

POLICY PAPER

by Transparency International Deutschland e.V.

CORRUPTION AS A THREAT TO STABILITY AND PEACE

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Corruption has been increasingly acknowledged as a major threat to stability and peace. A number of useful tools to tackle it have been developed and some initial progress has been made in different (post-)conflict environments. It is crucial that governments, international organisations, and civil society continue to work together as well as separately to implement the lessons learned from these experiences. It is not an easy task to address corruption while trying to balance stability, security, and legitimacy, but there can and needs to be further progress.

Corruption and Stability

A robust correlation between corruption and violent conflict exists: countries with very high levels of corruption are disproportionately more at risk of suffering violent conflict. As a consequence, they are also more likely to see substantial peace operations on their soil. Furthermore, corruption can also pose a direct challenge to peace operations and their peace- and state-building activities. When corruption fuels social grievances and compromises state legitimacy, it undermines the emergence of stable and peaceful societies and risks renewed violence. When it deprives public services, especially security services, of financial resources, it weakens the ability of the state to maintain a minimal level of security without external assistance. Hence, corruption endangers human rights and development.

Table: Highly Corrupt Countries and their Experience of Conflict and Peace Operations¹

Country	CPI Score 2011	CPI score 2012	WGI score 2011	WGI score 2012	Violent Internal Conflict since 2006	Peace Operation since 2006
Afghanistan	1.5	0.8	-1.55	-1.41	Yes	Yes
Angola	2	2.2	-1.34	-1.29	No	No
Burundi	1.9	1.9	-1.12	-1.46	Yes	Yes
Cambodia		2.2	-1.22	-1.04	No	No
Cameroon	2.5	2.2	-1.04	-1.24	No	No
Chad	2	1.9	-1.26	-1.25	Yes	Yes
DR Congo	2	0.8	-1.4	-1.3	Yes	Yes
Equatorial Guinea	1.9	2	-1.49	-1.56	No	No
Haiti	1.8	1.9	-1.23	-1.24	Yes	Yes
Iraq	1.8	1.8	-1.21	-1.23	Yes	Yes
Libya	2	2.1	-1.29	-1.4	Yes	Yes
Myanmar	1.5	1.5	-1.68	-1.12	Yes	No
North Korea	1	0.8	-1.37	-1.37	No	No
Somalia	1	0.8	-1.7	-1.59	Yes	Yes
Sudan	1.6	1.3	-1.23	-1.51	Yes	Yes
Turkmenistan	1.6	1.7	-1.44	-1.34	No	No
Uzbekistan	1.6	1.7	-1.31	-1.23	No	No
Venezuela	1.9	1.8	-1.16	-1.24	No	No
Yemen	2.1	2.3	-1.18	-1.24	Yes	No
Zimbabwe	2.2	2	-1.38	-1.27	No	No

Exploring the complex relationship between corruption, instability and conflict helps to examine the roles that external security actors can play and have had to play in addressing corruption in diverse environments. This is

¹ The table is an aggregation of the 20 most corrupt countries according to Transparency International's Corruption Perception Index (CPI, here on a common scale from 0 to 10) and the Control of Corruption score from the World Bank's Worldwide Governance Indicators (range -2,5 to +2,5). Data for violent international conflicts is taken from the Uppsala Conflict Database Programme. Data for peace operations since 2006 is the authors': a country is deemed to have hosted a peace operation if there has been an international security presence (military or police), normally with a UN mandate, and led by a multilateral organisation. Some of the countries listed as having no peace operation might still host UN peacebuilding offices or UN country teams (e.g. Angola or Yemen) that address peace consolidation issues. Guinea Bissau ranks 163rd in the 2013 CPI, and Kosovo (also mentioned below) ranks 111th. As the name suggests, it is important to note that the CPI measures *perception*.

an urgent endeavour. Corruption is not only a major challenge to governance, security and development in fragile and conflict affected countries, but also for the multilateral organisations that have a substantial presence in many of these states. In addition to being deployed in a growing number of environments that are characterised by substantial levels of corruption, the scope of peace operations' engagement (and of international organisations more generally), in particular with regard to reforming and strengthening institutions of governance, has substantially increased. In this context, international organisations have often supported direct and indirect anti-corruption reforms, or in some cases engaged directly in addressing corruption not only with regard to their own programmes but also within the countries where they work.

