

Outcome Document on Results of the “Anti-corruption in Fragile States” Conference

This outcome document of the “**Anti-corruption in Fragile States**” conference, hosted by the Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit, U4 Anti-Corruption Resource Centre and Transparency International Germany on 5. November 2019 in Berlin contains both a summary of the lessons learnt voiced during the conference as well as the recommendations made by participants throughout both the high-level panels, as well as the six break-out sessions. Minutes of each will be attached to this document. This document therefore does not contain a broadly sourced reflection on the intersection between anti-corruption and fragility, but reflects the discussions of the conference, which was held under Chatham House rules.

Role of corruption in fragile settings

Both practitioners and policy-makers increasingly recognize the fundamental role corruption plays in fragile settings. When resources are allocated according to particularistic criteria, corruption creates grievances and functions as a driver of conflict and prolonged fragility. As a means of allocating and dividing resources, corruption can shape political settlements and elite bargains, potentially skewing them towards elites who are not development oriented or might even profit from prolonged insecurity. During reconstruction, corruption can thus negatively impact the rehabilitation of infrastructure and the process of resettlement and redistribution. Fighting corruption is therefore fundamentally political. As with corruption, anti-corruption reforms thus might influence the distribution of resources for gaining and maintaining power amongst elites, creating winners and losers.

As a source of prolonged fragility, corruption is intimately linked to security. Conference participants emphasized the false dichotomy between short term security goals and long-term anti-corruption efforts. Focusing on the former to the detriment of the latter – by, for example, working with people with known association with corrupt behavior in the fight against terrorism – risks eroding trust within partner countries’ societies, exacerbating corruption, and fragility. Anti-corruption and governance often appear as ‘soft’ issues to policy makers intent of solving immediate security problems. Ignoring corruption as a cause and driver of conflict and insecurity in the long term, however, risks undermining the success and sustainability of security interventions. By directing revenue streams to conflict parties, it can also contribute to terrorist financing, and may therefore pose an immediate risk to the security of both vulnerable local populations, as well as international actors.

When it comes to the most vulnerable groups in fragile and conflict affected settings, corruption adds an additional layer of vulnerability. Corruption in this context is multi-dimensional. It can not only negatively impact peoples’ ability to get their most basic needs met, but further victimize them, for example, in the form of sextortion. As recent examples have shown, humanitarian assistance is not exempt from these problems.

Lessons learned

Conference participants discussed a variety of lessons learnt both on the policy-making and the project implementation level. The lessons learnt below are those that have been emphasized most frequently.

Experience shows that rebuilding fragmented societies torn by conflict takes decades. Both humanitarian aid and development assistance, on anti-corruption and otherwise, therefore need to adapt to these long-term necessities. This requires both a more thorough overall understanding of what is needed long-term, as well as more patience and strategizing in programming. Many of the lessons learnt in the following paragraphs exemplify the **dangers of short-term decisions** in programming.

One such lesson pertained to the critically discussed **pressure for speed** in interventions and the resulting damage this can incur. Pouring too much money, too fast into an economy after conflict, can overwhelm its absorption capacities, and result in spillage. The unintended side effect can be that donors exacerbate corruption and unwittingly strengthen actors that profit from prolonged fragility. In the same vein, participants pointed to the failure of donors' attempts to speed up peace processes by buying security with (large amounts of) money.

The two lessons above combine in the insight gained by some practitioners that donors tend to focus on interventions that create a lot of **visibility** and reap short term benefits, while sometimes neglecting **sustainability** and long-term impacts. At the same time, the pressure of talking success mutes open, and frank discussions, which is one of the most important ingredients for successful anti-corruption interventions.

The **role of ownership**, while nothing new, still tends to be overlooked by donors. It is especially important in the context of reconstruction in fragile areas, where state structures are weak, and trust in institutions has broken down. Ownership in these cases is more than merely ownership by national institutions, it means ownership of and by the people. By taking local views into consideration, communities can be given a more active role in decision-making and therefore a stake in reconstruction and strengthened accountability from the bottom-up.

The failure to prioritize **justice sector and rule of law reforms** was prominently mentioned as a lesson for future interventions. To restore order in a society, it is essential that its people feel that there are institutions, where grievances can be voiced, and redress found. Being treated equally in front of the law gives people a chance to renew their trust in institutions. The justice sector is thus a corner stone of a future democratic society, and efforts at reconstruction will fail in its absence.

The lack of proper **monitoring and auditing** was one of the most often cited lesson learnt from past donor interventions in fragile settings. Participants included numerous examples from Afghanistan, Iraq, Yemen and beyond in illustrating how a lack of supervision contributed to inefficient spending, low impact, and increased corruption in partner institutions. As one participant stated, "you cannot handle the problem unless you know what you have done."

