very strong socio-economic predictors in regard to law-abidingness such as the socio-economic status, size of social networks and general trust in people, all positively related to law-abidingness. Contrary to this, education and belonging to ethnic minority groups do not indicate a strong statistical relation to law-abidingness. **On the regional level, euro-skeptics seem to be more prone to circumventing or breaking the law, while those people who support compliance with EU rules tend to be more law abiding.** Although some common patterns can be traced among our sample of six Western Balkan countries, significant differences appear among them regards the legal culture. In other words, there are country level differences, which do not necessarily reflect the regional picture.



Source: INFORM Survey, 2017

Telephone Justice: Informal Influence on Judiciary in Post-Yugoslav context



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North Macedonia

While the rule of law is a key political criterion for the EU candidate countries, reforms in this area are often hindered by

an implementation gap between formal institutions and informal practices. As the judiciary is a key to guaranteeing the rule of law, this study analyses informal influence on the judiciary in three post-Yugoslav countries: North Macedonia, Serbia and Slovenia. While the first two are EU candidate countries and share similar problems with rule of law and lack of judicial independence, Slovenia is an EU member state since 2004. The study focuses on various forms of informal influence and the ways they impact the overall independence and impartiality of the judiciary in the analysed countries. The primary method

of enquiry were semi-structured interviews with judges, prosecutors and lawyers.

The findings suggest that **although judicial independence is constitutionally guaranteed in all of the three countries, there are various forms of informal influence that undermine it in practice.** While in North Macedonia and Serbia there is more evidence suggesting that such influence is widespread and systemic, the data gathered in Slovenia suggests that such influence is limited, incidental and often unsuccessful. Thus, two main types of informal influence can be distinguished:

incidental and systemic. Incidental influence is based on sporadic attempts to influence the judiciary that are not organised and coordinated. This type of influence is characteristic for all three countries. It is seen as a common but not necessarily harmful practice, as in most of the cases judges and prosecutors easily resist such attempts. On the other hand, the **systemic influence present in North Macedonia and Serbia is based on durable networks of influence and is primarily conducted via appointment, promotion and dismissal procedures that are abused by the executive and parliamentary branches of powers.**

Besides, such informal influence is exacted through the abuse of formal hierarchies, primarily via court presidents who are often appointed by and loyal to the political parties in power.

Consequently, it can be concluded that in the North Macedonian and Serbian judiciaries there is a considerable implementation gap between formal institutions and informal practices that often incentivises judges and prosecutors to be loyal to political interests and makes them susceptible to informal influence.

The Rise of Grassroots Authoritarianism in Western Balkans and the Role of Informality



Miran Lavrič
University of Maribor,
Slovenia

The study addressed three basic research issues in relation to the level of democracy in Western Balkans: the change in support for a strong political leader and a democratic system of government; the relationship between the two, and finally,

the potential social causes of increasing support for a strong political leader.

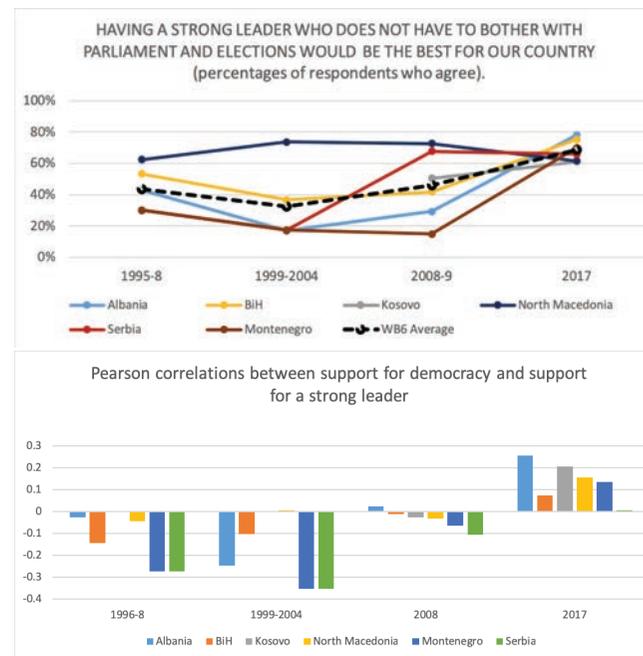
The results show that in five out of six countries there has been a marked increase in support for strong leaders, especially since the early 2000s.

