



THE FLETCHER SCHOOL

TUFTS UNIVERSITY

The Nexus: Corruption, Conflict & Peacebuilding

Boston, Massachusetts

April 12th and 13th 2007

Compendium of Colloquium Thought Pieces

The Institute for Human Security within the Fletcher School at Tufts University hosted a select group of thinkers and policy makers to discuss the critical questions related to the nexus of conflict, corruption and peacebuilding on April 13, 2007.

In preparation for the colloquium, each participant was asked to draft a short *Thought Piece* on a specific aspect of the agenda in order to fuel the discussion. These pieces were intended to be ‘food for thought’ and not academic, formal publications;¹ nor were they intended to be made public. However after much discussion regarding the paucity of existing literature it was felt, where authors permitted, that there was value in making them available. For further information on the Colloquium, contact Cheyanne Church at cheyanne@besacsc.org.

Table of Contents

| | |
|--|----|
| I. Session I: What is it? Corruption in Conflict & Post Conflict Zones | |
| Cheyenne Church..... | 3 |
| Karen Hussmann..... | 10 |
| Daniel Jordan Smith..... | 16 |
| Marc Sommers..... | 22 |
| II. Session II: How does corruption happen? Embedded Networks, Illicit Power Structures, Paramilitaries/Rebels, Ex-Combatants | |
| Michael Pugh..... | 28 |
| Diana Klein..... | 37 |
| III. Session III: What is the impact? Effects of Corruption in Post-Conflict | |
| Philippe Le Billon..... | 42 |
| Peter Uvin..... | 46 |
| IV. Session IV: Capacity for Anti-Corruption | |
| Antonia Chayes..... | 51 |
| Elizabeth Hart..... | 55 |
| V. Session V: Anti-Corruption Measures Causing Conflict | |
| Phyllis Dininio..... | 59 |
| Mary Anderson..... | 62 |
| VI. Cross-Cutting Themes | |
| Jens Christopher Andvig..... | 66 |
| Susan Rose-Ackerman..... | 70 |
| Dominik Zaum..... | 75 |
| Lorenzo Delesgues..... | 80 |

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING
THOUGHT PIECE

CHEYANNE CHURCH

Corruption & Peacebuilding: How They May Collide?

One must ‘mind the gap’ when attempting to explore how corruption and peacebuilding connect, counter or even reinforce each other. The gap in the current literature is striking. Though the past year has seen an upsurge in interest in the intersection of corruption and conflict as well as corruption and statebuilding, how corruption overlays with peacebuilding has received scant attention. Further when one reflects on origins of the even the related literature it is the corruption world that is driving these new areas and not those situated in statebuilding or peacebuilding as such. This of course affects the perspective and conclusions of the subsequent literature.

In this short Thought Piece, the definition of corruption will align with Transparency International’s definition; the abuse of entrusted authority for illegitimate private gain. There is likely valuable time to be spent reflecting on the core notions in this definition and how they apply or change within in a conflict context. For instance, in a conflict or post- conflict society the notion of *entrusted authority* must be understood in the context of extreme insecurity. The entrusted authority can take on the role of ultimate ‘protector’ or ‘predator’ due to the lack of other functioning systems like rule of law or media. This makes the stakes higher for the individual of not partaking in a corrupt system and the potential ‘profits’ so much greater for the corrupt. Or the concept of private gain, this may mean personal as in the individual but also gain for a group, often in conflict dynamics the group is connected by clan, ethnicity or tribe.

Defining what is meant by peacebuilding is of equal importance as the international field struggles with the language being used interchangeably causing confusion in concepts. In this piece, peacebuilding refers to any work that seeks to effect change in the key driving

factors or actors of existing or renewed armed conflict,¹ as determined in each conflict context, that would bring a sustained peace. It can occur at any level; grassroots, elite decision-makers and those influential to both of these groups.²

Peacebuilding & Corruption

In reflecting on the work done in peacebuilding (in a non-statistically significant manner and entirely based personal experience) it appears that corruption and peacebuilding intersect in three main ways:

1. Ignorance is Bliss: unintentional use of corruption to facilitate peacebuilding ends
2. ‘Buying the Peace:’³ the use of corruption, explicitly or implicitly, to obtain an end to violence, generally but not exclusive to, high-level political interactions such as peace agreements.
3. Part and Parcel: where peacebuilders and peacebuilding agencies are the corrupt actors

I. Ignorance is Bliss

Consistent with other sectors within the international humanitarian and development community, the corruption and peacebuilding sectors operate in parallel silos. With different agencies, actors, conference circuits, literature and implementing organisations, the two ‘industries’ generally operate in simultaneous fashion and overlap in only ad-hoc and limited ways. Not surprisingly, the two fields also have differing priorities, frameworks of analysis, approaches and evaluation foci. As a result of this separation corruption unintentionally plays a role in the peacebuilding process and is an unintentional enabler.

The two fields have, quite naturally, *different priorities*; one to stop violence and build peace and the other to stop corruption and build non-corrupt systems, leaders and practices. The goals of specific projects are generally more specific than this, but are intended to feed into one or the other of these greater overarching visions. These

¹ Definition used by the Reflecting on Peace Practice (RPP) project of CDA-CLP

² As is best outlined in John Paul Lederach’s Actor Triangle

³ Phrase taken from Philippe Le Billon article on ‘Buying Peace or Fuelling War’

different priorities are then translated into differing perceptions of success for each field, which have implications on the other area, both positive and negative. At present the interplay between the two fields do not appear to be fully understood, nor included in policy or practice decisions.

The *framework of analysis* also appears to differ between the two. At the most pragmatic level the tools of analysis used by the two communities are different and are rarely, if ever, overlaid to determine the interplays between the issues. It is illustrative that in 2003-2004 USAID almost simultaneously were working on two new analysis tools, one for conflict and one for corruption. These tools did not cross-reference the other, leaving it to the practitioner to attempt an amalgamation or as is likely more the norm stay firmly located within their own silo.

In addition to the framework, there are also differing sets of expertise and knowledge that are possessed by practitioners. As a result the issues of relevance, red-flags, indicators and options to counter corruption are not familiar to the average peacebuilding programme decision-maker. It is likely true, that corruption experts are also not familiar with the intricacies of the conflict and peacebuilding principles. This effects what information is deemed important to know in the context and subsequent decisions.

Take for instance the efforts of a Northern Irish NGO⁴ to support elements within one of the Protestant paramilitaries to stop the use of violence to advance their political agenda. As more and more of the mid to senior level commanders stopped advocating violence, the peacebuilding NGO declared victory. Based on their analysis of the situation success had been achieved. However, a broader lens showed that many of these actors were now using the same command – control structures to perpetuate criminal and corrupt activities for personal gain. As such the project did reduce politically motivated violence against the other community, but traded it for a greater focus on illicit activity which harmed both communities. (now equal opportunity harm!) Further it appeared that those within

⁴ This example is drawn from personal work experience in Northern Ireland.

the paramilitary structure who were sufficiently senior were the ones to predominately utilise corrupt practices while those more junior gravitated towards criminal activities.

This example illustrates, the different perceptions of success, frameworks of analysis and knowledge basis of the actors. This NGO knew in detail the landscape of political violence and the actors, but did not know in-depth the illicit activities that the paramilitaries were increasingly involved. The focus was so clearly on political violence reduction that any shift was interpreted as positive rather than different but the same from the perspective of the community. The question is could more have been expected of this intervention? Without the incentives of the illicit activity in terms of personal gain (financial and power) would the actors have been willing to change their actions? Conversely was it through the peacebuilding programme that these actors saw the ‘game was over’ in terms of the political war and that they needed to capitalise on their position through corruption and conflict while they still could?

Third, *differing approaches*; grassroots peacebuilding is dominated by a hearts and minds approach⁵ with the core assumption being that if enough individuals are changed personally then greater change will occur in society. Conversely it appears that the corruption field is dominated by a technocratic approach targeted primarily at systems and institutions and with a preponderance towards financial transactions.

Finally, the way in which peacebuilding is *evaluated* currently rarely seeks to determine the intersection with corruption. Potentially evaluation could seek out unintentional intersections between specific peacebuilding actions and the support or deconstruction of corrupt networks and practices. Conversely do the evaluations of anti-corruption measures take account for its effects on conflict and grievances?

At the statebuilding level does the increasing focus on integrated approaches, such as the Canadian Government Whole Government Approach or integrated missions in the United

⁵ Evidence gathered by the Reflecting on Peace Practice project based on international and national ngos working in conflict zones around the world.

Nations offer an opportunity for corruption and peacebuilding actors to collaborate further? With the multiplicity of voices at the table can the trade-offs be better understood and therefore mitigated against. Alternatively does this mean that once an overarching policy goal is determined that all other pillars/elements are subservient to this perceived greater good?

II. Buying the Peace

The international community has a hierarchy of priorities which shift over time and are associated with different lead agencies. In the immediate term, the first priority in conflict situations is generally to stop the war. In practice, this often implies that trade-offs will have to be adopted in order to achieve this end. One of the trade-offs that is increasingly apparent is with corruption. In the most minimal form this means the inclusion of illegitimate or corrupt actors into the negotiations.

In its most extreme form this involves, ‘buying the peace’ where the continued access to resources or opportunities to personally profit are entrenched in the agreement. Consider the peace agreement in Sierra Leone where the RUF leader was made the Minister of Natural Resources giving him full authority over the lucrative diamond sector, or the Mozambique peace settlement which reportedly included offering the head of the rebel movement a villa in Europe as part of the ‘signing bonus’ [Personal Conversation]. Arguably these trade-offs are necessary in order to stop violence in these situations. The result however, is that the international community negotiates and enforces a peace agreement that entrenches (to differing degrees) corruption.

Are these trade-offs explicitly recognised and are the longer term implications understood? More pessimistically do those who are enshrining these actors have the contextual knowledge to understand the implications of their actions? Do these international arbiters know how things can be circumvented on the ground and what the longer term consequences on positive peace might be? Do they stay involved in these contexts for enough time to see the consequences of their actions before moving on to the

next crisis and replicating their ‘tried and true’ methods? Let us reflect on the Bosnia model being advocated for Iraq!

As immediacy shifts to a short to medium term perspective, authority in the country is handed over to the national authorities accompanied by a different set of international actors providing aid. These new international actors, such as the World Bank have a different set of priorities often including corruption as high on the agenda. Thus the new and often fragile regime, sanctioned by the international community and often indebted to corruption for its position is now tasked with combating the politically fraught issue of corruption if they want to continue to receive the ‘benefits’ of the international system. It is the ultimate bait and switch by the international community. These new regimes generally do not need sympathy for this situation, as the only ones better placed to counter this slight of hand are often these newly formed yet corrupt regimes, who respond to this duplicity with their own set of deceptions in order to capitalise on the system being offered.

With this in mind, the feasibility of the calls in the nascent literature for the inclusion of anti-corruption measures into peace agreements is not surprising, but pragmatically questionable⁶. As O’Donnell stated in her recent address to the World Bank, “peace agreements provide a unique entry point still not fully utilized by the Bank.” How precisely this could be done while simultaneously achieving an end to the violence is not clearly articulated and as such the calls for inclusion need to be tempered with feasibility. What other options exist in instances where warlords have access to money and weapons that rival the state security apparatus or where civilian casualties are in the thousands and appearing around the world with the consequent CNN-effect on foreign policy? Not surprisingly this thinking originates from thinkers within the corruption field and is true to their priorities and frameworks of analysis.

III. Part & Parcel

⁶ O’Donnell, World Bank 2006 Talk and Ackerman ECOSOC Presentation 2006

Of course there are also instances where peacebuilders themselves, be it personally or agency wide are corrupt. Individuals who set up NGOs which purport to be agents of change for peace, but are instead a means for self-aggrandizement, not only divert resources from legitimate actors, but also harm the public perception of the legitimacy of NGOs and the process of peacebuilding⁷. In turn this decreases the quality of person who is likely to be drawn to work in peacebuilding NGOs and limit their credibility as neutral actors working for the common good. Where corruption is part of the conflict dynamic, these actors become part of the problem not the solution.

Finally, the actions of the international community in de-facto forcing conflict parties to the table to sign peace agreements that entrench power or provide legitimized on-going access to profiteer is arguably an abuse of their entrusted authority. They – be it through the UN, NATO or from their position in the global community – have authority that in many cases is supported by military capacity. The personal gain, is a gain of the collective for those nations that are represented. In the case of Iraq, the access to oil is a gain to the business community of America; in Bosnia the signing of Dayton provided the Europeans with stability on their doorsteps as much as it provided Bosnians with a functioning system. In this line of thinking the international community is engaged in corrupt behaviour as part of their peacebuilding agenda. Or is it simply realpolitik in an unjust, globalised world?

Far more research and reflection are required to understand the true interplay between corruption and peacebuilding, both positive and negative. It should be understood that these three groupings are conjecture that require far deeper reflection and the assembling of sound evidence. What is necessary at this time is for the research to begin.

⁷ Excellent examples of this can be found in Sri Lanka.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

KAREN HUSSMANN

SESSION I: WHAT IS IT? CORRUPTION IN CONFLICT & POST-CONFLICT ZONES

What does corruption mean in post-conflict zones? Is this concept universal or context specific?

In order to approach the question of what “corruption” means in conflict & post-conflict areas it is useful to look first at what “corruption” means in general from at least four different perspectives which are not conflict specific but contribute to setting the stage also in conflict areas (conflict specific issues will be highlighted further below): i) international anti-corruption (AC) treaties and the meaning of corruption derived from them, ii) the country’s legal and normative framework and iii) the ethical standards, values, beliefs of the local society, iv) the international community as important and often decisive actor in conflict & post-conflict areas.

i) International AC-treaties

Since the entering into force of the first anti-corruption convention (Organization of American States)⁸, gradually a broad international consensus on a comprehensive anti-corruption framework was forged and is anchored in the UN Convention against Corruption (UNCAC). The UNCAC lays out what all State Parties to the Convention shall consider as corrupt practices and be a criminal offence (bribery of national and foreign officials, embezzlement, influence trading, abuse of functions, illicit enrichment, bribery and embezzlement in the private sector, money laundering, concealment, obstruction of justice). In addition, codes of conduct for public officials shall provide the

⁸ Followed by the OECD anti-bribery convention, the Council of Europe’s criminal and civil anti-corruption conventions, and the African Union anti-corruption convention.

basis for which ethical standards and behaviours are expected from public officials and which breaches shall be sanctioned.