“Post-conflict transparency and accountability or anti-corruption programming could be characterized as more ad hoc than integrated and holistic.”⁵

The task of fighting corruption is not an easy one and context matters. For instance, in Afghanistan, corruption problems have festered in the context of an ongoing insurgency and counter-terrorism campaign (Afghan citizens had to pay roughly \$2.5 billion in bribes in 2009 – the equivalent to around a quarter of the country's GDP in 2010);² in Kosovo, international disagreement over the political and legal status of the territory has for a long time entrenched the territorial division of Kosovo and structures of criminal

governance where corruption is rife (and net official development assistance was \$657 million in 2011);³ and in West Africa, the burgeoning narcotics trade has fuelled transnational organised crime and the rise of the first “narco-state” in Guinea-Bissau builds on criminal patronage networks, and where the cocaine trade through the country is estimated four times higher (over \$4 billion) than the official GDP (about \$1 billion).⁴ Often, when intervening, the international community faces the dilemma of balancing short-term stability and “quick wins” with long-term security and legitimacy. When calculating the necessary trade-offs the role of corruption should nevertheless be considered more thoroughly.

Corruption increases the risk of conflict and conflict increases the risk of corruption. The two have a symbiotic relationship that threatens peace and stability in states already besieged by violence. International action can lead to unintended consequences and contribute to corruption becoming further entrenched in the very fabric of how these countries function. Often, by the time international actors have become aware of the situation and realise how corruption impacts on mission success, it is difficult to counter the vested interests of those that have solidified power for personal gain.

The awareness of the existence and impact of corruption is not only essential for good governance and its accompanying effects in a country, but also crucial for the safety of all involved in a mission as well as for global security: Reducing the level of corruption in (post-)conflict states increases overall security. Violent conflict causes enormous costs not only to the country in question but also to the international community: human, economic, social, and security-related costs. Conflict prevention with a particular focus on anti-corruption is therefore in the national interest of all states so that challenges in (post-)conflict environments can ideally be addressed before their consequences have an even broader impact.

“Prevention contributes to peace, security and sustainable development. It saves lives and reduces suffering, avoids the destruction of homes, businesses, infrastructure and the economy, and makes it easier to resolve underlying tensions, disputes and conditions conducive to violent radicalisation and terrorism.”⁶

² UNODC (2010), Corruption in Afghanistan, Vienna, January 2010.

³ World Bank, Net official development assistance and official aid received (current US\$), <http://data.worldbank.org/indicator/DT.ODA.ALLD.CD>

⁴ Crisis Group (2008), Guinea-Bissau: In need of a state (Brussels: Crisis Group).

⁵ UNDP, Fighting Corruption in Post-Conflict and Recovery Situations. Learning from the Past, June 2010, p. 40, <http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance-for-website/fighting-corruption-in-post-conflict---recovery-situations/Fighting%20corruption%20in%20post-conflict%20and%20recovery%20situations.pdf>

⁶ Joint Communication to the European Parliament and the Council, The EU's comprehensive approach to external conflict and crises, 11 December 2013, p. 6, http://www.eeas.europa.eu/statements/docs/2013/131211_03_en.pdf

Raising the issue of corruption on the agenda of international organisations and the EU is not only timely but also logical. Encouraging efforts have been started: NATO has established a Building Integrity Programme, the European Security Strategy calls for preventive measures – combining civilian and military tools –, and the UN has progressed on the front of procurement and whistleblowing.

Setting the Agenda

Challenges, however, clearly remain. A 2013 study by Transparency International identified five key areas of peace operations where corruption are likely to arise, and hence are central to addressing corruption.

The first is the **political framework**. Peace agreements, and the political settlements that they give rise to, are frequently formed in environments where corruption is not only endemic, but also a central feature of the political relationships and dynamics that underpin the settlement. For this reason, a peace operation's mandate that relates to the settlement is likely to have a major impact on the way in which corruption subsequently develops or is arrested. Factors that can increase corruption risk include organised crime, perhaps linked to drugs or a scramble for natural resources; political leadership that is prepared to put its own self-interest over national interest; and a lack of accountability and systemic corruption in the police, military and other national institutions.

The second area is a **mission's own operations**. Corruption may occur within the mission itself, for example in its procurement, or because of the involvement of troop contingents in illicit activities. In addition, peacekeeping operations can affect corruption through their presence and the introduction of substantial resources into fragile environments. Without full awareness of the ways in which corruption can affect the mission's mandate, the mission leadership may risk being seen as condoning corruption or even as being complicit.