This trend was also accompanied by a substantial decline in support for democracy as a form of government in all the WB6 countries. Strikingly, an increasing share of respondents--by 2017, a majority--believe that strong leaders are compatible with democracy, suggesting that many who support democracy would also support a strong leader within a democratic system.

This finding suggests that the rising support for a more authoritarian version

of democracy might be a rather general social trend. Indeed, further analyses confirmed that authoritarian tendencies are not limited to the lowest or most marginalized social strata, but rather spread quite evenly across the different segments of the six societies observed.

The strongest set of predictors of support for a strong leader was found in the realm of informality. Respondents with a stronger emphasis on informality over the rule of law were much more likely to support the idea of a strong political leader. Together with some other findings, this suggests that the rise of grassroots political authoritarianism in Western Balkans is closely related to the strong presence of informality across the region.



What does the European Union mean to You Personally?



Source: INFORM Survey, 2017

Book by the researchers of INFORM

The book Meaningful Reform in the Western Balkans: Between Formal Institutions and Informal Practices, edited by Eric Gordy and Adnan Efendic and published by Peter Lang Group in the Interdisciplinary Studies on Central and Eastern Europe series, contains collection of articles which provide policy implications related to the problem of achieving substantive reform on the basis of harmonising legislation in Western Balkan (WB) countries with the standards of the

European Union (EU). **While WB states have generally been successful in adopting legal reforms that make up a part of EU conditionality, many laws remain unenforced, amounting to “empty shells.” In the space between law, as it is written, and practices as they are engaged in everyday life, exists a gap, characterized by informality, clientelism, and exchange often based on strong tie relationships.** Some instances of informality undermine the goal of

establishing rule law and contribute to corruption. Others offer valuable solutions to persistent social problems or represent traditional vehicles of social cohesion that should be promoted. The recommendations in this book seek to address both, constructive and damaging instances of informality, and to identify policy measures that can help to harmonise not only legislation, but existing informal practices on the ground.

Academic journal articles by the researchers of INFORM

Traditional Home Slaughtering of Animals in the Framework of EU Legislation. Evidence from Bosnia and Herzegovina

Ismet Kumalić

Traditional home slaughtering of animals is a widespread social practice in the Western Balkans, bringing together families, neighbours, and friends, and contributing to the rise of social capital. Bosnia and Herzegovina is a multicultural country where traditional home slaughter-

ing of animals is mostly practised as seasonal slaughtering by Christian communities and as religious slaughtering by Muslim communities. In the framework of existing EU legislation, meat that comes from home slaughtering can be used for private consumption only. However, these rules are not fully aligned with the practic-

es existing on the ground. This article argues that the Western Balkans' integration into the EU can affect the sustainability of these practices, and it is therefore necessary to amend the relevant legislation and policies to ensure the implementation of EU regulations while respecting the traditional way of communal meat sharing.

The Effect of Ethnic Diversity on Income – an Empirical Investigation Using Survey Data from a Postconflict Environment

Adnan Efendic and Geoff Pugh

This empirical study is based on nationally representative cross-sectional survey data gathered to investigate the effect of ethnic diversity on personal and family incomes in Bosnia and Herzegovina (BiH), a post-conflict society. The 1992–1995 conflict was harmful for ethnic diversity. Yet, two decades later, where it still exists, ethnic diversity gives rise to positive

economic consequences. After controlling for other influences, the authors find lower probabilities of respondents in ethnically diverse neighbourhoods being in the lowest income categories but higher probabilities of being in medium and higher income categories. The largest effects are the reduced probabilities of respondents reporting no income, and are thus particularly relevant to poverty reduction. At the limit, their estimates

imply an income gap of more than 20 per cent between a counter-factual completely heterogeneous environment and a counter-factual completely homogenous environment. Policy makers in this post-conflict country, and in similar environments elsewhere, should take into consideration the economic costs of policies supporting ethnic homogeneity over diversity. ethnic homogeneity over diversity.