Since the UNCAC has been signed and/or ratified by a significant amount of conflict & post-conflict countries, such as Afghanistan, Bosnia & Herzegovina, Colombia, Congo, Haiti, Sudan, Sri Lanka, and Timor Leste. Many of these countries are also State Parties to other regional conventions with similar definitions of corrupt practices, it provides theoretically the basis to identify and typify corrupt practices in these countries.

ii) National legal and normative framework

Every country lays out in its legal and normative system which specific kinds of practices, acts or actions are formally considered to be corrupt and this tends to vary widely. Most countries have some kind of anti-bribery legislation (which not always includes active and passive bribery), a growing number of countries have enacted either comprehensive anti-corruption laws or gradually introduced legislation on specific corrupt practices, and codes of conducts for public officials provide for further orientation of what is considered ethical behaviour.

iii) Ethical standards, beliefs and values of a society

Every society is characterized by a specific set of values and ethical standards of different natures (religious, cultural, ethnic, etc.) which orient, guide and sanction the interaction and behaviours of its members. To this the country's legal norms have to be added. In particular in countries with rather traditional societies this leads often to a complex web of overlapping and even contradictory values and norms and the line of what is considered to be a corrupt practice becomes easily blurred. For example, petty corruption is often considered as a survival strategy and therefore accepted or justified, while grand corruption may be more easily condemned. Also the assignation of public positions on the basis of family, clan, or other group loyalties is often socially accepted although this practice goes against the normative rules of a modern state administration.

iv) International community

In the international anti-corruption movement, the concept of corruption has been commonly defined in broad terms along the lines of “misuse of entrusted power or office for private gains or benefits” which has come in more recent times to encompass corrupt practices in both the public and private sector.

The international community – to be understood as development partners – is guided in its approach to understand corruption by a) the international treaties, and b) the conceptual framework of the governance or anti-corruption strategies of their respective organizations. Although virtually all development partners emphasize the need to understand the local context, little seems to be done in practice to get explore in depth what the local society considers to be acceptable and unacceptable behaviours in terms of corruption.

Building on the above, one could venture to say that universal concepts to define “corruption” are pursued to be applied to virtually all countries – be they in conflict or not – but the specific mix of values, ethical standards and beliefs in the local society as to what is acceptable behaviour and what not combined with – at times contradictory – national normative and legal rules is often not understood and explored nor taken consciously into account. Further, while there seem to be some universally accepted understandings of “corruption” such as bribery, others will be significantly influenced by the local context such as “influence trading” or “abuse of functions”.

In addition to the above, specific issues related to the question of what “corruption” means in conflict & post-conflict areas include:

- Conflict & post-conflict areas often suffer from a traumatically broken relationship of trust, among the people themselves but perhaps more importantly between the society and the “state”. Public authorities are often not legitimate for a large amount of the population. The decision making processes are often limited to a small circle of a combination of political and bureaucratic actors, both can be at the same time

intimately linked to economic elites but also criminal networks and military factions, which easily leads to both state capture and / or state predation. This kind of phenomena has been acknowledged with some force over the past years, in particular in transition countries, and perhaps the question now lies in identifying whether and how this could be classified as corrupt practice (in developed countries lobby rules often try to address this issue).

- In an effort to get specific conflict actors at the negotiation table or to agree to peace agreements and subsequent transition governments, they may be offered large amounts of money that is peace is “bought”. Crucial questions to consider here is whether this can or should be considered a form of “international” corruption and what kind of signals this practice sends to the local population in terms of the “rules of the game” that they have to expect to be pursued by those actors. This issue relates back to the legitimacy of power-holders and its effects on governance.
- The international community often plays a decisive role in conflict, but above all in post-conflict areas and comes in with an enormous man-power of well-paid experts, security personnel, etc., as well as with large amounts of money. Time and again, the rush and pressure for quick results leads to careless and arguably little ethical practices (rent of local premises at horrendous prices; pay of unrealistic and non-sustainable salaries, poaching of staff; un-coordinated, incoherent salary top ups to government officials distorting their accountability lines, etc.) that quickly distort local markets and negatively impact values and behaviours. While these practices are not “corrupt” in the strict sense of the concept, they provide ample room for conflicts of interest and lack of control. The question is if they should be classified as non-ethical or corrupting practice and dealt with accordingly and explicitly.

How is corruption different - actors, form, magnitude, consequences - from corruption in developing countries or weak states?

The following are a series of thoughts in relation to the above mentioned question which are not coherently related to each other but rather aim at raising issues to spark debate.

- Many forms of corruption in conflict & post-conflict settings are similar to other developing countries or weak states. This is particularly true for petty corruption at the service delivery points, but also for higher level corruption in the public administration such as in procurement, the recruitment and promotion processes, the budgeting process, etc. Also the issues of state capture and state predation are phenomena found in countries with weak states across the board.
- However, in some conflict areas different types of shadow structures with self-appointed quasi “public functions” are extracting additional bribes from the ordinary people. These shadow structures can either fill the positions of the non-present state or add an additional layer, such as is the case in the “security tax” on highways in Southern Afghanistan or an extra-state tax system in Eastern Congo.
- Also, corrupt networks within the public administration may acquire greater relevance through the buying and selling of positions and promotions as power structures are maintained and sometimes carefully managed as not to offset a fragile peace and power balance between conflicting fractions. This way corrupt practices are used to create or maintain governance. However, a question to be asked is whether the short-term focus to buy peace-spoilers will generate long-term governance spoilers? If this was the case, how could this dilemma be resolved differently?
- Perhaps one significant difference of corruption in conflict areas is related to the purpose for which it is used as a means. In particular in resource-rich countries, the maintenance of conflict allows certain economic actors to further exploit the resources at little cost, with little open competition and if the resources are illicit with little fear of public intervention, the latter is the case of opium in Afghanistan and cocaine in Colombia. The actors of what some call war-economies benefit from the cycle of war fuelling corruption and vice versa. This is also an areas where the international dimension of corruption becomes relevant because the actors involved in

the dynamics of resource exploitation, corruption and war or conflict are either international of nature or have close ties with the latter.

- Given that an often unrealistic and overly ambitious peace process has been agreed upon, pressures and stakes are high to achieve the intended benchmarks, in the process of which crucial principles of transparency, integrity and probity may be irresponsibly overlooked, as has happened in rushed election processes with devastating consequences for the legitimacy of such a crucial actor as Parliament (Afghanistan). Similar dynamics are at play when it comes to the physical reconstruction of the country's infrastructure. However, as long as results are achieved, corruption in this area may not be as damaging.
- One important difference to other weak states or developing countries in terms of magnitude of corruption may lie in the enormous amount of development aid flowing to post-conflict areas. The so-called "spending frenzy" leads to multiple opportunities for corrupt and other unethical practices. This situation can be compared perhaps to large humanitarian aid emergency operations and the challenge consists in switching relatively quickly from an emergency mode to a developmental approach.
- A significant aspect of the motivations of public officials to get involved in corrupt practices is the uncertainty about the future, their job-security and related issues. The "bonanza" of aid flows persists for a limited amount of time, in some countries, like Afghanistan, this has led among an important amount of people to a "take-and-get-what-you-can" attitude.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

DANIEL JORDAN SMITH

SESSION I: WHAT IS IT? CORRUPTION IN CONFLICT & POST-CONFLICT ZONES

With regard to the question of what corruption is, I believe the insights that anthropology can provide come through the discipline's ability to consider, examine, and try to understand corruption from the perspective of the people who engage in it, but also through paying theoretical attention to question of what the concept of corruption is as a way of seeing the world. Arguably, the idea of corruption has become an organizing lens through which people in many contemporary societies explain and lay blame for a range of failings with regard to democracy, development, and other expectations of modernity. While discourses about corruption seem to be wielded by people in developed countries against people in developing countries for political and disciplinary purposes, it is also quite remarkable how widely the concept of corruption has been adopted and appropriated by people in developing countries as a way of talking about, understanding, and sometimes resisting aspects of inequality and injustice in their societies. As an organizing idea for understanding the world (and as a set of practices) corruption can be both a strategy of the powerful and a weapon of the weak.

Acknowledging and trying to better understand the political uses and discursive dimensions of corruption should not, however, deflect us from confronting the fact that, by almost any definition, corruption is a pervasive social problem. In countless contexts – including, for our purposes, in times of conflict and processes of peacebuilding – people engage in, benefit from, and are victimized by corruption. Thus, when we consider what corruption is, we need to interrogate it not only as a powerful and organizing idea that serves different purposes in relation to the social positions of the groups or actors who deploy it, but also as a set of practices that have different meanings shaped by heterogeneous but nevertheless identifiable patterns of interests.

Conventional definitions of corruption assume the existence of a bureaucratic state and hinge on the presumption of a clear distinction between public and private interests and goods. Joseph Nye's widely quoted definition ("Corruption is behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains" (1967:419)) is emblematic of this view. Yet, as a large literature on Africa and Nigeria (where I work) suggests, the distinction between public and private/personal interests and goods is complicated by a host of factors, including a more collective sense in many societies of private/personal interests, where people's identities, loyalties and reputations are closely linked to kinship groups, place of origin, and other collectivities (Ekeh 1975; Joseph 1987; Olivier de Sardan 1999; Smith 2007). As a result, people who engage in corruption are often doing so not so much to enrich themselves as individuals, but to share with their collectivities the benefits that accrue from access to the state. Considerable evidence has demonstrated that individuals with access to the state (or international institutions) come under great pressure to secure a share for themselves and their people (Bayart 1993; Chabal and Daloz 1999; Smith 2001; Blundo and Olivier de Sardan 2006).

In Nigeria, ordinary people talk about securing state resources (including via corruption) as getting a share of "the national cake." When people talk this way it signals their understanding that in Nigeria (as in many places) one gets access to social resources through ties of kinship, patronage and other social connections rather than through more bureaucratically transparent mechanisms or by some sort of objective merit. People commonly see the state as hopelessly corrupt and decide quite rationally that engaging with it on purely bureaucratic terms will yield little benefit. While some might argue that it is precisely these assumptions and practices that keep the bureaucratic state from functioning effectively, plenty of evidence suggests that powerful historical and structural reasons explain why so many developing countries have failed to establish more effective and transparent bureaucracies. These explanations lie in the legacies of colonialism and in contemporary macro-structural inequalities in our interdependent global world – but these are topics well beyond the scope here (Mamdani 1996; Mbembe 1999; Bayart 2000). Regardless of where one attributes the origins of corruption, it is quite clear that in

places like Nigeria, corruption is so intractable because it unfolds in a vicious cycle where people rely on corruption because the state functions poorly and the state functions poorly because people presume and act as if corruption is the only means to sharing in the national cake.

In my ethnographic study of corruption in Nigeria (which did not focus explicitly on issues of conflict and peacebuilding), a striking set of seeming contradictions emerged over and over again. Ordinary Nigerians were at once: 1) participants in corruption and its social reproduction, 2) victims of corruption's most pernicious social effects, and 3) tremendously self-conscious about their paradoxical role as participants and victims. At an empirical ethnographic level the paradox is exemplified by the fact that most Nigerians condemn, in the abstract, politicians who use political office to award state resources to their kin and communities, but when their own relative achieves a position of influence those same people will apply considerable pressure on that person to use his position for just such purposes. At first pass, it may appear as if it is simply a question of people condemning corruption when it profits others and favoring it when it benefits them. There is certainly some truth to this, but a more adequate explanation should focus on the competing but intertwining moral economies within which people interpret behavior and make decisions.

Although these competing moral economies can be separated only for heuristic purposes, as they are lived in simultaneously by real people, they can be usefully contrasted in terms of the idioms of accountability they privilege (Gore and Pratten 2003). On the one hand, people in Nigeria (and, I would argue, people in many societies) live in a moral economy dominated by the ethics of kinship, reciprocity and patron-clientism. In this register, one's first obligation is to one's people and the modern state is perceived and engaged with primarily in terms of what it can deliver (or how it thwarts) the most important obligations of a good person – to secure resources for the social groups to which one belongs. On the other hand, people are well aware of the expected ideal functions of contemporary nation-states – epitomized most profoundly by the promises of democracy and development. In my experience, ordinary people in places like Nigeria are

remarkably attuned to these issues and are often acutely disappointed with the failures of their states to perform.

The complexity of corruption comes in the intertwining of these moral economies and idioms of accountability, such that ordinary citizens have to participate in the patronage system in order to have any access to the resources of the state, while elites are able to utilize the facades of the state and the structures of patronage for alternative purposes. That is, elites play the bureaucratic card to truncate their obligations to ordinary people and they play the patronage/reciprocity card to justify looting the state. At a distance, ordinary folk seem to know exactly what is going on. No discourse of complaint in Nigeria is stronger than people's discontents about corruption. But closer-up people are bound to participate in their own undoing. A combination of the real hardships people face in order to survive and the relative reliability of kinship, reciprocity and patronage as leverage through which to extract some support from elites push ordinary citizens into promoting and participating in the very acts they condemn.

In Nigeria at least, some forms of corruption are much more aggrieving than others. People perceive that forms of corruption no longer rooted in a moral economy of kinship are on the rise (Apter 1999; Smith 2007). The common term in Nigeria for these forms of corruption is "419" (pronounced "four-one-nine"), and such forms of corruption are marked by deception that is undertaken solely for the purposes of individual enrichment and self-aggrandizement. While patrons who loot the state to share with their people are often admired and socially rewarded by their kin and communities but resented from a distance by those who do not benefit, people who practice 419 are generally despised and condemned by everyone. When they are not universally condemned (419 men do succeed in buying status and prestige) this is popularly interpreted as the truest sign of the moral decline and ultimate demise of the entire society. The concept of 419 as it is understood and wielded in Nigeria suggests that at the intersection of kinship and the state forms of corruption have emerged that are unacceptable in either idiom.

In the contexts of conflict and peacebuilding, all of this suggests that corruption is many different things, and that pragmatically useful definitions and understandings need to be grounded in ethnographic realities. Arguably, many conflicts begin precisely because of people's discontents about the kinds of inequalities and injustices frequently associated with processes labeled as corruption (e.g., Richards 1996). Yet it can be hard to know when parties in a conflict aim to combat corruption and when they are in conflict to control the institutions through which they may benefit from corruption. Surely, it can be both or become both.

I believe my ethnographic work on corruption in Nigeria suggests several pertinent lessons for approaching the question of the intersection of conflict, corruption and peacebuilding. First, most of what outsiders label and condemn as corruption is undertaken by ordinary people for sound, rational reasons. It makes no sense to try to combat corruption if we don't understand why people are doing what they are doing so that, when warranted, we can help them find alternative means to achieve their ends. Second, there are indeed aspects of corruption in contemporary societies (including, I presume, in societies in the midst of or emerging from violent conflict) that almost everyone condemns. These are the forms of corruption about which we should be more troubled and on which we should be focused. These forms of corruption are most associated with elites using the facades of the state (and their international ties) to empower and enrich themselves without sharing any of the cake, so to speak. Finally, these most aggrieving forms of corruption are most closely connected with the structures of inequality from which we in developed countries benefit most directly, but which are conveniently not labeled as corruption. The concept of corruption has been elevated to an organizing idea that marks some forms of behavior and structures of inequality as unacceptable -- and subject to scholarly conferences, government policies, U.N. interventions and so forth. But other -- arguably even more powerful and pernicious -- processes and structures of inequality remain unmarked and considerably less addressed. I have always been struck by how much more apparent this is to people in places like Nigeria than it is to us, and it suggests to me that we tread carefully in deciding who and what to label as corrupt and what we might do about it.