The third area is **Troop Contributing Countries**. Troop Contributing Countries and Police Contributing Countries are at the heart of peacekeeping missions. However, despite recent efforts to raise training standards for peacekeeping troops, they come with very different levels of capacity and often from countries which themselves struggle with corruption problems. There is a range of corruption risks that can affect them, both in relation to personnel and equipment, and in terms of accounting for reimbursement paid to governments under assessed contributions.

The fourth area of concern is **central procurement**, an issue in particular for the UN. Although central procurement for peacekeeping may be in a more controlled environment than in the field, it still has inherent corruption risks.

Finally, peace operations need adequate **oversight and whistle-blower protection**. Inadequate protection for whistle-blowers and inadequate oversight can seriously undermine measures put in place to reduce corruption risk within an operation as well.

Policies and Measures, and Lessons to be Implemented

Over the last few years, as the effects of corruption have become apparent in environments such as Afghanistan, the international community has begun to take corruption more seriously. Whilst no mechanism or process is perfect, there is nonetheless a willingness and desire to confront the problem. Well-intentioned initiatives have been designed with a particular context in mind but similar instruments should be present in one form or another when the international community deals with (post-)conflict states. Both of these experiences as well as related and additional lessons to be implemented have been grouped into six categories below:

1. POLITICAL

Despite the enormous challenges remaining, three tools focused on Afghanistan provide valuable lessons:

Independent monitoring and evaluation committees that have both local and international buy-in and representation can be deemed good practice in the fight against corruption. The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) in Afghanistan was formed in 2011 to challenge corrupt practices and dis-

seminate its ideas more broadly to the public, parliament, president and various members of the international community. The committee is tasked with developing anti-corruption recommendations and benchmarks and monitoring the behaviour of both local institutions and the international community in the fight against corruption. The committee comprises of six senior anti-corruption experts – three Afghans and three internationals – who are selected through a nomination process overseen by both the host country and international organisations. On a six-month basis, the chairmanship of the committee rotates between an Afghan and an international appointee. The MEC, funded by the UK, Denmark and the US has had successes such as encouraging the Ministry of Mines to publish contracts. By 2012, the Committee has made 57 recommendations and established 58 benchmarks. Of the recommendations, approximately 80% were either partially or fully implemented.

Taskforces have also led to some notable achievements:

Again in Afghanistan, ISAF **Taskforce Shafafiyat** (Transparency) has proven to be an invaluable tool in the fight against corruption. By analysing how corruption manifests, investigating particular cases of corruption, and forwarding evidence for prosecution, Shafafiyat has advanced the conversation of how corruption in Afghanistan can be addressed. Yet for such organisations to function successfully, two components are necessary: First, it requires strong leadership to set the tone from the top and encourage subordinates to drive the fight against corruption. Second, the mandate of such an organisation must be clear. One of the reasons why Shafafiyat was not as effective in Afghanistan after the first few years was that it stretched itself quite thin and attempted to investigate and study corruption in sectors of the Afghan economy beyond defence and security. However, the organisation was never resourced for an undertaking of this scale.

The **Office of the Special Inspector General for Afghanistan Reconstruction** (SIGAR) was established by the United States Congress to provide independent oversight of Afghanistan reconstruction projects. Reporting directly to Congress, it has energetically conducted audits to promote efficiency in reconstruction programmes and to detect waste and fraud in contracting. Its investigations directorate carries out criminal and civil investigations directly related to US funded programmes. Yet, despite being quite proficient in highlighting numerous instances of waste and fraud through a high degree of buy-in from the media, there has been a lack of follow-up to investigations by the US government. Nonetheless, despite its limitations, such an organisation can prove invaluable.

Civil society has a central role to play in demanding integrity and ensuring that government establishments in (post-) conflict countries are accountable to citizens. Civil society activities are not limited to external monitoring and activism but, to be effective, should also include active engagement and collaboration both to catalyse and support reform within such establishments. Ways for civil society to work with the intervention force(s) should be explored by both.

2. PERSONNEL

The 2013 Transparency International Government Defence Anti-Corruption Index found that three countries, Australia, Sweden and Spain, provided **training in counter-corruption** for commanders at all levels to ensure that they were clear on the corruption issues they may face during deployment. A further two countries, the United States and Greece, had formal **military doctrines** addressing corruption as a strategic issue on operations. Further improvements, however, have to be made in providing clear guidance and implementation across the board.