From Refugees to Trans-local Entrepreneurs: Crossing the Borders between Formal Institutions and Informal Practices in Bosnia and Herzegovina

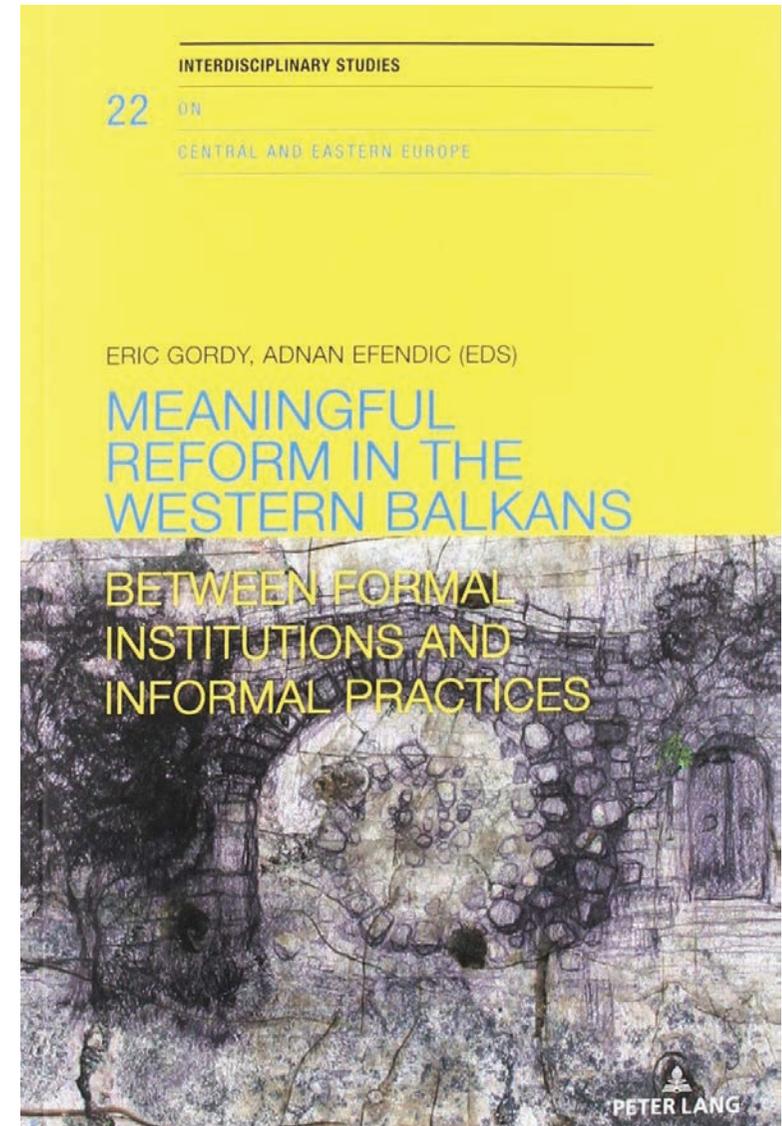
Hariz Halilovich and Nirha Efendic

Report based on the journal article can be found in page 4

Religiosity and Informal Economic Practices in Southeastern European Societies

Nemanja Krstić, Jelena Dinić and Danijela Gavrilović

Report based on the journal article can be found in page 5



Academic journal articles by the researchers of INFORM

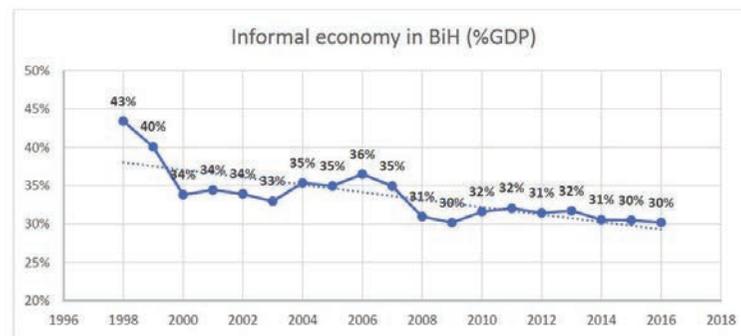
Informal Economy in Bosnia And Herzegovina - An Empirical Investigation

Edin Pasovic, Adnan Efendic

This paper explores the size of informal economy in Bosnia and Herzegovina (BiH) over the period 1998-2016, based on an indirect method of measurement known as MIMIC approach (Multiple Input Multiple Causes). As the underlying determinants of informal economy in BiH we include tax burden, the level of unemployment, the size of agricultural

sector and the level of government subsidies. We estimate that the average informal economy for the observed period was 34% of GDP, being the largest in 1998 (43%) and the smallest in 2009 and 2016 (30%). There is a modest decreasing trend of the size of informal economy over time. Our model identifies two structural brakes over the observed period; the first positive one is linked to the introduction of the value added tax in 2006 (a decrease in

2007-2009 follows) and, the second one captures a short-run negative effect of the latest global economic crisis in 2009 (an increase 2010-2011). To further assess these results and check their consistency with available primary data, we investigate the size of the undeclared work, assess tax morality and additional income of families coming from informal sector; these indicators provide consistent results with the MIMIC outcomes.