References

- Apter, Andrew. 1999. IBB = 419: Nigerian democracy and the politics of illusion. In *Civil society and the political imagination in Africa: Critical perspectives*, edited by John Comaroff and Jean Comaroff. Chicago: University of Chicago Press.
- Bayart, Jean-François. 1993. *The state in Africa: The politics of the belly*. London; New York: Longman.
- Bayart, Jean-François. 2000. Africa in the world: A history of extraversion. *African Affairs* 99:217-267.
- Blundo, Giorgio and Jean-Pierre Olivier de Sardan. 2006. *Everyday corruption and the state: Citizens and public officials in Africa*. London: Zed Books.
- Chabal, Patrick and Jean-Pascal Daloz. 1999. *Africa works: Disorder as political instrument*. Bloomington: Indiana University Press.
- Ekeh, Peter. 1975. Colonialism and the two publics in Africa: A theoretical statement. *Comparative Journal of Society and History* 17 (1):91-112.
- Gore, Charles and David Pratten. 2003. The Politics of plunder: The rhetorics of order and disorder in southern Nigeria. *African Affairs* 102 (407):211-240.
- Joseph, Richard. 1987. *Democracy and prebendal politics in Nigeria: The rise and fall of the second republic*. Cambridge: Cambridge University Press.
- Mamdani, Mahmood. 1996. *Citizen and subject: Contemporary Africa and the legacy of late colonialism*. Princeton, N.J.: Princeton University Press.
- Mbembe, Achille. 1992. Notes from the postcolony. *Africa* 62 (1):3-38.
- Nye, Joseph. 1967. Corruption and political development: A cost benefit analysis. *American Political Science Review* 56 (1):417-427.
- Olivier de Sardan, Jean-Pierre. 1999. A moral economy of corruption in Africa? *The Journal of Modern African Studies* 37 (1):25-52.
- Richards, Paul. 1996. *Fighting for the rainforest: War, youth and resources in Sierra Leone*. Portsmouth, NH: Heinemann.
- Smith, Daniel Jordan. 2001. Kinship and corruption in Nigeria. *Ethnos* 66 (3):344-364.
- Smith, Daniel Jordan. 2007. *A culture of corruption: Everyday deception and popular discontent in Nigeria*. Princeton, NJ: Princeton University Press.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

MARC SOMMERS

SESSION I: WHAT IS IT? CORRUPTION IN CONFLICT & POST-CONFLICT
ZONES

‘Savin’ Lives’ Corrupt Governments and International Humanitarianism⁹

Draft: Do not cite or quote without permission of the author.
April 2, 2007

The ‘good’ people [in the government] are earmarked as points of entry. Then everybody goes to [them] with everything, and soon they can’t do anything properly. It’s a potential vicious cycle, and [soon] their [government] peers will call them a ‘donor baby’ – beholden to donor interests and not a true patriot.

– International NGO official, Sierra Leone (Sommers 2000: 28).

Background: The Case of Sierra Leone

Before Sierra Leone’s civil war began in 1991, a veteran international agency official recalled working directly with the Sierra Leonean government. The recollection inspired memories of extreme frustration. After two years of working in Freetown, Sierra Leone’s capital city, the official concluded that there was “no way” to enhance the capacity of Sierra Leonean government officials – corruption had made reliable public service, in the official’s view, an absolute impossibility.

The issue of corruption plaguing Sierra Leone’s civil service is longstanding and infamous. It has been widely cited as a cause of Sierra Leone’s extreme impoverishment and civil war, and the issue regularly surfaces during interviews with Sierra Leoneans and international agency officials about the state of post-war Sierra Leone.

Sierra Leone’s public service deficit harkens back to the early post-independence years. William Reno has made a compelling case that public service was hardly the point of Sierra Leone’s government under its famous dictator, Siaka Stevens, and his hand-

⁹ The phrase ‘Savin’ Lives’ is drawn from a sign posted on the windshield of a U.S. Army Jeep in Kosovo in August, 1999.

picked successor, the hapless Joseph Momoh, who sequentially ruled the nation from 1968 until Momoh's overthrow in 1992. Stevens and Momoh ran the country like a private enterprise, developing extensive patronage networks that sucked practically all of the country's massive diamond resources directly into the pockets of the Presidents and their respective cronies. Before Stevens came to power, diamonds created about USD \$200 million in formal economy profits. By 1987, that amount had descended to a mere \$100,000 (Reno 1998: 116).

Presidents Stevens and Momoh balanced their profiteering with a general neglect of the country's expanding poverty. Their practiced talent for rapacious governance nonetheless attracted "resources from many patrons" by virtue of the nation's impoverishment (Reno 1998: 114). War only increased international development aid, which rose from 123.3 percent of internal revenue in pre-war 1988 to 178.2 percent by wartime 1993 (Ibid.: 115). That said, a very significant portion of this aid was not funneled through the government. Still, in 1996, as the civil war continued, Richards declared that those international donor agencies seeking to support government reform were "leaning not on a real set of institutions, but on a façade" (1996: 60). Robert Kaplan, of course, went further still, drawing from Sierra Leone's notorious governance record to help support his estimation that the country is beset by a "pre-modern formlessness" (1994: 2) and constituted a prime example both that Africa is a "dying region" (Ibid.: 16) and that the future map of much of the developing world will be "an ever-mutating representation of chaos" (Ibid.: 14).

War and Corruption: Some Negative Impacts of International Action

How should foreign institutions deal with corrupt war and post-war governments? The Sierra Leone case illustrates the vexing challenge confronting international agencies and their powerful donors. The Sierra Leone government's longstanding reputation for corruption and thoroughly (and quite intentionally) inept governance opened the door for many international agencies to virtually sidestep government institutions during the civil war period. Meanwhile, other agencies took the opposite tack, choosing to directly empower and financially support Sierra Leone's government, a government so weak and

ineffective in the late civil war years that it could scarcely claim to have a national army or a presence of any kind in most of the nation. The result was a divided humanitarian community and an embittered, if colossally ineffective, government.

This very brief paper will consider some of the implications arising from the presence of international institutions that, while they seem to be divided, may nevertheless collectively, if unintentionally, support corrupt government practices. The paper argues that while some institutions fund weak wartime governments, other international institutions directly and indirectly undermine their capacities. The absence of coordinated strategies makes the challenge of building reliable post-war governments with little or no corruption even more difficult.

As this is a ‘thought piece,’ the main points will be listed as brief statements:

- Weak governments with reputations for corruption effectively create opportunities for humanitarian agencies to make end runs around governments to address pressing human needs swiftly and with limited constraints. Such governments have tremendous difficulty limiting humanitarian activities, and corrupt ones may merely attract, at best, grudging recognition. Open hostility and counterproductive measures may also arise.
- At the same time, other humanitarian actors may champion building the capacities of war and post-war governments, even those notorious for corruption. A divided international community can make the issue of government corruption a question of debate instead of an issue that is collectively addressed. Indeed, the fractious atmosphere may inspire some government officials to join the fray, openly favoring some international agencies while demonizing others. This is hardly an atmosphere that cultivates impartial, uncorrupt government practice.
- In the short term, the virtual absence of government controls opens the field for humanitarian outfits to serve populations in need largely on their terms.

Some donor agencies may support this behavior by funneling money through humanitarian agencies while refusing to, or being restricted from, giving assistance to government institutions. Operating in governance vacuums that they unintentionally helped to support, this can lead to impressive humanitarian early achievements under extremely difficult circumstances.

But even these achievements may be somewhat undermined by the highly competitive environments permeating so many humanitarian and post-war situations. Coordination activities may amount to little more than agencies sharing only the information they choose to share, while government bodies lack the power to regulate or control humanitarian action, and know it.

- Peering into longer term impacts tends to reveal shortsighted gains and questionable enduring positive effects from international entities. Power imbalances between national government and international agency officials, for example, appear to regularly inspire deep resentment and even anger among national government personnel. According to officials of weak, post-war governments with reputations for corruption, international agency officials may be abrupt, patronizing, and generally disrespectful with them, or may overlook them and their government responsibilities altogether. Another divisive measure is for international agencies to identify what they consider to be ‘non-corrupt’ government officials which they choose to interact with. Such officials can be overrun with requests from agencies, even requests that should properly go through other government channels.

Distrust, resentment, and hostility among national government personnel ultimately creates formidable, and somewhat avoidable, barriers to achieving positive and lasting humanitarian and reconstruction results.

- A second long-term impact arises from international agencies, including media agencies, contending for the same well-qualified local personnel. The resulting bidding market rockets up local salary levels and drains the pool of qualified personnel who might enter public service. Already plagued by a limited tax base and donor support, most war-affected governments cannot possibly compete. In such situations, the existence of governments with severely limited capacity is almost inevitable. This, in turn, can invite opportunities for government practices that may be variously viewed as corrupt or expedient.

Looking Ahead: Two Research Questions of Importance

- A vital research question would be to understand how international actors, however unintentionally, effectively enable corrupt practices in weak, war-affected governments. Some of the results are unfortunate products of expedience, such as pressures to achieve positive short-term results or hiring local personnel. Others may arise from the fact that corrupt governments do not tend to inspire one's respect. Regardless, it is important to understand how uncoordinated international agency actions can fuel government corruption during and after wars, so that counterproductive policies and behaviors can be addressed.
- Not mentioned above is the fact that corrupt, war-affected governments create exceptional opportunities to make profits. In addition to those activities that involve corrupt peacetime governments, such as illegal access to natural resources (forests, diamonds, etc.) and human exploitation (human trafficking, etc.), war-time governments can open the door to lucrative war-time ventures such as gun running, and dramatically expand of established illicit trades, such as drug dealing.

The corruption-and-war cocktail can also make the illegal exploitation of resources such as of timber, minerals or rare animals far easier and far more extensive: unregulated timber concessions in Liberia under Charles Taylor's reign is an instructive example. In such situations, international standards cannot be applied or evaluated, corruption cannot be easily measured, and those who can guarantee access in insecure territories can name their price.

War and corruption, in other words, changes the terms of trade, dramatically expanding markets for illicit exchange and opening up opportunities for huge profits among those who can either provide security or make business. Exactly how this works is a subject in great need of investigation.

References

Kaplan, Robert D. 1994. "The Coming Anarchy: How Scarcity, Crime, Overpopulation, Tribalism, and Disease are Rapidly Destroying the Social Fabric of Our Planet." *Atlantic Monthly* 273: 2, pp. 44-76.

[<http://www.TheAtlantic.com/atlantic/election/connection/foreign/anaref.htm>]

Reno, William. 1998. *Warlord Politics and African States*. Boulder & London: Lynne Rienner.

Richards, Paul. 1996. *Fighting for the Rain Forest: War, Youth and Resources in Sierra Leone*. Oxford: James Currey & Portsmouth, NH: Heinemann.

Sommers, Marc. 2000. *The Dynamics of Coordination*. Providence: Thomas J. Watson Jr. Institute of International Studies, Brown University.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

MICHAEL PUGH

SESSION II: HOW DOES CORRUPTION HAPPEN? EMBEDDED NETWORKS, ILLICIT POWER STRUCTURES, PARAMILITARIES/REBELS, EX-COMBATANTS

A Political Economy Perspective of How Corruption Happens in Conflict and Peacebuilding

Draft: Do not cite or quote without permission of the author.

Preliminaries

- ▶ This commentary adopts a critical political economy perspective and therefore contests the liberal order that divorces the political from the economic by treating the economic as a technical, a-political, value-free issue while framing unreflective assumptions about economic laws. Nor does a critical perspective endorse the liberal project's assumption that physical and structural violence can be artificially divorced. This piece contends that structural violence continues when physical violence stops.

- ▶ A broad definition of corruption is used in order to capture phenomena that are excluded by emphasis on abuse of 'public office' or 'entrusted power', i.e. mere political corruption.¹⁰ From a critical theory perspective it needs to be broadly defined because:
 - (a) there is often limited public office or entrustment in conflict zones;
 - (b) the restricted definition creates silence over 'non-political corruption', such as corporate corruption (at which advanced capitalist societies excel).

- ▶ The commentary makes particular reference to Bosnia and Hercegovina (BiH) and indicates how corruption occurs, who is involved and why it persists. A provocative finale follows.

¹⁰ *Transparency International's Global Corruption Report for 2004* focused on political corruption, defined as: 'the abuse of entrusted power for private gain' (p.11), which omitted company fraud and those *not* entrusted with power (though 'power' like 'private' is not defined). It is a contention of critical international relations that the public and private spheres are difficult to distinguish in advanced modernity.

The How

- ▶ Legacies of pre-conflict corruption: crony economic development; ‘tricks’ to avoid regulation.

- ▶ Sanctions, where applied, provide a considerable boost to corruption because of the incentives to evade that may require new means to control trade, e.g. Macedonia and Serbia.¹¹

- ▶ Conflict creates new incentive structures for primitive capital accumulation:
 - (a) attenuation of the pattern of diminishing marginal returns because of shortages;
 - (b) displacement of ‘legal’ options;
 - (c) enhanced discrimination against ‘others’
 - (d) predation and looting;
 - (e) resource exploitation;
 - (f) new borders create obstructions and incentives for risky exchange; borderlands grow in significance and gain extra-territorial linkages as central authority weakens.

- ▶ The conflict endgame and the peace can create opportunities for corruption. Dayton created multiple layers of authority that spread political and economic controls, notably in the Federation.

- ▶ Violence and intimidation is used to protect new empires, though it has largely been superseded by reciprocal, mutual deals and silencing of rivals.

- ▶ Peacebuilding creates incentives for corruption because by definition corruption can only exist where efforts to establish rule of law are undertaken. An even more critical stance is that: ‘These regulatory frameworks are evasive ones because rather than [the liberal peace] taking political responsibility for its regulatory policies it seeks to assert that its actions are merely facilitating the will of the governed, aimed at empowering and capacity building both states and their citizens.’¹² In BiH economic policies have meshed with corruption, especially through the sequestration and redistribution of assets

¹¹ Peter Andreas, ‘Criminalizing Consequences of Sanctions: Embargo Busting and Its Legacy’, *International Studies Quarterly*, vol.49, no.2, June 2005, pp.335–360.

¹² David Chandler, *Empire in Denial: the politics of statebuilding*, London: Pluto, p.143.