Since 2011, the Rule of Law Training Programme of the Berlin Center for International Peace Operations (ZIF) organises conferences and expert workshops on anti-corruption, accountability and peace operations with a special focus on the transition countries of North Africa and the Middle East (MENA Region). ZIF also seconds civilian anti-corruption experts to peace operations worldwide, for example to work as mentors of the European Union Police Mission in Afghanistan (EUPOL AFG) with prosecutors in the anti-corruption unit of the Office of the Attorney General.

In 2010, NATO started the second phase of its Building Integrity Programme to help Allied and Partner nations to reduce corruption risks in the defence and security sector. One particular focus of the programme is the inclusion of corruption-related issues in both **pre-deployment and in-theatre training**. By making soldiers aware of the risks they face and providing them with practical tools to counter them, the international community has attempted to institutionalise good practice.

In Afghanistan and in addition to Shafafiyat, NATO has also responded to corruption in the security sector through the Building Integrity Programme. The Building Integrity training not only looks at building capacity within security forces to counter corruption and promote good governance, but also provides tools for these forces to adequately engage with the public and civil society. The concept of inviting a number of stakeholders into the decision making process has been well received by Afghan participants as it promotes the idea of an inclusive society and governance structure.

Transparency International has also been involved in building capacity by developing and delivering training courses (e.g. with NATO), dealing directly with officials through a permanent interlocutor at leadership days and regular in-country visits, and hosting **secondments** to create a network of “change agents.”

It would be beneficial for more organisations, be it local and international Non-Governmental Organisations or international and regional actors, to document their particular approaches to building capacity so as to share knowledge and improve practices.

These initiatives show that positive personnel measures exist in relation to corruption prevention and understanding. But they are all still at the margins: understanding and prevention of corruption is not yet mainstream in conflict environments.

3. IN-COUNTRY SECURITY INSTITUTIONS

A central part of establishing a functioning state is **minimising corruption in the defence and security forces – often the largest recipients of government funds in most fragile countries**. As far as corruption risks in defence and security are concerned, the risks are much higher in conflict states. This is particularly pronounced for financial and significant for political and procurement corruption risks. To a lesser extent, this is also true for operational and personnel corruption risks.

Establishing transparency and accountability in the defence and security forces can send a powerful message to other departments. Yet, most countries’ defence and security forces suffer from low competence, be it in procurement, operations or personnel policies, which further increases the risks of corruption. As responsibilities are transferred from the international community to the Ministry of Defence and Ministry of Interior, these gaps are only magnified. International engagement through capacity building and training can help to alleviate some of the corruption risks.

4. FINANCIAL

In Liberia, for instance, corruption was perceived by donors (i.e. USAID, EU, World Bank) as such a challenge to the peace- and state-building process that they established the Governance and Economic Management Programme (GEMAP) in 2005, two years after the comprehensive peace agreement had been signed and a transitional government had been established. GEMAP **placed international officials in key public institutions** such as the treasury, the central bank, state enterprises, or the port authority, where they provided training and helped to reform processes, but importantly also had **counter-signing authority for expenditures**, to drastically limit corruption.

Aid can distort the economies of conflict-affected countries, especially if it exceeds the country’s capacity to absorb these funds, fuelling rent-seeking and providing incentives for corruption in the process. In some conflict affected countries, like Afghanistan or Liberia, aid and other financial contributions such as security expenditures by foreign militaries has exceeded local GDP by multiples. This is often exacerbated by the need to disburse funds quickly to address emergency situations or achieve highly visible “quick wins” through quick impact projects, and to proceed without robust procurement and auditing procedures.

Research into **the impact of aid and informal social service delivery by NGOs** or communities at the local-level has shown that this often revives and reinforces the patronage power of local elites, who become the gatekeepers to aid and services. This is one important example of the need for civil society to implement lessons learned and to work constructively with international and local government actors.

5. PROCUREMENT

For the United States in particular, the issue of **subcontracts** has been an area of concern since it was the preferred model of fund distribution in Afghanistan. Whilst US federal law makes prime contractors responsible for the behaviour of their subcontractors, in practice there are a number of deficiencies in the system which have allowed a degree of waste and fraud. In particular, the widespread prevalence of “flipping”, through which a contract is passed on or subcontracted to others with a profit margin being extracted in the process, is widely and correctly perceived as just another form of corruption. **Security contracts** in particular have been susceptible to corruption risk and are of particular interest as most national private security contractors in Afghanistan have close links to powerful political figures. Importantly, not only has this corruption in some part contributed to funding the insurgency, but has also funded powerful warlords who have been accused of acting violently and abusively towards the civilian population. By providing them with financial support directly, and not through the state budget, it also threatens to weaken their link to the state and develop autonomous centres of power that can challenge state authority. The US dedicated a well-resourced taskforce to analysis of corruption in US contracts in Afghanistan – “Taskforce 2010” – which represents good practice in following up on theatre contracting practice.