Source: Efendic, Adnan, and Geoff Pugh, 2018. "The Effect of Ethnic Diversity on Income – an Empirical Investigation Using Survey Data from a Post-Conflict Environment". *Economics: The Open-Access, Open-Assessment E-Journal*

Understanding the Informal Economy in Practice – Evidence from Bosnia and Herzegovina

Nirha Efendic, Edin Pasovic, Adnan Efendic

This paper provides insights into the informal economy of Bosnia and Herzegovina (BiH), a post-conflict transition economy in the Western Balkan region aspiring to become part of the European

Union. After the introductory section and literature review, we introduce the economic outlook of BiH and then provide evidence estimating the size of the informal economy, which is identified to be around 30% over the last couple of years. As the size of the informal economy is high and persistent, this implies that

current policy approaches are not efficient in tackling this economic challenge. To understand how the informal economy operates in practice, we use data from two different surveys to assess tax morality, undeclared work and the structure of the participants in the informal economy. In the next section, we supplement the study

with ethnographic insights. In particular, we identify how participants in the informal economy use it for different purposes and with different motives. This includes reliance on the informal economy as a survival strategy for households, as a way to supplement insufficient formal income, to compensate for economic

insecurity, or to decrease costs of formal business by using "envelope wage" practices, but equally importantly to overcome formal institutional rigidities linked to current contradictory laws.

The EU's Democracy Promotion Meets Informal Politics: The Case of Leaders' Meetings in the Republic of Macedonia

Nenad Markovikj, Ivan Damjanovski

Previous studies of the effects of EU political conditionality on democratic consolidation in the candidate countries have been predominantly centered on the formal aspects of institutional compliance. But what happens when EU demands are

met by EU brokered decisions in an informal, extra institutional setting? International actors, predominantly the USA and the EU, have played an essential political role in the democratization of the Republic of Macedonia ever since its independence. In times of political crises, the role of the international actors is further

accentuated by the inability of domestic political parties to find a solution to specific political dead ends that seem to occur regularly in Macedonian politics. The paper analyzes the effects of EU engagement in stimulating, instigating, and managing extra-institutional political formats of decision making on democrati-

zation and institutionalization in Macedonia. The analysis focuses on the leadership meetings during political crises that have resulted in such package deals as the Ohrid Framework Agreement, the Law on Territorial Organization, and the May Agreement, with a predominant accent on the 2014 political crisis in Macedonia and

its ongoing resolution. The paper argues that while such informal practices of conflict resolution might be effective in the short run, they could negatively impact the long-term prospects of institutionalization.

Kumstvo (Montenegro). In: Ledeneva, Alena (ed.). The Global Encyclopaedia of Informality. Volume 1.

Klāvs Sedlenieks

Kumstvo (from kum a godfather, kuma – a godmother, kumovi – plural form.) is an informal network based on fictive kinship in Montenegro (a similar term associated with slightly different practices exists

elsewhere in Bosnia, Serbia and Croatia). Kumstvo is one of the most venerated social institutions in Montenegro, often described with the words 'kumstvo is holy' ('kumstvo je svetinja'). Kumstvo plays a significant role in the informal ties that

permeate Montenegrin society. Kumovi, just like blood relatives, are supposed to help each other and in most cases they do so in spite of formal bureaucratic ideals, thus often leading to nepotism. Kumstvo often plays the role of as a semi-institution-

alised friendship and, but in contrast to kinship ties, is much less visible and more flexible (as one can choose a kum, while kin is less subject to choice). In Montenegro and elsewhere in the region kumstvo pays a significant role in the way how

informality is organised. In particular it serves the purpose of creating space of manoeuvring based on the intimate knowledge of people that one knows.

Alga Aploksnē (Latvia). In: Ledeneva, Alena (ed.). The Global Encyclopaedia of Informality. Volume 2.