(including public/social assets), asset stripping, privatisation, decentralisation, sub-contracting, lack of employment policies and the absence of policing/judicial system.

The Who

- ▶ **Controllers of scarce goods.** In combat economies strongmen engage in predation and exploitation at various levels. They may be warlords or pre-war security personnel and pre-war entrepreneurs. They may be intellectuals and self-styled ‘patriots’ (Karadžić). Often they are opportunists acquiring capital. In BiH, smuggling was an opportunistic venture. Sometimes such control is associated with ‘resource wars’ but often with ‘service provision’.

- ▶ **Political and religious elites establishing and reinforcing clientalism, patrimonialism and control of constituencies.** In BiH, Bosniak leaders for instance developed a symbiotic relationship with shadow economies.¹³

- ▶ **Entrepreneurs with access to resources.** BiH lacked an easily transported mineral wealth or an agricultural crop comparable to poppy cultivation in Afghanistan that engages farmers in large scale illicit trading. But it has forestry. In BiH the timber business was riddled with illegal logging, unlicensed saw mills and links to persons subsequently indicted for war crimes. Srpske Sume has a timber web, up to 50% owned by the SDS (Serbian Democratic Party, which supports Karadžić) and another 50% by the PDP (Party of Democratic Progress).¹⁴ Srpske Sume has links with a roads and construction firm (Interkop) in Serbia and Federation as well as RS logging companies.

- ▶ **Mobility controllers are just as significant as resource controllers.** Officials and others who control movement and access can charge premiums because mobility is interrupted

¹³ Michael Pugh, ‘Postwar Political Economy in Bosnia and Herzegovina: the Spoils of Peace’, *Global Governance*, vol.8, no.4, 2002, pp.467–82; ‘Rubbing salt into war wounds: shadow economies and peacebuilding in Bosnia and Kosovo’, *Problems of Post-Communism*, vol.51, no.3, 2004, pp.53–60.

¹⁴ The PDP provided two RS Prime Ministers, both economists, Mladen Ivanić and Dragan Mikerević. The latter was also embroiled in an oil refinery deal, but was a ‘moderate’ in calling on Karadžić to give himself up. Both ministers resigned office in protest at the OHR’s centralisation policies. Mikerević is now Chair of the Steering Board, Association of Accountants and Auditors of RS.

by conflict. The costs of access and movement and those who control it charge premiums, including taxation of relief supplies. If the risks and costs associated with a particular route increase then it can often be displaced.¹⁵ Unsurprising that hotels were sites of money laundering and trafficking.

► Transport owners and conveyors are in high demand for their services. Although vulnerable to hijacking and taxation by route controllers, they can also smuggle using: petrol tankers (BiH), boats (Albania), mules (Kosovo), motorcycles (Sierra Leone), or camels (Afghanistan). Bus and truck drivers can rise in the hierarchy. In Herceg Bosna a truck driver, Dinko Slezak Dika, dealt in gold, built up a Mostar construction company reportedly worth US\$250 million and became part of the Prlić group, the country's strongest economic and financial empire in 2001.¹⁶ Smuggling fuel and money during sanctions and war led, unsurprisingly, to garages and petrol stations becoming a significant channel for laundering money.

► Dealers who understand financial transactions have been significant in swindles such as setting up phantom companies, paying for goods that are not supplied and customs frauds. Thousands of deutschmarks entered the Bihać enclave with every vehicle during the war. Unsurprisingly, banks, both public and private became foci of corrupt activity, even though bank privatisation was considered by internationals as successful. The Hercegovacka banka network was a major channel of political-economy corruption that the OHR disbanded by force.¹⁷

Why Persistence?

► Corruption and fraud have been particular features of the BiH transition, and are in part a legacy of the pre-war as well as wartime periods. Lack of regulation and the

¹⁵ Francesco Strazzari, 'Between Ethnic Collusion and Mafia Collusion: The "Balkan Route" to State Making', in Dietrich Jung (ed.), *Shadow Globalization, Ethnic Conflicts and New Wars: A Political Economy of Intra-state War*, London: Routledge, 2003, pp.140–62.

¹⁶ Neven Katunarić and Marijan Puntarić, 'Prlic i partnari sada Peru Robu u Pistom Moru Makarske Rivijere', ['Prlić and his partners now launder money in the clean water of Makarska River'], *Slobodna Dalmacija* (Split), 24 Sept. 2001) [OHR trans.].

¹⁷ Vesna Bojicic-Dzelilovic, 'Peace on whose Terms? War Veterans' Associations in Bosnia and Hercegovina', in: E. Newman, O. Richmond (eds) *Challenges to Peacebuilding: Managing Spoilers During Conflict Resolution*, Tokyo: UNU Press, 2006.

legitimation of war elites have also played a role in the activities that deprive the government of revenue.

► Shadow economies can perform a function. Organised crime has been significant in sustaining the activities of war criminals. However, the BiH criminal networks, while dangerous, are not big players by regional standards and have not been targeted by external networks. It is also important to recognise that high level shadow economies provide employment at street level and a cushion against poverty for some people. If it is the case that 50% of Montenegrin gdp is based on cigarette smuggling, then such criminality clearly involves a large number of people.¹⁸

► Coping economies enable people to survive and often facilitate access to goods, increase the range of choice and reinforce community links.

● *Shadow employment.* Informal employment in BiH is such a significant aspect of the labour market that it is clearly an essential element in household consumption. It almost certainly keeps people above the poverty line, particularly in rural areas (agriculture being the biggest illicit employer) and among households headed by women who are more likely to take part-time, temporary and low-income jobs.¹⁹

● *Illegal trading.* In contrast to Afghanistan and Iraq there is no obvious source of widespread illegal production in Southeast Europe, such as poppy or oil. Apart from timber, the illegal survival and coping economies depend on petty trading, smuggling, bribery and tax evasion. This is particularly widespread and, of course, based on cash.

● *Legal remittances and transfers.* One of the most significant, non-observable coping mechanism in BiH, Kosovo and Macedonia is the availability of diaspora remittances and transfers, continuing a pre-war tradition. These are cited variously as accounting for

¹⁸ Peter Andreas 'Criminalizing Consequences of Sanctions: Embargo Busting and Its Legacy', *International Studies Quarterly*, vol.49, p.349.

¹⁹ Fikret Caušević, *Foreign trade policy and trade balance of Bosnia and Herzegovina*, Sarajevo: Economic Institute, 2006.

anything between 11% and 30% of the BiH gdp and are significant in servicing the current account deficit.²⁰ In poor, rural Herzegovinan cantons remittances represent a disproportionate source of income, following a tradition of sending *gästarbeiter* to Austria and Germany. This sector can be further disaggregated into:

- observable electronic transfers, accounting for about 53% of remittances;
- non-observable cash remittances brought by couriers;
- seasonal labour on the Dalmatian coast;
- in-kind transfers and diaspora expenditures (e.g. on car repairs and dentistry).

For households, diaspora assistance is essential for daily living expenses, special needs (such as medical treatment), housing, consumer goods and capital investment. But as contacts abroad attenuate and diasporas tend to increasingly invest in their new country, the diaspora slice is shrinking.

- The ‘tricks of everyday life’. These daily negotiations have a fundamental impact on local adaptation that promote survival, social relations and social inclusion.²¹ This kind of activity, not to be equated with high level crime and corruption, continues a tradition, often with inter-ethnic transactions that are not mediated by the externals, and in which volatile ethnicity issues are marginalised. The tricks of life do not conform to the rationalism of external economic engineering, nor to what the externals write off as a red-tape socialist past, but to a traditional quest for sufficiency and subsistence, quite independent of the constructed view of a transition to a particular future. They enable ‘daily reinvented social norms around the claim to subsistence’,²² and are often a function of sheer convenience (e.g. where the absence of domestic infrastructure makes deals translocal exchange across borders easier). People cope not only because of the benefits provided by an international presence but also in spite of it. The dismissal of ‘tricks of life’ as socially corrosive and leading to moral collapse,²³ is to misunderstand the social

²⁰ Interviews with Zlatko Hurtić (see above); Amir Hadziomeragić, Head of Economic Research and Statistics Unit, BiH Central Bank, Sarajevo, 5 September 2006.

²¹ Béatrice Pouligny, *Peacekeeping Seen From Below*, London: Hurst, 2006.

²² Larisa Jašarević ‘Everyday Work: Subsistence Economy, Social Belonging and Moralities of Exchange at a Bosnian (Black) Market’, in Xavier Bougarel, Elissa Helms and Ger Duijzings, *The New Bosnian Mosaic: Identities, memories and Moral Claims in a Post-War Society*, Aldershot: Ashgate, 2006, pp.274 (n.2), 284, 292.

²³ Andreas (n.2 above), p.344.

cement that it provides in conditions where social corrosion is advanced by the introduction of peacebuilding norms.

Summary

► In BiH there has been some resource/production base for combat and post-conflict corruption, notably in timber. But by far the most lucrative illicit activities during and after the violence have been in the service sector (import/exports, transport and accommodation, financial transactions and trade). The service economy rather than primary production or industry is more prone to corruption. Not by coincidence, this is the sector that: (a) the economic peacebuilders have supported most strongly through export-led growth policies, privatisation programmes and subsidies to SMEs; and (b) the capital sector and its political backers have favoured over agricultural and industrial production by denying institutional support to rival capitalists.

► Liberal peace processes introduce new tensions and neglect the functional aspects of unregulated political economy that nevertheless enable people to get by in situations where new regulatory norms are emerging. TWE (transforming war economies) research indicates that the imbalance arising from liberal policies of macroeconomic stability, neglect of production, failures of emergency job creation and poor social protection has an inhibiting impact on economic recovery and potential growth.

Provocations

A critical theory perspective contends that without incorporating economic justice into our views of security we shore up existing hegemonies.²⁴ So I end with three elemental provocations.

► *Sophisticated corruption and crime in the context of modern conflict is unexceptional.*

Current corruption in conflict zones is entirely consistent with the underground

²⁴ See Ken Booth, 'Security and Self: Confessions of a Fallen Realist', in Keith Krause and Michael C. Williams, *Critical Security Studies: Concepts and Cases*, London: UCL Press, 1997, p.111.

economies of the second world war (when a host of new crimes were also created by legislation). In the UK, armed robbery, prostitution and other rackets flourish. Thefts from the military at home and abroad were enormous. Administrators stole from stores, especially petrol. Some 200,000 military deserters created new identities, laundered money at race tracks, traded black market goods and forged ration books. Shopkeepers simply could not survive on selling rationed goods. Corruption was partly a response to new opportunity structures and partly to the great uncertainty of life. It was a way of ‘doing a good turn’ to people in need.²⁵

► *In so far as peacebuilding has also spilled over into state-building, it involves corruption because of state building’s reliance on primitive accumulation.* This exists prior to, or in the interstices of, efficiently policed regulation.²⁶ Moreover, statebuilding in a neoliberal framework introduces ‘free markets’ managed in the interests of the most powerful entrepreneurs who resist regulation when it suits them but demand subsidies and protection also when it suits them. This kind of free market increases the gap between rich and poor. The idea that everything, including health, education and public facilities, has to be submitted to so-called rational choice market strategies is a flawed perspective of ‘freedom’ that damages social cohesion and relies on fear and suspicion of fellow human beings rather than on cooperation.²⁷ And it contradicts peacebuilding.

► *The argument that capitalism is inherently corrupt – and structured for corruption – can be supported by empirical evidence.* Flows of dirty money (‘money that breaks laws in its origin, movement, or use’), is supported by an elaborate structure of ‘tax havens, secrecy jurisdictions, shell banks, dummy corporations... fake foundations, falsified pricing of trade transactions’. Over half of the dirty money (i.e. over \$500 bn a year) is estimated to move from undeveloped into developed countries, compared to the aid that averages \$50 to \$70 bn a year. Raymond Baker contends that: ‘The richest countries are the biggest promoters of lawlessness in international trade and finance.... The money

²⁵ Donald Thomas, *An Underworld at War: Spivs, Deserters, Racketeers and Civilians in the Second World War*, London: John Murray, 2004.

²⁶ See Christopher Cramer, *Civil War is Not a Stupid Thing: Accounting for Violence in Developing Countries*, London: Hurst, 2006.

²⁷ See Adam Curtis (dir.), ‘The Trap: What Happened to Our Dreams of Freedom’, documentary broadcast BBC2, 9pm, 11, 18, 25 Mar. 2007, 9pm.

streams through mechanisms designed by western countries to bring hundreds of billions annually into western coffers.’²⁸

*In sum, this implies that concerns about corruption in war-torn societies are no doubt relevant, but they also conceivably contribute to the silences that surround the dishonesty of so-called 'free market' systems.*²⁹

²⁸ Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Capitalist System*, Hoboken, NJ: Wiley, 2005, p.338; Raymond W. Baker and Jennifer Nordin, 'Dirty Money: What the Underworld Understands that Economists Do Not', *Economists' Voice*, Jan. 2007 (www.bepress.com/ev).

²⁹ In the past six months we have the following: ► In the US, complicity in corruption led the Special Inspector General for Iraq Reconstruction (SIGIR) to note that, among other scams: (a) a Pentagon contract employee admitted to stealing US\$2m from the reconstruction fund; (b) over half of Kellogg, Brown and Root's costs for oil industry repair went on overheads and the company overcharged the US military about \$60m. for fuel; (c) another company completed only 6 of its contracted 140 primary healthcare centres but was still paid in full ('Corruption: the "second insurgency" costing US\$4bn a year', *The Guardian* [London], 2 Dec. 2006, pp.16-17; 'How the US sent \$12bn in cash to Iraq. And watched it vanish', *The Guardian* 8 Feb. 2007, pp.1-2).

► The size of the Greek economy was boosted by 25% when it was decided to include the estimated black market of 60bn euros as a way of decreasing its budget deficit that would have otherwise likely attracted EU fines ('Greek economy up 25% – with a little help from prostitutes', *The Guardian*, 30 Sept. 2006, p.11).

► The UK government has been under investigation by the Metropolitan Police for a year in regard to a 'loans for peerages' scandal. The UK domestic corruption laws are antiquated, the most recent dating from 1916, and a new law on tackling corruption has been contemplated since 1997. A new consultation Commission will not report until at least 2009 ('Account for the cash', *The Guardian*, 15 Mar. 2007, p.38). Further, the government required the (supposedly independent) Attorney General to stop the Serious Fraud Office from continuing its investigations into bribery allegations against British Aerospace (BAe) in several countries, but particularly in Saudi Arabia, a major customer of UK defence industries. The OECD has expressed its serious concern about: (a) the failure of any British company to be prosecuted under the 1997 OECD Convention on combating bribery which the UK ratified in 1998; and (b) the UK government's role in preventing further investigation, which may be in breach of the Convention. A private legal action by an NGO has been taken out in the High Court (George Monbiot, 'The parallel universe of BAE: covert, dangerous and beyond the rule of law', *The Guardian*, 13 Feb. 2007, p.29; 'OECD rebukes Britain for ending inquiry into Saudi arms deal', *The Guardian*, 15 Mar. 2007, p.5).