The challenge of transparent, quick, and cheap procurement requires better mechanisms, such as prior certification processes. The establishment of a database allowing the vetting of vendors and contractors to ensure that funds are not diverted and contracts are not awarded to nefarious characters is one that resonates with many experts.

6. OPERATIONAL

In addition to being deployed in a growing number of environments that are characterised by substantial levels of corruption, peace operations “have found themselves involved, to an unprecedented degree, in the creation and reform of representative political institutions, the strengthening of governmental capacity, the promotion of judicial reform and the liberalisation of economies.”⁷ In that context, they have often supported direct and indirect anti-corruption reforms, or in some cases engaged directly in addressing corruption not only with regard to their own programmes but also within the countries where they work. Examples include EULEX in Kosovo, NATO in Afghanistan, and GEMAP in Liberia. It is therefore worth exploring in greater detail how key multilateral organisations and the peace operations they have established have engaged in anti-corruption efforts, and how anti-corruption concerns feature in their planning for operations, operational guidance, training, and activities.

The use of **private security companies**, often with close links to local powerbrokers, to protect bases and projects has further strengthened this decentralisation of power and corruption. These contractors can also be abused by organised crime and might not adhere to the same anti-corruption standards as state or public sector actors.

MINIMISING HARM

When intervening in foreign environments, one of the overriding principles for any such country should be minimising harm. The responsibility extends all the way from politicians to troops on the ground. However, recent engagements have demonstrated that, more often than not, the presence of international troops, contractors and donors, and the substantial inflow of resources that accompanies them (sometimes multiples of the local GDP) can have a distorting impact on a country’s economy and stability.

To minimise the negative impact of their presence, and to understand how they affect political and economic dynamics, peace operations need to have a good understanding of the national and local political economy, and of the different drivers of conflict. Frequently, peace operations fail to understand that violence is driven by local rather than national factors. In addition, peace operations often find it difficult to understand and address “criminal” and seemingly non-political violence. While missions often lack dedicated resources to conduct the necessary analysis,

⁷ Berdal and Zaum, “Power after Peace”, in Berdal and Zaum (eds.), *Political Economy of Statebuilding: Power after Peace* (Abingdon: Routledge, 2012), p. 1.

in some contexts, such as Afghanistan, the military and donors have devoted extensive resources to understanding local-level political and economic dynamics, e.g. through the Helmand Monitoring and Evaluation programme.

To minimise harm lessons learned studies should be conducted and directly feed into guidance and training.

In light of the 2014 withdrawal of NATO-led ISAF from Afghanistan, it needs to be ensured that the progress that has been made is safeguarded and that corruption is not ignored. This is a valuable lesson learned and a call for greater awareness, engagement, and coordination. Efforts to develop anti-corruption strategies need to be high on the international community's agenda for the sake of stability **as well as** security and peace.

“Certainly, the military alone cannot counter corruption, although they have a significant role to play; dealing with it requires inter-agency cooperation and coordination, under a comprehensive approach.”⁸

CALL FOR ACTION

The Munich Security Conference brings together a high percentage of the world's thinkers and policy-makers on security matters. This forum is thus uniquely positioned to propose and initiate action to improve understanding of and responses to the corruption challenges to security and peace. We call on leaders to:

- Actively exchange ideas on approaches and challenges on possible and practical ways to tackle and prevent corruption in the difficult environment of international missions intervening in fragile and conflict countries;
- Start implementing lessons learned, including better cooperation among actors and development of appropriate tools as well as education and training for all those involved in such international missions;
- Further work on guidance and deployment training for military, police, civilian or peacekeeping staff, and commit to taking this fully on board;
- Use this guidance as a basis for updating official military and police doctrine in relation to the corruption challenges of international missions;
- Not only set the tone from the top for national endeavours but also placing it high on the priority list of multilateral organisations' agendas, e.g. the European Union Security Strategy discussions and NATO's September 2014 Summit.

8 Tsamis et al, *Counter- and Anti-Corruption. Theory and Practice from NATO Operations*, NATO Joint Analysis and Lessons Learned Centre, Lisbon, June 2013.

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