Klāvs Sedlenieks

The Latvian terms alga aploksnē ('salary in an envelope') and aploksņu alga ('envelope wage') refer to an undeclared part of a regular wage, concealed to allow the employer to evade a proportion of compulsory labour and social security

taxes. The term derives from the widespread practice of handing over such salaries in envelopes, rather than by bank transfer or in an open, over-the-counter manner. This practice can be seen as part of a wider family of practices whereby the income of an employee or contractor is

completely or partly concealed from the authorities. All neighbouring countries of Latvia have terms and practices that are virtually identical to Latvian alga aploksnē: Estonia (ümbrikupalgad), Lithuania (alga vokeliuose), Russia (zarplata v konverte), Belarus (zarplata ū konvert-

se). Similar terms also exist in Ukraine (zarplata v konverti), Moldova and Romania (salariu într-un plic) and Bulgaria (pari v plik). All of these terms literally mean 'salary in an envelope', and refer specifically to the arrangement of concealing a given part of the regular salary (as

opposed to undeclared earnings in general). Other societies may have similar practices but lack a particular term (e.g., Serbian rad na crno). However, it seems that neither the term nor the practice goes beyond the area of post-socialist countries in Central and Eastern Europe and Russia.

Who are we?



University College London (UCL SSEES), UK

has expert knowledge in comparative research of the Balkan region and the field of informality. UCL also employs its vast administrative experience in coordinating the INFORM project.



The Institute of Ethnology and Folklore Research (IEF), Croatia

adds anthropological field experience and brings theoretical strength to the project.



The University of Maribor (UM), Slovenia

team brings in experience in wide-ranging social research. The UM team also coordinates the interaction between INFORM and the EU policy circles, as well as between INFORM and the accession countries under research.



The Center for Interdisciplinary Social Applied Research (CISAR), Bosnia and Herzegovina

shares experience in cross-disciplinary research in the region, especially Bosnia and Herzegovina, bringing together the fields of economics, sociology, anthropology, and political science. The CISAR coordinates the formulation of policy measures.



The Centre of Empirical Cultural Studies of South-East Europe (CECS), Serbia

applies its vast experience in researching the social and cultural sphere in the region and is mainly responsible for the coordination of research activities.



The Institute for Democracy "Societas Civilis" – Skopje (IDSCS), Macedonia

brings expertise in democracy studies and is primarily responsible for developing theoretical understanding of the observed phenomena. The team members have conducted extensive research in public opinion, elections, democratic governance, Europeanization and nationalism, among other topics.



The Center for Historical and Anthropological Research, Albania

team brings to the project strong fieldwork experience and expertise on informal institutions in Albania. The research background of the team members in different disciplines – such as history, anthropology and sociology – contributes to the interdisciplinarity of the INFORM project.



Social Research Kosovo (SRK), Kosovo

brings together researchers in social sciences from Kosovo Southeast Europe. The SRK strength lies in its application of scientific quantitative and qualitative methods to address social problems.



Riga Stradiņš University (RSU), Latvia

team brings anthropological expertise on Montenegro. The team is also responsible for the project communication activities: the INFORM website, social media accounts, and newsletters.

Inform at a glance

- Multidisciplinary social science research
- 9 partner institutions
- 10 countries involved: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Latvia, North Macedonia, Montenegro, Slovenia, Serbia, United Kingdom
- Region of research: Southeast Europe (Albania, Bosnia and Herzegovina, Croatia, Kosovo, North Macedonia, Montenegro, Slovenia, Serbia)
- Research topic: formal and informal institutions
- Mixed qualitative and quantitative methods
- Meticulous, bottom-up approach
- Theory development
- Outcome: original research and policy recommendations
- Launched in April 2016
- Length: 3 years
- Funded by EU Horizon 2020

OUR ACTIVITIES

2016

- 7 Project workshops
- 1 Consultative workshop with the stakeholders

2017

- 3 Project workshops
- 6 Consultative workshops with the stakeholders
- 1 Project conference

2018

- 1 Project workshop
- 7 Consultative workshops with the stakeholders

2019

- 1 Project conference
- 1 Consultative workshops with the stakeholders

See more in our calendar: <http://www.formal-informal.eu/events.html>



Social media



9,100+

Unique visitors to our webpage www.formal-informal.eu



15,000+

Visits to our website



300,00+

Impressions of @FormalInformal tweets on Twitter in 2018



70,000+

Impressions of our Facebook posts in 2018

Website:
<http://www.formal-informal.eu>

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