► Internet banking fraud in the UK was estimated at £33.5 million (US\$65m) in 2006. (Good catches for "phishing" fraudsters as losses through fake bank websites leap 44% to £34m', *The Guardian*, 14 March 2007, city page).

According to a survey conducted led by Cardiff University economic crime specialists for the UK Association of Chief Police Officers, fraud in the UK costs some £20bn a year at a conservative estimate. This includes a figure for carousel fraud, under-reporting and the cost of combating the problem. The Commissioner of the City of London Police, Mike Bowron, observed that: 'Lying to secure financial benefit is fast becoming endemic in British life'. (BBC News, 7 Mar. 2007 <http://news.bbc.co.uk/1/hi/business/6425963.stm>). Carousel fraud in the EU costs the UK exchequer about £5bn a year. The fraudulent carousel tax reclaimers were valued at £1.6bn in July 2006 alone. Some estimates place it at around 50bn euros a year. In a related move, Dutch officials raided a bank in Curacao, a tax haven, in 2006 ('Follow the money: the multibillion pound trail that led to Caribbean bank', *The Guardian*, 20 Sept. 2006, p.4).

► According to a leading tax expert, John Christensen of Tax Justice Network, Britain the US and Switzerland are among the world's most corrupt countries: 'The failure of these and other developed countries to clamp down on offshore tax havens is responsible for more hardship than any corrupt acts by third world leaders'. John Christensen 'Follow the money – how tax havens facilitate dirty money flows and distort global markets', (Economic Geography Research Group, Geographies of Corruption, RGS IBG Conference, Tax Justice Network: London, 1 Sept. 2006, www.taxjustice.net/cms/upload/pdf/Follow_the_Money_-_RGS-IBG__final_31-AUG-2006.pdf).

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

DIANA KLEIN

SESSION II: HOW DOES CORRUPTION HAPPEN? EMBEDDED NETWORKS, ILLICIT POWER STRUCTURES, PARAMILITARIES/REBELS, EX-COMBATANTS

What role do embedded networks play? Who are involved? What is unique about this compared to other developing or transitional societies?

What are corruption networks?

The study ‘Corruption & Conflict in the South Caucasus’ conducted by International Alert in 2006 defined ‘corruption networks’ as “cross-border links between people of comparable levels of authority from the opposing sides (usually local authorities and specialist law enforcement institutions such as police, border guards and customs officials)”³⁰. The meaning of corruption networks as indicated by the colloquium organisers differs from the above definition; as it includes a wider range of actors who are all part of corruption systems. Therefore, for the purpose of the current think piece, corruption networks in the context of the South Caucasus are taken to be networks embedded into *all* institutions in protracted conflict context, aimed at enriching the individuals participating in the network, and to maintain the conditions necessary for the network to survive, including a political status quo.

How are corruption networks created?

The study identified two basic types of corruption in the South Caucasus: reactive and proactive. ‘Reactive corruption’ is a coping strategy of ‘ordinary people’ (i.e. those without ready access to informal or formal power) to deal with the uncertainty imposed upon them by the intractability of the conflicts in the region. This includes lack of clear and transparent conduct of governance and economy, a deteriorating social fabric and a weak social contract between governing and governed. ‘Proactive corruption’ is a

³⁰ Mirimanova, Klein (Ed.). Corruption and Conflict in the South Caucasus, International Alert, 2006.

strategy employed by usually powerful individuals to enrich themselves in an environment of a protracted conflict.

These two types of corruption interact and feed off each other, with the result that corruption appears to be institutionalised and creating a vicious circle which strengthens the very networks perpetuating it. Hence both have to be taken into account. In the context of protracted conflict, these shadow networks become embedded within a 'regular' network of institutions.

In a protracted conflict context, bad governance makes institutions and mechanisms within society more vulnerable to exploitation by powerful individuals. Individuals with access to power identify a source of income through corruption. Given that resources are scarce and the future uncertain, they try to make this income more predictable. Corruption however, assumes an exchange of services, or cash or goods, i.e. it relies on 'accomplices'. An effort is therefore required to ensure that others participate in the corrupt system. Networks are thus created when actors engaging in proactive corruption do not remain confined to their own institutions (such as trade, customs, police) separately, but reach out to other sectors to maximise gains. For instance smuggling of legal goods, such as scrap metal, petrol, or hazelnuts, across the administrative boundary between Abkhazia and Georgia involves a close cooperation between the following: traders, customs who will have to false a certification of import from another country, border patrol/police, who control the transport routes and the peacekeeping forces, who control the access to the cease fire zone). In the protracted conflicts of the South Caucasus (usually low intensity violence) scenario, the primary concern for physical security is primarily replaced with a concern for economic security: .for example, just as a war lord/political leader previously exploited the fear for physical security to extort protection money, he can subsequently position himself in an institution where he can have access to other sources of income and exploit the fear for economic security.

Actors

In a conflict context, power holders often have to govern within a highly volatile environment with apparently no clear rules of engagement certainly for the international community, but also often for local communities. In such environments, access to positions or wealth can be arbitrary. Warlords gain respect or acquiescence from their surrounding environment and are considered leaders by their communities; a recognition, which is then extended to them by the international community. This legitimises in the eyes of the power holders the means with which they govern. As good governance is often sacrificed in post-war contexts for stability, the position of former warlords (as an example) becomes increasingly entrenched and abuse of power and corruption become a standard form of governance.

It is precisely this process of ‘normalisation’ of corruption as standard conduct of governance, that institutionalises both a corrupt hierarchy and norms, but also a war related hierarchy and norms. It is such a system itself, rather than individuals as former warlords or political leaders, which then facilitates corruption on a grand and systematic scale. Corruption on a large scale and in the long run, is only sustainable if it is not seen as a criminal offence i.e. it is accepted. However, once institutionalised, it no longer relies on the same personalities that contributed to the embedding of corruption in governing institutions.

‘Gatekeepers’ of corruption sources (i.e. those benefiting and hence interested in maintaining a status quo) have to be constantly alert to the efforts of others to get hold of their posts. Knowledge, respect and capacity to perform an institutional or bureaucratic function thus become less relevant, while the ability of the person to function in a corruption network becomes a key feature of his/her appointment. Given that corruption networks in conflict contexts operate in a volatile environment, the networks themselves have to be dynamic- or rather unpredictable. Hence, actors who are key in corruption

networks either rule with a strict, iron fist or they lose their value for the other actors and must leave.³¹

The difference between corruption networks in a protracted conflict context and corruption networks in a transition/development context

Actors engaging in proactive corruption in a protracted conflict context do not challenge the state or the status quo. Usually, the status quo is a combination of low intensity level violence (that poses no threat to elites), a widening gap between rich and poor, flawed or no rule of law, weak opposition and civil society, etc... Although similar conditions (excluding violence) can be found in non-conflict affected developing countries, the looming threat of violence and general insecurity is more conducive for proactive corruption networks as such conditions are used to justify corruption in the eyes of the population as a necessity and as a condition imposed on the society by the given political situation. This is in particular palpable in close knit societies of the three non-recognised entities of the South Caucasus, where open criticism of the authorities for engaging in corrupt practices is often met with a harsh response from the same authorities, claiming that any open disagreements or rifts within the society make it more vulnerable in the eyes of the opponent, enabling it to launch political attacks and to strengthen its bargaining position.

On the other side of this corruption-conflict cycle is the reinforcement of the intractability of the conflict through corruption. Corruption becomes a feature of these conflicts, in as much as it undermines the legitimacy of the government to negotiate and conclude a peace agreement on behalf of its population. In the South Caucasus, perceptions of corruption within governments and state institutions undermines the legitimacy of the governments to conclude and implement peace agreements, as the governments are seen as solely serving their own interests and not acting in the best interests of the population. In addition, as enemy images are strongly influenced by perceptions of the 'other being

³¹ This is largely based on the observation of the political scenes in Azerbaijan and Georgia respectively. The former is clan based, but important posts can be bought, and has a fairly low turnover with a very authoritarian and hierarchical form of governance. The latter has been going through a period of frequent changes within all governmental structures - in particular very young appointees who have received Western education... and who perhaps may become subject of consequences of corruption networks in which they do not fully engage or even understand how it functions.

always more corrupt’, where corruption is seen as an inherent trait of the enemy, this perception is used by hardliners to justify a hawkish approach towards the resolution of the conflicts.

Conclusion

Proactive corruption networks (clan- or cash based) exclude and discriminate others. A system which tolerates them and justifies them through maintaining various myths (corruption is cultural, it is a necessity, etc...) cannot build sustainable peace, the corner stones of which are equal access to resources, power sharing and good governance. Since corruption networks are deeply embedded into institutions the proper function of which is vital for building a sustainable peace (ranging from governments through economic systems to the army, etc...), design and implementation of peacebuilding activities must address corruption. For instance, a careful analysis needs to be made to identify those key actors from proactive corruption networks who can turn into potential peace spoilers due to a perception that their interests will be threatened at the onset on peace³².

When addressing reactive corruption networks, is vital to inject a stability into people’s economic futures through ensuring their economic security; but also to provide alternative governance models (for instance through building up the capacity of state employees), in order to allow people to move away from an entrenched corrupt system to a more transparent one.

³² The question of how to engage potential peace spoilers and turn them into supporters of peace still remains largely unanswered. International Alert is currently embarking on a process of attempting to engage potential economic peace spoilers in the South Caucasus.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

PHILIPPE LE BILLON

SESSION III: WHAT IS THE IMPACT? EFFECTS OF CORRUPTION IN POST CONFLICT

Major potential effects are:

- Increased reluctance by donors to provide assistance
- Poorer economic recovery, marked by sustained high levels poverty and increased income inequalities
- Higher risk of renewed conflict and entrenched (unfair) political status quo
- High levels of criminality and impunity

According to the ‘good governance’ agenda and ‘aid selectivity’ principles currently stated by the main western development agencies, the most immediate consequence of corruption should be a negative effect on the volume, quality and targeting of reconstruction assistance provided by international donors and local authorities. Empirical testing of aid provision as a factor of corruption between 1975 and 1995, however, indicates that such relationship is only valid for Scandinavian and Australian bilateral donors, but that the US actually provided more aid to more corrupt countries (Alesina and Weder 2002).

When local politicians influence aid delivery based on politically or economically corrupt premises, rather than on a competence and need basis, corruption will result in reluctant donors, under-performing or inadequate infrastructure and services, higher costs and sometimes delays, and the entrenchment of inequalities. A lack of commitment towards reconstruction goals and corruption in local public finances often acts as a deterrent to donor support, particularly when local authorities appear to have the resources to finance some of the reconstruction. Despite massive needs for reconstruction in Angola, donors have expressed reluctance to assist a government due to sustained allegations of large-scale corruption in this oil and mineral rich country (NRC 2004; HRW 2004). In Liberia, the cynicism and ‘greed’ of fighters and politicians prepared to jeopardize peace to secure

a hoped-for lucrative position in the new government undermined donors' confidence in, and support for the reconstruction process (ICG 2003).

Aid targeted solely at political constituencies and biased bidding processes favouring companies serving the interests of politicians can impair the security of the most vulnerable populations and overall economic growth. Poor beneficiary targeting, incompetent or wasteful contractors, inappropriate infrastructure and economic assistance projects can all participate to major setbacks. Continued lending by international creditors and private banks can end up putting local authorities in debt-traps for the long-term. The privatization of the reconstruction of Beirut's Central District through a company – Solidere - of which late Prime Minister Rafik Hariri and his associates were shareholders led to widespread suspicion of conflicts of interests and corruption. The priority of the first Hariri government was not put on public services for the poor, but highly visible, prestige construction projects fanning the resentment of the have-nots and leaving the country with a staggering debt of US\$33 billion.

To the extent that economic variables such as level, structure, and growth of income are key determinants of the risk of renewed conflicts, corruption can undermine peace building. Corruption often plays a major role in informal economic activities, with negative effects on public revenue, economic formalisation, or the protection of workers or the environment. Yet informal economic activities also support many local livelihoods and act as a valuable 'social pressure valve'. In many countries, reconstruction cannot be easily and effectively achieved through a blanket formalization and legalization of the entire economy. Rash attempts at cracking down on such economic activities can backfire both politically and economically. Any attempts at tackling corruption to formalize the economy should thus consider potential social and conflict impacts.

Another political consequence of corruption may be the entrenchment of an imbalanced power or political *status quo* inherited from the conflict. As the groups empowered by the outcome of the war sustain dominant political and economic positions through corruption, they may prevent the redistribution of power and stifle adequate checks and

balances. At the extreme, donors may end up dealing with war criminals as official interlocutors – a situation that has been avoided in some cases through the executive powers granted to international agencies through trusteeship and transitional authority mandates as in the case of the Office of the High Representative in Bosnia (Caplan 2002).

Post-conflict mismanagement and embezzlement of reconstruction assistance can also delegitimize the local government and lead to social unrest. To cover this up, local political leaders may, once again, resort to a divisive politics of hatred and fear pushing corruption issues into the background. There is little evidence that corruption increases the risk of renewed conflict. A basic evaluation of available CPI for 17 major ‘peacebuilding and reconstruction’ operations since 1989 indicates that CPI worsened in six countries without renewed conflict, while in hostilities recommenced in the other four countries for which the CPI worsened (Le Billon, submitted).

Finally, corruption facilitates criminality and persisting violence in post-conflict societies, by compromising the conduct and independence of the police and judiciary, and through the recycling of former combatants into the private militia of corrupt politicians or organized crime. In extreme cases, corruption can help turn post-conflict countries into criminal hubs, as was the case of Cambodia, Liberia or some of the Caucasus states in the 1990s. Corruption in the police and judiciary - along with weapons availability, endemic poverty and score settling - may help to explain the higher homicide rate in post-conflict situations (Collier and Hoeffler 2004).