The need for context-sensitivity is frequently touted as one of the most important pre-conditions for successful engagement in fragile – or any – partner country context. Yet, a thorough understanding of the partner country context based on an analysis of its political economy still seems lacking. Extracting resources through corruption is often both a means as well as a goal for attaining and maintaining power. Anti-corruption reforms, if successful, imply reducing access to these resources, consequently engendering opposition by elites. Mapping power dynamics in the context of political economy analyses (PEA) is therefore a necessity for context-sensitive programming, as well as for operating in line with the do-no-harm principle. Several examples during the conference illustrated how often donors unintentionally caused harm, including overlooking the fact that they were building a whole new political economy with their presence, the potential effects of withdrawing security forces, creating parallel systems to help partner countries absorb funds instead of strengthening partner systems and institutions to build accountability, as well as engaging with conflict parties that instrumentalized support to suppress opponents. PEA can aid donors in avoiding these pitfalls and understand what change might be unleashed through interventions.

Further ways to prevent **doing harm** are proper mechanisms for **monitoring, and due diligence** incorporated at the outset of programming. Examples of the harm done by not considering these from the start include contributing to conflict continuation through diverted humanitarian funds in Yemen

Recommendations for donors

From the lessons learnt detailed above, conference participants drew several recommendations, most of which were directed at the donor community. Some of these recommendations focus on measures donors themselves could take to enhance anti-corruption in their programming, while others look at measures that could be taken with partners.

Approaches within donors

In order to effectively fight corruption, donors need to not only prioritize anti-corruption in the immediate intervention environment, but they need to plan interventions with a **long-term strategy** in mind. The need for **quick wins** often combines with a focus on immediate counter-terrorism and peace-building needs. However, many participants pointed towards the fact that fighting corruption – and indeed any intervention geared at structural change – takes patience, and time, well beyond any project or funding cycle, professional or political career. Donors must take this into account by adopting more **strategic and adaptive programming**, with a long-term vision and realistic plans for each individual step. This goes somewhat against the dominant project logic of current programming with fixed objectives and a strict results-focus. Consequently, the projectization of development assistance was criticized by many of the participants.

Being more strategic, at the same time, also means that donors should be clearer on their own **corporate position towards corruption**, as well as **potential responses** to corruption allegations. These positions should be communicated in advance, and ideally be coordinated with other donors.

Another strongly endorsed recommendation that arose from the lessons learnt was the need for better analyses to preface planning process before engaging in transformative change in fragile settings. **Political economy analyses** need to on the one hand better understand the political economy of **power arrangements, and elite bargains**, and the way elites relate to societies at large. This includes an understanding of how **war economies** in conflict affected partner countries function, and how they might be influenced and perpetuated by donor funds that can be converted into rents. However, on the other hand, PEA also need to do a better job of capturing the **social and political norms** that underpin this political economy. In order to facilitate better and deeper analyses, donors could establish mechanisms to incorporate the voices and perspectives of their **front-line staff**, which are often more intimately familiar with a given context.

Including a comprehensive understanding of corruption when designing programs needs to be accompanied by **anti-corruption sensitive procedures in monitoring and evaluation, partner due diligence, and public procurement**. When working with remote management, strict oversight mechanisms that are particularly sensitive to anti-corruption need to be implemented. Proper procedures should be in place in advance, and be followed in practice, on how to deal with cases that come to light. While corruption cannot and should not be reduced to **risk management**, corruption risks nonetheless need to be considered carefully. Donors should be clear on their risk threshold and they need to be realistic on what they can achieve. However, engaging in fragile contexts is always prone to greater risks, and therefore necessitates a certain **risk appetite** and a willingness to forgo certainty of results to some extent. **Corruption risks in fragile contexts should therefore also be subject to a more practical assessment.**

Lastly, donors were called on to get serious about addressing **illicit financial flows (IFF)**. This includes facilitating the flow of information between staff on the ground and Financial Intelligence Units (FIU). An understanding of money laundering and terrorism financing should be included in donor operations.

Approaches with partners

When discussing recommendations geared towards engaging with partners, the main direction pointed towards a more **holistic concept of reconstruction**. It should transcend the narrow focus on security and physical infrastructure to include rebuilding people and the economy. **Rebuilding people** means building up their confidence as citizens, and investing in the state and its institutions, as provider of services, security, and justice. It promotes social cohesion through inclusive processes by giving people a voice. Building up people seamlessly relates to **building up the economy** in fragile and conflict affected settings. Sustainable peace can only be achieved by giving the youth a viable economic perspective. Economic structures established during conflict itself – often characterized by informality, and weak institutions – need to be rebuild. This can be done, for example, by setting up incentive structures that build local capacities by advantaging local companies and the local labor force. In terms of security, participants demanded a stronger focus on **human and collective security**.

