

## Best Practice: Corruption Case Study in Street Markets

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**CITY: Amsterdam**

**POLICY AREAS: PUBLIC INTEGRITY**

### BEST PRACTICE

Amsterdam has an integrated approach to confronting integrity issues. This approach includes risk analysis, conducting investigations that show individual corruption cases are systemic problems, and making recommendations to prevent future incidences of corruption. This report demonstrates one particular case of endemic corruption at local “street markets,” where the Amsterdam Integrity Bureau employed all of these elements of the integrated approach. The bureau was successful in identifying bribery between street market vendors and governmental officials who oversaw the market or “market supervisors,” by treating these individual acts of graft as part of a larger trend. Through surveillance of markets, interviews with suspects and victims and a review of how much power market supervisors possessed, the bureau identified weaknesses in the regulation for Amsterdam’s street markets that led to structural corruption and recommended changes in how the markets are administered.

### ISSUE

Amsterdam is home to many large street markets that sell food and other consumer goods in large public squares. The placement of vendors’ stalls is overseen by government market supervisors who coordinate where certain vendors are allowed to place their stalls, as well as issue fines to those who are found in violation of the market regulations.

Before the investigation into government market supervisors, these officials were in charge of both stall placement and penalizing infractions in the markets. Lack of oversight increased the chances of vendors bribing market supervisors for better stall locations. If vendors broke any rules in the market, they could pay off the market supervisors to avoid penalties because the supervisors assessed fines for market infractions.



Stalls of merchants in an Amsterdam street market

### GOALS AND OBJECTIVES

The Amsterdam Integrity Bureau targeted street markets for investigation beginning in 2009 after numerous prior incidences of corruption. The goal of the probe was to determine both which government officials were taking bribes and how far-reaching the malfeasance extended. There was also a need to determine why previous individual investigations and punishment had little deterrent effect on the continued corruption at the street markets.

### IMPLEMENTATION

For the street market corruption case, risk analysis was a crucial tool. Risk analysis here is defined as discovering the types of temptations in which employees are confronted. By removing and controlling them, the work processes can be either be more

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efficient or costly graft can be eliminated. Before the Amsterdam Integrity Bureau carried out a full investigation, instances of bribery appeared disconnected. After a city-wide risk analysis, the bureau found that the far-reaching powers of market supervisors led to structural bribery. The Integrity Bureau performed interviews with both market supervisors and vendors and observed them at street markets to determine if there was a common reason that fraud was more prevalent in these situations. They found that market supervisors were more likely to receive bribes from vendors in exchange for better stall locations in the market and to disregard violations of market rules. Risk analysts recognized this dual role led corruption and consequently led investigators to hone their inquiries. The Amsterdam Integrity Bureau also made recommendations that power should be divested from market supervisors and the roles of overseeing stall placement and assessing penalties should be handled by two different groups of government regulators.

### COST

The Integrity Bureau currently has a budget of approximately €1.2 million with a staff of 12 inspectors, trainers, risk analysts, and legal professionals.

### RESULTS AND EVALUATION

Beginning in October 2009, more than 40 police and Integrity Bureau employees interviewed supervisors at the street markets of Waterlooplein and Noordermarkt. By January 2010, five supervisors were taken into custody and tens of thousands of dollars in bribes were seized. Most recently, in March 2012, the Integrity Bureau's investigation led to the suspension of additional market supervisors.

### TIMELINE

**2001:** Following a significant construction fraud case that showed construction companies and contractors had made arrangements to divide public projects inequitably and set arrangements that unfairly raised the price of these projects. The Amsterdam Integrity Bureau was created following this scandal and the city council established a code of conduct for civil servants containing provisions on accepting gifts and invitations, the use of equipment and the use of confidential information.



Customers and vendors at a street market

**Late 2000s:** The Integrity Bureau discovered small cases of corruption at several Amsterdam public markets, but there was not a coordinated effort to investigate bribery of market supervisors.

**2009-2012:** The Integrity Bureau probed the dealings of market supervisors at a variety of markets and the police questioned five of them over the course of the investigation.

### LEGISLATION

- A new law in 1997 required local authorities to make specific provisions for the reporting and registration of integrity breaches

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- Local authorities in 2003 lobbied for whistleblowing provisions for civil servants as well as the reporting and disclosure by high-ranking civil servants about other job positions they have.
- In March 2006, all public departments were required by law to implement integrity policies and to give account of these policies to the local or district councils.
- In March 2012, a new law was proposed in the Amsterdam City Council that would limit the powers of the market supervisors. In July 2012, this law was modified and then adopted.

### LESSONS LEARNED

In March 2012, legislation in the Amsterdam city council proposed:

- Adjusting central market surveillance
- Rotating market supervising officials
- Granting uniform regulation and supervision
- Granting licenses to private sector contractors to administer markets

In July, the city council passed the law. Many of the changes align with the work of the Amsterdam Integrity Bureau who, during risk analysis, found that rotating market supervisors and greater supervision of them were necessary to prevent corruption.

### TRANSFERABILITY

The street market case study emphasizes the importance of effective risk analysis as critical to determining if corruption is widespread. Before the risk analysts targeted the street market supervisors, it was unclear why corrupt practices persisted. After the Amsterdam Integrity Bureau discovered that the dual powers of supervisors across all markets effectively nurtured an environment of corruption, they were able to root out offending officials and separate the supervisor roles of management and punishment.

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