Although the main consequences of corruption are overwhelmingly negative, functionalist arguments about corruption suggest that some forms of corruption may occasionally have positive effects. Corruption may help in securing some degree of political, economic, and social stability. Although corruption needs to be ‘rooted out’ as early as possible, it is often very difficult to address rapidly and effectively local sources of grievances and conflict. In this respect, some of the political and social effects of corruption may provide a short-term solution – such as buying out ‘peace spoilers’ or authorizing illegal yet licit economic activities sustaining local livelihoods (Le Billon

2003; Van Schendel 2005). Donors should thus ensure that reconstruction programs and interventions are sensitive to local contexts. Many examples, however suggest that such 'quick fixes', tempting though they may be, may have long lasting negative effects. Buying out spoilers is a risky venture, as impunity and economic rewards can sustain rebel movements, as demonstrated by in Angola with UNITA or Sierra Leone with the RUF. Informal economic activities strengthen the grip of quasi-criminal groups in the economic and government sphere, as well as negatively affect future economic development. In this light, every effort should be made to move beyond 'buying peace' to ensure short-term stability, to achieve the goals of social justice and sustainable peace. The difficulty, of course, is how to undertake such move.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

PETER UVIN

SESSION III: WHAT IS THE IMPACT? EFFECTS OF CORRUPTION IN POST-CONFLICT

CORRUPTION AND WAR IN BURUNDI

Draft: Do not cite or quote without permission of the author

The Burundian conflict is like an atom, composed of two central electrons—ethnic competition for power and ill-governance/corruption—that spin around a nucleus of massive poverty and institutional weakness.

- brutal competition for power and attendant advantages, which has been increasingly played out along ethnic lines, and which has spread over time throughout the country through the actions of elites, and aspiring counter-elites, local and central—all of this against a background of state control by a small elite of mostly Bururi Tutsi.
- But what nobody discussed—maybe because it appeared so “normal” that it seemed beyond change, or maybe because all the parties concerned were precisely aiming for his prize—is the reason why this competition for state power became so intense, and that is an institutionalized system of corruption, social exclusion, impunity, total lack of accountability, and clientelism, which has gorged itself for decades on aid money.

RELATION BETWEEN CORRUPTION AND CIVIL WAR

1. Between power-holders

Competition for state power becomes fiercer, as those who possess it do all they can not to lose it, whereas for the others any means to achieve it is acceptable.

2. Between citizens and the state

Corruption de-legitimizes the political system. Ordinary people feel that they are systematically at the short end of corrupt and self-serving systems of state power. These people are not the ones

who start wars—violent conflict in Burundi as elsewhere does not erupt as many wildfires in a dry forest during a scout jamboree—but their cynicism has an impact.

3. Between ordinary people

Corruption can create local-level conflicts, which, while not prime cause of civil wars, constitute facilitating factors, like existing infections or nutritional deficiencies that facilitate the spread of new disease in a person. All research on the micro-dynamics of violence demonstrates that nationally-instigated violence spreads through the country by feeding into local conflicts and grievances. Corruption and its corollary—lack of rule of law—create a multitude of local points of contention, sense of exclusion and abuse, lingering angers at illegitimate behavior.

4. General macro-economic effects

This refers to the more structural and less immediately visible effects of corruption, especially if it is systematically embedded in the functioning of the state. The cost is essentially lower economic growth, through a variety of mechanisms

AFTER WAR

After the war ends, a number of other aid dynamics occur with different impacts.

- Total aid funding increases rather dramatically. More money, if nothing else has changed, simply means more opportunity for corruption, and this is what happened in Burundi as well.
- Initially, a lot of the development funding goes to reconstruction and massive rehabilitation. These reconstruction projects are cash cows for the corrupt, providing almost endless opportunities for illicit gain throughout the process. Especially in initial years, when outdated security measures are still in place and oversight is sporadic and short, a lot of money can be made by the well-connected and those without scruples.
- general sense among the international community that the transition was successfully achieved. The years of constant pushing, cajoling, controlling, coordinating and overseeing have paid off, and a new, democratically elected government is in power.
→ donors lose their appetite for mingling, for control and the exercise of counter-power.

1. Between power-holders

Major corruption scandals in 2006

← necessity to reward important supporters of the ruling party during its years in the bush.

More general, there are tens of thousands of small fish who have contributed to the movement—officers, fundraisers, students and teachers, supporters in the diaspora, traders, local officials whose sympathies lie with the rebels, and so on. Many of them made major sacrifices for the cause. They need—deserve, demand—a recompense too. There is no political way of escaping it.

In a quasi-democratic system like Burundi, this creates incentives for politicians to ally with the winning party, so they too can benefit from some of the spoils of power. This is what happened in Burundi already in the period leading up to the elections, as it became clear the CNDD/FDD would win overwhelmingly: various politicians from other parties—especially Tutsi—flocked to the party, thus allowing it to claim to be more than a Hutu one only.

→ This process of cooptation born out a desire to access advantages, while it undermines “true,” Western-style, competitive party politics, actually does have a stabilizing, conflict-reducing effect, to the extent that, ideally, if all opponents of the regime, all losers of the elections, are incorporated into the prevalent system of spoils, they have no more reason to challenge the new status quo. (Arusha agreement already did that too, but corruption adds)

3. Between citizens and the state

There is no reason to assume that post-war continued if not increased corruption will not produce the same results as before the war, i.e., cynicism and anger. As the transition from war to peace was also one from authoritarian rule to democracy in Burundi, this will immediately begin discrediting the potential impact of democratic systems. People do not defend, or invest in, institutions they do not care about or believe in. Corruption, thus, undermines one of the most important potential gains of the post-war settlement.

But the war and the transition also created factors that run in the opposite direction: the delegitimization of the old system. The war provided the final death blow to the illusions people may have maintained about the old system. It laid bare the illegitimacy of the system, as well as its total ineffectiveness, and the fact that nobody in power gave a damn about the needs and the interest of the poor. It waned people, maybe once and for all, of any belief in the old system.

Also: regime lost its monopoly of information and organization. The war knocked intellectuals out of their lethargy, made them angry, wanting to speak out loud. At the same time, the capacity of the state to control everything declined dramatically. Initially, a lot of these new media outlets and NGOs were extremely biased and partial, but over time many of those disappeared while new ones came into being, and smart young men and women built, piece by little piece, a totally different, pluralist Burundi civil society.

3. Between citizens

Corruption produces the same effects as before

But at the political level there may emerge an interesting twist: as corruption now prevails under a blatantly Hutu-dominated regime, it becomes increasingly clear to people that it is the system that it at fault—not the (Tutsi) individuals. Certainly intellectuals start seeing it that way, and hoping that this may lay the basis for non-ethnic coalitions of anger and political change.

CONCLUSION

Transitions like Burundi's are moments of uncertainty. The old is still there but new factors have emerged as well. There are factors pushing towards change, and factors pushing towards the return of the status quo. This holds both at the top of society and for ordinary citizens. There *are* political openings here, but they are unclear, vague, not yet made, threatened by closure. The doors are neither open nor closed until people learn where the hinges are, how the locks work, and how much pressure the wood can take.

Corruption has increased during the war. At the end of the war, some factors push in favor of its continuation if not further rise: greatly increased amounts of aid, incl. a lot of reconstruction funds, and this against a backdrop of unwillingness by the international community to look too critically at the newly elected legitimate government. Accommodations, mostly “illegal” and informal ones, need to be found for the many people who provided services to the winning side during the war. Corruption allows a lot of this to happen. And the new people in power feel they deserve to eat well too, for a change—they also got families to think of. In short, if we assume—as we did—that corruption was one of the key factors that led to the civil war in Burundi, then

the dynamics described thus far suggest that further violence is likely. (with that caveat of course, that the other factors leading to civil war have changed as well)

But other factors run counter to this. Some of the corruption at the highest levels actually has a stabilizing impact. It allows for the inclusion or cooptation into the (changed) system of opponents and potential spoilers. The war has also led to a stronger demand by Burundians for citizenship: they are pissed off much more than before with the system, diagnose its ills, and talk about it critically. A much more free and competent press, with a more vibrant civil society, strengthen this. People may also come to realize, as some intellectuals do, that corruption is not limited to “those Tutsi” but to all people in power—a situation that could lead either to paralysis or to a non-ethnic sense of grievance.

Let’s face it: the likelihood that the system returns to the situation ante quo is larger than the one of change. The country’s core problems—the nucleus of the atom, to use my earlier image—has only become worse: the poverty more massive, the infrastructure destroyed, the institutions weakened. The international community also fails to grasp the opportunities that exist.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

ANTONIA CHAYES

SESSION IV: CAPACITY FOR ANTI-CORRUPTION

What Can be Done about Corruption

Introduction

The simple answer to “what can be done about corruption” in war-torn societies is to create an effective and well-functioning rule of law in that society—and as soon as possible after conflict ends. This means that planning for it must take place as soon as any form of international intervention is contemplated, and some notions of what is necessary should be part of a peace agreement, if not actually incorporated within such a document.. But as we all know, that answer is not a simple one: the magnitude and complexity of helping a war torn society to conceive, develop or revive a rule of law is a monumental task. Moreover, civil planning capacity in western democracies is so immature that such thinking barely reaches the minds of international officials, much less the local populace, or the transitional leadership. Nevertheless, billions of dollars and many lives are sacrificed in peace-building. If the parameters of the task can be grasped--and they can be—then the problem can be tackled.

Donor Control of Corruption

One has to commend the Department of Institutional Integrity of the World Bank for its zealous efforts in investigating large-scale state-sponsored corruption in the projects it finances. It has created a model for regional banks, bilateral donors and the UN—though not always followed by most donors. However, the major tools it has at its disposal are insufficient, and politically fraught. The World Bank can withhold funds and/or debar a donee country. It can bring pressure on leaders. But these are blunt instruments. In the best case, it might create sufficiently bad publicity to cause officials to be fired, or to be

locally punished. It might conceivably topple a corrupt government. In the worst case, just as untargeted sanctions regimes, such measures harm many innocent people and deny them the recovery from conflict and the means of livelihood that such funding could provide. Moreover, it has recently come to light that using such instruments has caused political problems and backlash both within the Bank and among members of its external governing structure.

Thus, while no donor should continue to provide funds to a government or entity that siphons off those funds for illegal or unintended uses, the instruments at donors' disposal are very limited. Moreover, such measures have no local buy-in—no sense of ownership by the local population that is hurt both by corrupt officials and by funds withdrawal. The measures available to international donors may stop damage to some extent, but they do not provide any means to combat corruption in the future.

What does it take to build capacity to prevent and deter corruption?

I regard focus on creating a rule of law to be a primary goal to prevent corruption and to deal with it at an early stage. It is both a *preventive* and *capacity-building* approach. Ironically, it is most often considered a high priority even more broadly—to help cement the peace; to provide security, to accomplish transitional justice; and ultimately to help build a democracy. But even though developing a rule of law has is now appreciated for its wider implications, the necessary funding to accomplish the types of training and systems correction is almost never there. Donor fatigue and new conflicts take priority. The development of legal institutions in a war-torn society may take a generation, or more, depending on the context of the nation's history and the immediate conflict narrative. It is necessary to think further than the criminal justice system, although that might be a good start for combating corruption. But a criminal justice system alone consists of many layers. The front line is police, but just as necessary, are an investigatory staff, especially when dealing with white collar crime, prosecutors, judges and prisons where conditions are humane and custodians trained. Their training is crucial, but cannot be rushed. Often the police have to be vetted. In some situations, like Somalia, prior police may be re-employed, but in other cases—Haiti, and El Salvador, for

example-- they represent the very repressiveness that might have caused the conflict in the first place. Ethnic conflict may make it difficult for one or more factions to participate, and without full participation of all parts of society, the conflict may simmer or even explode anew.

It is important to understand that there are many other elements of a rule of law that intersect with a criminal justice system and may be nearly as important in preventing corruption and punishing it when it arises as the criminal justice system. It is important that the conflict-ridden nation begin to develop a functioning legislature; that customs officials are trained and working. The finance ministry must function adequately. A banking system must be developed, if none is in place, for the disbursement of foreign aid. It is an endless skein—pick up one knot and find an entire net.

None of this is new. Most teaching about conflict will deal with developing a rule of law in a war-torn society. Fletcher has such a course and it is of wide student interest. But the connection to corruption after conflict is insufficiently made at the highest levels of the international community, and even the World Bank. I would ask our officials the conference to comment on the amount of funding spent on projects in post-conflict nations, and the amount of funds for building a rule of law, or other relevant institutions. What about a comparison of size and the work of Bank personnel?

I could stop there with more general exhortations, more examples of failure (Afghanistan, Iraq). I could document the failures in many post-conflict nations. I never cease to marvel at the cooperation that former enemies exhibit when engaged in corrupt and criminal activities at the same time that they are unable to cooperate in building a state. However, some of the hard context-specific work has been done, and thus it is possible to demonstrate that it *can* be done on a widespread basis. I have printed out a report by an independent commission on corruption in Bosnia provided to the government in 2000 after allegations of corruption were made in the New York Times. I reprint here a few of the conclusions as an appendix here, because it so specifically aims to rebuild anti-corruption capacity in Bosnia. (Appendix 1). The provenance of the

Commission is in Appendix 2. It is far less dramatic and interesting than the Oil-for-Food investigation and report, but its aim is prevention and capacity-building. The outcome, alas, was only partial. The Commission was requested by the then entity Prime Minister of BIH, probably for political and public relations purposes more than for capacity building, but the report in fact suggests an interesting approach to preventing corruption and building capacity to cope with it. There can be no cookie-cutter solutions to the nexus of corruption, conflict and peacebuilding. This is one approach, that had it been adequately funded and supported by the Peace Implementation Commission (PIC) and the Office of High Representative, the main donor and international authority, respectively, in Bosnia, might have proven an even better model.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

ELIZABETH HART

SESSION IV: CAPACITY FOR ANTI-CORRUPTION

“Thinking” about corruption, conflict and peacebuilding from the perspective of outside assistance: What do we do, and what can be done?

First of all, it's important to acknowledge that donors tend to think about capacity building, and thus capacity to fight corruption, more often in statebuilding than in establishing the terms of the peace. This is in part because donors, as opposed to diplomats, are usually involved less in negotiating the peace than in trying to rebuild after the peace agreement. The concept of peacebuilding is a useful step in bridging these two phases and incorporating a more comprehensive understanding of the capacities that need to be built—within and outside the state. What follows are a few (fairly disjointed and by no means exhaustive) thoughts on what we do once we're in the capacity building stage, but recognizing that many of the questions that arise about what can be done to combat corruption in a post-conflict setting are profoundly affected by the terms of the peace.

- I. (How) Can political will for anticorruption reform be generated when a government is profiteering or made up of warlords using corruption to feed their powerbase?
 - The first question to ask is *whether* this is possible. It is not obvious that political will to fight corruption can be created by external forces, though we sometimes see that diplomatic and donor pressure can work, at least to a limited degree. Many of the same factors that affect the facility with which peace can be “imposed” from outside may also affect the ability of external actors to influence anticorruption action.
 - To the degree that political will—or at least grudging acceptance—can be generated externally, the most promising avenues appear to be either international initiatives that affect the markets for corrupted resources—e.g.,

Kimberly Process, Extractive Industry Transparency Initiative—or significant enough flows of aid resources that a unified donor call for reform is hard to ignore, as in Liberia/GEMAP.