A holistic view on reconstruction therefore entails that donors shift their focus to include a **bigger role for partner countries' societies** in their interventions.

This should particularly include a focus on **empowering local communities**, as well as marginalized parts of the population, such as women and youth. Careful attention needs to be given to supporting **local civil society**, without turning them into donor clients. Furthermore, more attention should be given to **customary authorities**. As the potential bearer of voice, trust, and legitimacy, they might be powerful partners. However, at the same time, they might also be manifestations of social structures that serve to further cement exclusion and marginalization in society.

A holistic focus furthermore means looking at **anti-corruption as an interrelated complex**, where the elements of **transparency, accountability, and integrity** need to be rebuilt simultaneously and along the whole anti-corruption chain of **prevention, detection, prosecution, and sanctioning**. This includes addressing resource shortfalls at anti-corruption bodies, as well as building partner capacities on issues such as accounting and procurement. Having structures in place that enable close relationships and support on a more granular level has shown promising in this respect. At the same time, sufficient buy-in and participation of local partners needs to not only be ensured at the outset of an intervention, but continuously throughout its lifetime.

One particular area of intervention along the anti-corruption chain that was highlighted by participants was the **strengthening of oversight mechanisms**. This means both empowering oversight institutions, such as **budgetary committees**, or in the case of military spending, **defense committees in parliament**, as well as empowering oversight through **media and civil society** by supporting freedom of information, and freedom of opinion in independent press and social media. Examples of civil society campaigns like the 'Where is the Money' campaign in Yemen show the potential of oversight mechanisms for accountability of government action – as well as that of donors. It is thus important to bring more transparency and accountability into peace processes, humanitarian assistance and post-conflict reconstruction processes, e.g. by strengthening investigative media and citizen engagement. A particular moment of interest is a pledging conference, when the population's expectations rise but are often not matched with follow-up initiatives and interventions. Most donors are not transparent regarding their commitments, making it more difficult for oversight bodies or civil society to track where the pledges have gone.

Thus, oversight and accountability also start at home. Donors should consider not only encouraging partners to be more accountable, and transparent in the **disclosure of expenditures**, for example, but to **increase transparency in donor spending**. Encouraging the public disclosure of information – be it on budgets, but also on efforts at truth finding in the context of transitional justice, helps build or rebuild trust in public institutions and may help prevent the recurrence of conflict.

Lastly, even in partner countries with little political will to fighting corruption at the national level, good examples may exist within some sectors, and some actors. These **islands of hope** should be nourished and can encourage others to follow suit.

Instruments

Besides the already mentioned PEAs, participants discussed a range of instruments that could be useful in approaching the fight against corruption in fragile and conflict affected partner countries.

Conditionality was one such instrument that was considered by many as a potentially useful tool to increase leverage. It was named both in the context of remote management, where it can be included as a cornerstone in project proposals, similar to benchmarks, as well as when working with partners with low absorption abilities to encourage capacity building. At the same time, participants voiced a need to rethink conditionality, and to tailor it to partner countries' contexts. However, on its own, it is not sufficient to reduce corruption – it needs to be accompanied by other means and be clearly aligned with policy objectives and priorities. It works best, when employed in concert with other donors.

The necessity of more and better **donor coordination** was also emphasized for dealing with corruption more generally – not just amongst different donors, but across the different branches of donor governments active within a given fragile context. The oft-heard call for breaking the silos would thus necessitate better coordination and inclusive planning processes that engage actors from the security sector, the anti-corruption and peace-building community, as well as local development specialists.

Another instrument still underused is **trainings** – both within donor organizations, as well as with partners. Training of donors' staff is particularly important in cases of remote management, but more generally, donors should pay more attention to sensitizing and training front-line staff on what constitutes mission-success, how corruption can impact it, and what tools are available to tackle corruption. Anti-corruption training is particularly important with respect to corruption-prone processes such as procurement and human resources. In partner countries, trainings can also reap long-term rewards, especially in sensitive areas such as the security sector.

Overall, participants recommended that donors should put more effort into drafting **strategies for both engagement** with local actors and communities, **as well as disengagement** with problematic actors, where temporary cooperation should not lead to permanently supporting conflict parties. Having an engagement strategy is necessary both with respect to communicating results and successes, as well as for **managing public expectations**. For example, in transitional justice processes, this has proven to be crucial to ensure citizens do not turn their back in disappointment, when TJ could not deliver immediate and comprehensive results, such as cleansing the judiciary and police bodies. A viable **exit strategy** on the other hand was seen as necessary for managing disengagement from short term cooperation with partners that turned out to be problematic, be it as participants within the conflict dynamic, for violations such as corruption, or for lack of political will.