- “*Whose* political will, and for or against reform?” is just as important a question as whether it can be created. Too often donors focus their attention on the few “good” leaders who seem committed to reforms. In addition to the problem of overtaxing a few people and thereby achieving even less, this approach fails to ask about who will be opposed to reform and why.
- The question of how to build the pool of “good” leadership is an interesting one. Recognizing the lack of good partners in many countries, donors are beginning to discuss the role of leadership, values and ethics in development and in their programming. The World Bank’s support for the Global Integrity Alliance is somewhat groundbreaking in this regard.

II. What are the unique capacity gaps in a post-conflict government that hinder anticorruption measures?

- It may not be unique to post-conflict government, but the most problematic capacity gap is typically capacity to ensure the rule of law. Globally, it appears that this has been the most intractable problem. But depending on the nature of overall capacity before the conflict, I would argue that basic management capacity may be equally problematic. While addressing this particular capacity constraint is by no means sufficient, transparent public financial management, if effective, can take a bite out of the resources available for warlords-turned-governments to perpetuate themselves in power. Finally, and perhaps most importantly, conflict uniquely undermines social capital, which means the public’s capacity to play its necessary role in monitoring government and holding it accountable for its management of public resources is profoundly weakened.
- All these elements need to be included in anticorruption efforts, though the specific combination of needs will be different from one situation to the next. (USAID’s approach to anticorruption programming encompasses all these

elements, as well as political parties/processes and the private sector, though not every element shows up in every program.) Bilateral donors often have more ability to work with civil society than do international financial institutions, and while there is a recognized need for better coordination in the division of labor, it does mean that multiple approaches can be pursued.

III. How can the government and international community effectively counter embedded networks that foster corruption, particularly in active or frozen conflicts?

- The first step here should be to identify those networks and the role their corruption plays in the conflict and the peace. It's not clear that this is done with any frequency or consistency when the dominant concern is "getting to peace" or saving lives in the short term.
- One of the main shortcomings of aid as a tool for fighting corruption is that donors' tools are mainly technical, while the problem of corruption is fundamentally political. Donors' best approaches don't make the mistake of forgetting the political-economic-social dynamics when we design anticorruption strategies and assistance activities, but at some level, donors have screwdrivers and the problem is a nail.
- Building transparency elements into particular types of technical assistance may be a way of cracking open a protected political space through technical means. For example, a project to rebuild finance ministry capacity that includes steps to makes budgets and expenditures public can reduce the space for using public resources for patronage and political consolidation. But there are few tools that don't require some sort of participation, or at least basic acquiescence, from leaders, so the screwdriver-and-nail analogy holds. Building capacity for public participation and oversight may be one of the exceptions, though in post-conflict situations, there is typically a vast imbalance of power between the public at large, or even organized civil society, and those controlling public resources, regardless of how limited those public resources may be.

IV. How do donors and the UN incorporate anticorruption measures such as transparency into their own practices in places of conflict?

- An important distinction here is between humanitarian assistance and more developmental efforts, which are more common after a modicum of peace is established and in which capacity building figures more prominently. Internal protections in most aid agencies provide basic protection against corrupt use of aid funds in both settings, though not without significant failures. Emergency/humanitarian assistance settings are particularly vulnerable. Practices and challenges in this regard are well-documented and need further attention.
- An additional interesting question is the degree to which donors can use anticorruption measures in their *own* program management as a means for strengthening *host country* anticorruption protections. Interesting possibilities include public declarations of budget support allocations (along the lines of Publish What You Pay), publication of payment schedules for certain goods or services, and sharing information among donors on NGO grants, salary support schemes and other payments that may be “double dipped” among donors.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

PHYLLIS DININIO

SESSION V: ANTI-CORRUPTION MEASURES CAUSING CONFLICT

- I. Can anti-corruption measures exacerbate grievances and even cause a rebirth of violence? Are there forms of anti-corruption tactics that are more or less likely to create renewed conflict?
- Because they aim to alter the status quo, anti-corruption measures are potentially destabilizing. In a post-conflict environment, the fall-out from such measures can be particularly risky. If anti-corruption measures threaten to choke off their supply of illicit rents, then former combatants may resume fighting to protect their economic interests. Similarly, punitive measures that aim to penalize corrupt actors may invoke a violent response. Le Billon advises driving a wedge between peace spoilers and their main power base by enticing middle and low-ranking combatants to cooperate through amnesties and demobilization and reintegration packages while indicting leaders with war crimes. Such tactics may be possible. But more generally, the anti-corruption measures need to be part of a whole-of-government approach to post-conflict reconstruction and stabilization. Rather than focusing just on horizontal and vertical accountability, public administration, civil society oversight, and a competitive economic sector, tackling corruption in these contexts also entails looking at improving the security sector and creating alternative economic livelihoods.
 - Viewed from another angle, anti-corruption measures can be potentially destabilizing if they stem the flow of aid funds to a war-ravaged population. Onerous or not well-understood procurement rules, authorization requirements, and oversight can impede the disbursal of funds, dashing the expectations of a peace dividend and delegitimizing the government. Some argue that such measures have hampered the flow of aid funds in Iraq.

- It is hard to generalize about the anti-corruption tactics that would be more likely to create renewed conflict, since it would depend on the kind of corruption, the power base and relationships of corrupt actors, the nature of the conflict termination (victory, accommodation, exhaustion), the capacity of the state, and the other kinds of interventions that are taking place in the economy, security sector, and governance sector more generally.
- II. What steps are currently taken to ensure that anti-corruption measures “Do no harm?” Should a conflict-sensitivity lens be used in designing anti-corruption measures?
- Conflict analyses inform the planning and programming in post-conflict settings. The USG has been developing an interagency methodology assessing instability and conflict that aims to help planners develop strategies and allocate resources. At the implementation stage, USAID’s Office of Conflict Management and Mitigation uses a conflict analysis framework that examines incentives for violence, access to conflict resources, institutional capacity and response, regional and international factors, and windows of vulnerability. The principle of “Do no harm” is embedded in these conflict analyses, but it is not always clear how to translate that principle or the information from the conflict analysis into actionable programs. Often a cost-benefit analysis is used to guide where and how far to push on anti-corruption measures.
 - A conflict-sensitivity lens should be used in designing anti-corruption measures in post-conflict settings. In the USG, policy guidance upholds this ideal, but the implementation on the ground can vary based on the people carrying out the work.
- III. What do we know about sequencing anti-corruption measures so that they contribute to the consolidation of peace?

- I think it is very hard to generalize about sequencing anti-corruption measures since the measures themselves would depend on the factors listed above—i.e., the kind of corruption, the power base and relationships of corrupt actors, the nature of the conflict termination, the capacity of the state, and the other kinds of interventions that are taking place in the economy, security sector, and governance sector more generally. To illustrate this point, the opportunity for pursuing anti-corruption reforms in Liberia after the election of Ellen Johnson-Sirleaf in 2006 is vastly different from the more tenuous situation in Afghanistan today. Similarly, the embezzlement of oil funds from within the Iraqi government entails measures to improve financial management, among others, whereas the illegal harvesting of forests in Afghanistan entails working with local authorities and border security, revising timber concessions and regulations, and establishing civil society monitoring, among other measures.

IV. Can positive peace be achieved without anti-corruption measures?

- I think it is fair to say that peace will be more positive and sustainable where corruption is less of a driving force in political, economic, and social relationships. As the corruption literature amply demonstrates, corruption can be very costly to societies. Where economies are weakened, living standards are low or falling, governments are delegitimized, and groups are excluded from power as a result of corruption, then the peace will be fragile. Anti-corruption measures therefore should be part of post-conflict agendas.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

MARY ANDERSON

SESSION V: ANTI-CORRUPTION MECHANISMS CAUSING CONFLICT?

WHAT WE KNOW

I am not aware of any systematic look at how anti-corruption efforts (or mechanisms) cause conflict. However, two pieces of work we have done may point to potential areas for further exploration.

I. First, some years ago we did some preliminary work (with an OECD/DAC anti-corruption project) about a range of possible—not conflict related—side effects of anti-corruption efforts. Two very interesting things emerged in the early days of this work.

A: In every society where case studies were done (and, therefore, this may be true in all societies), it was clear that there was a broad consensus (a shared understanding) of what, in that context, constituted “corruption.” Definitions varied from place to place, but each society knew for itself where the line was that divided acceptable behaviour from unacceptable behaviour.

B: Early case experience showed that some anti-corruption efforts that were not based on an understanding of these common, society-shared perceptions of what did and did not constitute “crossing the line,” missed the mark in terms of their effects. One story, for example, was of a community where it was common to pay off a policeman whenever stopped for a traffic violation because the time required to appear in court was so great that the costs in terms of lost wages more than counterbalanced a pay-off to the police. When an anti-corruption campaign promoted rejection of such pay-offs, police began to wear a badge that indicated they could not be bribed and people were encouraged to apply anti-pay-off stickers to their automobiles. Many police and many cars sported these

indicators of rejection of the “system of bribery.” However, the costs of court appearances did not change. As a result, people and police reported that the well-known and accepted system was so disrupted that corruption became much worse. That is, since no one knew if the other really would accept a pay-off system, the costs of bribes went off the charts. Everyone felt they were taking a much bigger risk if they offered/accepted a bribe, so the negotiations became more clouded and the pay-offs much larger.

II. Second, the lessons learned through the Do No Harm work on “inadvertent conflict reinforcing side-effects” of other types of well-intentioned efforts (humanitarian and development assistance), may suggest some potential conflict affecting side effects of anti-corruption work as well. More evidence-gathering could be done to see if any of these is significant and under what circumstances they become so. The particular DNH lessons that may be relevant are:

- A. Distributional, market and legitimization effects of campaigns. As is true of any effort that involves resource transfers, anti-corruption campaigns insofar as they are funded and focused, may feed into and reinforce pre-existing dividers in societies by favoring some sub-groups over others (distributional effects). Or, such campaigns may increase the profitability of certain activities within a society, reinforcing people’s inclinations to kept the systems going (for example, if certain groups gain wages or profits from anti-corruption work, is it in their interest to have corruption disappear?—i.e. market effects). Or, if power is derived by some subgroups in anti-corruption campaigns, it is important to look at how former and new power relationships relate to intergroup conflict in that society to see if these legitimization effects are positive or negative.
- B. Implicit Ethical Messages. It would seem likely that the implicit messages of anti-corruption work would have quite negative impacts. We know, for example, that some “name and shame” campaigns of human rights activists have had counter effects by causing some human rights violators to feel so ostracized and vilified, that they conclude they cannot be re-accepted by the international community. With such a judgment, they proceed unaffected with abuse simply because they

see no further loss to their status or access to others. If anti-corruption campaigns vilify specific individuals and/or groups, such effects may harden, rather than correct, their practices.

WHAT ARE IMPORTANT RESEARCH QUESTIONS

To figure out how best to approach corruption in the range of societies where international work, it would make sense to me to begin by gathering in more detail (this may already have been done and I may simply not be aware of it!) exactly the society-specific definers of what is, and is not, corruption (and why).

The question for me is what is the real focus of anti-corruption? For me, it would be to end exploitation (by some people of others), and to correct injustices that affect quality of life. When a family member shares his/her new wealth or position with other family members (which is traditional in many societies), the question for me is who does this harm and who does this help. Does this, in fact, result in injustice and/or exploitation? Who is served by what kinds of anti-corruption efforts and who loses? What are the interim steps through which societies might go to reverse existing patterns of exploitation/injustice that occur through corruption? Are there step-by-step approaches that are more effective than frontal attacks? That is, the interesting and challenging questions for me are at the pragmatic level of how to design and implement more effective programmes.

Final story: We have some evidence that people within their own societies can come up with specifics that could result in more effective programming. For example, when we talked with a broad range of recipients of humanitarian assistance in tsunami-affected Aceh (Indonesia), we were told by a number of them that they were disappointed in the international community's failure to "correct" their pre-existing system of favouritism and cronyism. Their reasoning went like this: It had been traditional for years that a Head of Village (HoV) would favour his relatives or others who had special access to him. When international agencies arrived, by channelling assistance through the Heads of

Villages, they reinforced this misuse of power. Local people acknowledged that the international NGOs had to work with and through the HoVs since they are the legitimate political structure in that area. However, they were disappointed that, once having agreed with a HoV on appropriate criteria for aid distribution (to those who need it the most, for example), that international NGO staff did not come back to villages to check on actual distribution patterns. They said that, had we done so, we would have found traditional favouritism in place. Then, they said, rather than accusing a HoV of corruption, international staff should have simply reopened the conversation (“We remember that we agreed on x as the system for aid distribution but we observe that this has changed a bit since we were here. Is there some way we can help you get this back on track so that those in greatest need actually receive the things they need?”)

This, they said, would have “freed” the local power structures from their own systems. They pointed out that, within the system of Acehese villages, there was little leeway for anyone (including HoVs) to change these patterns. A number of local people told us that, with the help of the international community at this time of crisis, many (most) would have welcomed the kind of outside influence that would have helped them change these patterns. They also said that local staff of international NGOs could not have this influence. It required on-site visits (carried out respectfully rather than accusatorially) by international staff. To a surprising degree, they held the international community accountable for not having changed this “unfair” system when they had a chance to do so.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

JENS CHRISTOPHER ANDVIG

SECTION VI: CROSS-CUTTING THEMES

Some simple thoughts about the ‘fights’ against corruption and violent conflicts and their basis in research

In the traditional way of thinking about policy I was brought up, we had a field of outcomes mainly generated in the private sector that could be *nicely aggregated* into a set of *meaningful and measurable* variables, let us say **p** and **c** that could be fed into a public welfare function **W (p, c, ...)**. Moreover, some kind of behaviour patterns regulated their interaction, **f (p, c, ...) = 0**. To move the outcomes in desirable directions the public authority had a set of instruments, **a**, that it could *fix at will* and that had some quantifiable impact on **p** and **c**, i.e. **p** was **p(a,..)** and **c** was **c(a, ...)**.

Let us imagine that corruption (**c**) and the probability of a rise of civil war (**p**) are such variables. Presumably they have a negative impact on any public welfare function, so to fight them means to find an **a** that makes **p** and **c** as small as possible. The **f** function may not allow this, however, so that the public welfare function would have to step in order to determine how much more corruption, let us say 20% increase, one should allow in order to reduce the conflict probability with, let us say, 10 %. Since the **f**, **p** and **c** functions were specified this might be answered exactly. The case with such trade offs were more interesting for most economists than the simpler case where the **p** and **c** functions had the same sign with respect to **a**, the case when one might kill two birds with the same stone.

This thought experiment is of course far removed from real situation when we look at the corruption- conflict issues for a number of reasons. Some have roots in their research characteristics, some in their policy nature:

- 1) The old policy formulation presupposed that the public apparatus was exogenous and the public authority to be well-meaning. Corruption by its very

definition, as a variable to be explained, presupposes the public authority to be endogenous, and civil wars are difficult to analyse without making at least important aspects of the state apparatus to be endogenous. Apparently neither a clear-cut autonomous agent nor a control variable exist to make the fight.

- 2) Unlike the macroeconomic studies of, let us say, aggregate private investment and consumption the research on corruption and violent conflicts have developed as separate fields. Hence it is not so surprising that there so far has been little research into their interaction. This is also a reason for optimism, however, in the sense that there might be possible to dig out some trade-off functions, although that seems utopian at the moment.
- 3) Unlike aggregate for example private consumption and investment, so has one of the variables in the interaction to study, corruption, not so far been based on micro-observations that through meaningful aggregation may become a conceptually clear macro-variable with a clear empirical interpretation. Instead they have so far to be based on the aggregation of different indications of or perceptions of the same (?) aggregate, 'corruption'. In some way this is reminiscent of the business 'barometers' that once ruled macroeconomics, but it is at present difficult to see how it may be possible to move over the 'barometer' stage in this case. Corrupt transactions are so heterogeneous and often so difficult to observe that no micro-observation based and meaningful corruption aggregate to be plugged into corruption-conflict interactions is in sight.
- 4) The corruption variable that is sought through the aggregation of the different observational intakes to it that rule the leading indicators, is too wide for the study of its impact on conflicts. While commercial forms may tend to weaken the existing public authority and hence prepare the ground for the rise of competing (to the state) violent organization it may also make it difficult to establish the competing ones. Relation-based corruption, on the other hand, may both weaken the state apparatus and ease the construction of competitors, hence undoubtedly increase the likelihood of violent conflicts. But it may also

strengthen the state apparatus in a world where large, relation-based group competitors to the state (or rather to the state-holding group) in fact exist.

- 5) While time lags certainly are important in the consumption-investment interactions, the variables are composed of events that happen continuously and feeding upon each other. In the corruption-conflict nexus, corruption is taking place continuously; before, during and after conflicts, while conflicts are only occurring intermittingly. Hence, it is tempting to either regard corruption as a cause before the conflict outbreak, when focusing on the conflict as the variable to be explained. Or, when focusing on corruption levels in a post-conflict country, to regard the conflict as the major cause. While both points of view may prove fruitful, this structure suggests that corruption – conflict stories need considerable time-spans in order to be disentangled, longer time spans than we at present possess possibly relevant data. To expect satisfactory explanations here is probably premature.

While developing separately, the two research fields of corruption and violent conflicts apply many of the same explanatory variables. Hence, it is of some interest to be aware of the implications of the results of one field for the other.

Sometimes the result may appear rather ludicrous. For example, in one article Kaufmann and Kraay seek to demonstrate econometrically that while corruption has a clear negative impact on GDP/capita, that variable did not decrease corruption. Hence, corruption appears to have a kind of causal impact on GDP/capita. Coming to the conflict field, Collier in a number of articles and Miguel in an influential article about African conflicts show that GDP levels (and shocks) have strong negative impact on the likelihood for the outbreak of conflicts. Hence corruption causes GDP causes conflicts. Ergo, corruption is a major cause of conflicts! Certainly a nice demonstration of the importance of the chosen subject when one starts out to study the corruption-conflict nexus from the starting point of corruption, but hardly convincing. Incidentally, it illustrates the over-use of GDP/capita as explanatory and explained variable. What would remain of it when we combined the results from all the subjects in which it is involved?

Coming to the subject matter of corruption and civil wars, it is obvious that both the econometric analysis and the precision in the model analyses are hampered by the extensive endogeneity involved. Nothing appears given. When combined with the few and unreliable observations posts into the inner workings of the mass of organizations and institutions involved, it is to be expected that the results here may become either superficial or inconclusive.

Nevertheless, I believe one should open up for even more endogeneity in the sense that the presumption of the existence of state apparatuses as something given and should be loosened up. In some cases it may be closer to a Potemkin village than a hard and determining structure of corruption and conflicts – or their absence.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

SUSAN ROSE-ACKERMAN

SECTION VI: CROSS-CUTTING THEMES

Short version of a talk presented at 2006 Parliamentary Hearing at the United Nations, ECOSOC Chamber, 13-14 November 2006, “Conflict Prevention and Peace-Building; Reinforcing the Key Role of the United Nations”

Remarks for Panel on “Good Governance and the Fight against Corruption”

In a state with very weak institutions, corruption may be a short-term way to hold the system together and prevent violent disintegration. Political leaders buy off powerful private actors with patronage, and powerful private actors, including criminal groups and wealthy business interests, buy off weak politicians with money or promises of future jobs and business ventures. This makes the achievement of “good governance” difficult.

Unless care is taken, a sharp break with a corrupt status quo can breed instability and violence as those who benefited from the corrupt system struggle to maintain their position. If conflict prevention and peace building are supported by outside funds, these funds may simply be diverted into the pockets of the powerful with some trickling down to the mass of the population as a way to keep them quiet. Corruption undermines the reform agenda, and it may be the crutch on which existing leaders rely to maintain power in a chaotic environment.

The goal is to create a well functioning system where violence is seldom intertwined with politics and where allegations of corrupt self-dealing leads to a scandal that has political consequences. In such a system revelations of corruption may tip the balance against incumbents implicated in the wrongdoing. In contrast, when democracy is entwined with endemic corruption, and where public order is less well established, elections can be an opportunity for violence against opponents, individualized payoffs to voters, and corrupt payoffs to politicians.

In countries where threats of violence originate in the private sector, efforts to limit the threat can lead to an *increase* in violence if the crackdown means that a truce between competing gangs or mafias breaks down. This is especially likely if the truce was brokered by corrupt police and government officials. As the government's role as a corrupt peacekeeper ends and the groups fight for control of illegal businesses, such as drugs or smuggling, violence may escalate. The fighting may be mostly between competing criminal groups, but ordinary citizens will be caught in the crossfire.

Similar problems can arise when the groups capable of using violence are not only criminal mafias, but also include guerilla groups or para-military organizations, or even the nation's regular armed forces. Credible threats to use violence can be used to extort payoffs from ordinary people, businesses and politicians. Kidnapping may develop into a business in which threats to harm the victim generate ransom payments. Groups with the capacity to use violence may combine political and economic strategies.

Inside the government a powerful military may leverage its ability to use force against the civilian government into a device for engaging in illegal businesses. These might include the smuggling and resale of luxury items, the purchase of excessive levels of military equipment as a way to hide kickbacks to top brass, or the use of soldiers as workers in private business ventures.

If such systems are working "well" from the point of view of the extortionists, there may be little actual violence. Those who are extorted or threatened simply play along and do not rock the boat. Threats of violence can be costly to the growth and democratic legitimacy of a fragile democracy even, or perhaps especially, when little actual violence occurs. A calm status quo does not necessarily indicate that a good governance program can be easily implemented. Reformers need to ask what is likely to happen if they decide to upset established corrupt relationships or those based on intimidation and fear.

When reform begins, new structures of government and control need to be available quickly or the very reforms meant to produce good governance and the rule of law can

generate into a spiral of violence and corruption as citizens seek to deal with the uncertainty generated by reforms. The rule of law is meant to introduce clarity and certainly into economic, social and political relationships. However, if the rhetoric is not matched by a real improvement along these dimensions, the stage is set for chaos and a new set of corrupt incentives.

What are some options to consider, and how can the international community help? Each case is different but here are some suggestions.

- **Pick your fights carefully to achieve some early and visible victories and to fit reform programs to the capacities of the country.**
- **Buy off or neutralize those who may otherwise undermine reform efforts.** These may include both powerful individuals, ordinary citizens, and rank and file policemen, soldiers and bureaucrats.
- **Review the training and integrity of law enforcement and military personnel.** This may involve mass firings followed by universal training opportunities with testing before people are hired or rehired.
- **Involve ordinary people and local businesses in oversight and participation, and provide safe havens for whistleblowers. But eliminate self-help vigilantes and replace them with the regular police.**
- **Restrict the armed forces' and other security services' ability to participate in legal businesses and to engage in illegal businesses and the acceptance of kickbacks.** This may need to go along with a one-time buyout strategy.
- **Create bodies both inside government agencies and independent of the executive** for the administration of a freedom of information law, to audit and monitor government spending, etc.
- **Strengthen independence of prosecutors and courts.**
- **Start simple.** For example, be sure primary systems of financial control inside agencies are in place before creating secondary bodies such as anti-corruption commissions (O'Donnell).
- **Assure a media free of both government censorship and excessive concentration in a few private hands.**

Given such a list, what can international bodies do beyond providing peacekeepers to create a window of opportunity for reform?

- **In post-conflict situation they can seek peace agreements that incorporate measures to limit corruption.** This condition, however, will only be valuable if combined with other policies such as those suggested below.
- Anti-corruption and government reform efforts can either set the stage for more reforms or destabilize a fragile equilibrium. Thus **international peacekeepers may be needed to create a space in which reform can occur.** (Madelene O'Donnell compares the relatively well-resourced body in Liberia in 2005 with the poorly funded force in Democratic Republic of the Congo.)
- **International bodies can help buyoff and arrange exile for corrupt top leaders.** Contrast this option with the effort in Afghanistan to integrate into the government warlords with involvement in the drug trade. The result has ultimately been destabilizing (O'Donnell).
- **They can help integrate former rank and file combatants with financial aid and training.**
- **Do not simply pour in funds without clear checks on their use. Thus, international actors can use trust funds to administer some aid programs with the ultimate goal of turning over programs to government.** For example, consider the trust fund in Mozambique that funds political parties and accepts foreign donations (O'Donnell).
- **They can provide technical assistance for programs such as the creation of internal financial controls and independent agencies, the development of methods to incorporate public input or the training of government personnel or media.** Stress the creation of systems to monitor public spending and policymaking, in general, not just to control the disbursement of aid funds. An example: DRC effort by aid financed NGO to control payoff in river transport. Slow success over time with mixture of information provision, consultation with local actors, introduction of two-way radios (Brown et al.).
- **More systematic study of interventions to see what works and what does not.** Gather baseline data and track programs.

- **Develop stronger international controls on money laundering to make it more difficult for corrupt officials to export their gains.**

Violence and corruption are often deeply intertwined. In such cases, proposals for reform may produce more and violence and corruption in a vicious spiral. Thus, care must be taken in starting down the road to reform. Strong leadership from the top is needed that moves toward the goal of a more legitimate and better functioning government and sidelines those who have in the past been using the state as a tool for private gain through threats and intimidation. International assistance can, in principle, help but it needs to be tailored to avoid exacerbating the underlying problem created by the mixture of corrupt and threats of violence from those inside and outside the government.

Sources:

Michael Brown, Philippe Ngwala, Albert Songo, and Leonard Wande, *Combating Low-Level Corruption on Waterways in the Democratic Republic of Congo: Approaches from Bandundu and Equateur Provinces*, George Washington University Law School, Public Policy and Legal Theory Working Paper, No. 116, 2004. Available at <http://ssrn.com/abstract==627684>.

Philippe Le Billon, "Buying Peace or Fueling War: The Role of Corruption in Armed Conflicts," *Journal of International Development* 15: 413-426 (2003)

Madalene O'Donnell, "Post-conflict Corruption: A Rule of Law Agenda", in International Peace Academy, *Civil War and the Rule of Law*, forthcoming 2006.

THOUGHT PIECE

DOMINIK ZAUM

SECTION VI: CROSS-CUTTING THEMES

‘Grand’ Corruption, ‘Petty’ Corruption, and Violence after Conflict

Draft: Do not cite or quote without permission of the author.

The aim of this ‘thought piece’ is to explore the relationship between violence in post-conflict settings and ‘grand’ and ‘petty’ corruption. At what level is corruption more corrosive of peacebuilding activities (and therefore likely to contribute to renewed violence) – at the level of political elites, whose corrupt activities are likely to involve large sums, and which might deprive society as a whole from resources and services; or at the level of lower public officials, where corruption the scale of individual acts of corruption is smaller, but which are experienced directly by the population in their daily life?

To this end, the paper will first clarify the concepts of ‘grand’ and ‘petty’ corruption. Second, it will examine the way in which corruption affects peacebuilding by creating a culture of impunity, where certain individuals or groups are effectively beyond the law and can carry out acts of violence against members of other groups without fear of punishment. Third, it will discuss the impact of corruption on statebuilding (an essential aspect of peacebuilding), by undermining the ability of the state to deliver public services (including security), compromising the authority of state institutions and creating an environment in which state authority can be violently contested by marginalised or discontented groups. By form of a conclusion, the discussion highlights that the shape and impact of corruption is influenced by the political environment in which it takes place, suggesting that grand corruption among the political elites is most corrosive and poses the bigger challenge to peacebuilding efforts.

Grand and Petty Corruption

Corruption means that the legitimate expectations of people towards the state are disappointed, as corruption results in decisions that cannot be legitimated. Thereby corruption weakens the authority of the state. Grand and petty corruption – sometimes also referred to as political and bureaucratic corruption – distinguishes not between the scale of corrupt activity, but by the level on which it takes place – either in the political leadership, or the bureaucracy implementing and administering policy.³³ As the expectations towards these different levels of the state are different (both the expectations of the population and of outside donors in the context of post-conflict peacebuilding), the consequences for peacebuilding, the authority of the state, and the potential for renewed violence differ.

In post-conflict societies, grand or political corruption involves the political leadership, i.e. those individuals tasked with the implementation of a peace settlement and the establishment of a new political order after a conflict. While their corruption is rarely experienced directly by the population, it can affect the effectiveness of the provision of public services (including security) as the state is deprived of resources which are siphoned off for private use, and can change or entrench the distribution of power in the political system, as corrupt activities are used to build patronage and support networks. Grand corruption thus raises questions about the commitment of political leaders to a post-conflict settlement, undermining the development of the levels of trust necessary for effective peacebuilding.

Petty corruption, on the other hand, is experienced by the population in its daily interactions with the state, for example in the form of bribes that have to be paid to officials, or by favouritism granted by institutions to particular individuals or groups – for example the way Kosovar judges treated KLA members suspected of violence against ethnic minorities, discussed below. While the impact of individual acts of corruption on the overall peacebuilding process is low, the routine nature of petty corruption, and the

³³ See for example Jens Andvig et.al, *Corruption: a Review of Contemporary Research*, Chr. Michelsen Institute, 2001, 10-12.

immediate experience of the population of this kind of corruption undermine the trust in the state's ability to be neutral between different groups in the wake of a conflict.

Petty corruption can often be an almost necessary consequence of structural conditions. War or particular economic and legal structures might make petty corruption a necessity for survival. In Afghanistan, for example, the prevalence of the opium economy and the criminalisation of the drugs trade make corruption all but inevitable.

I want to discuss in more detail two ways in which corruption can undermine peacebuilding and lead to violence: first, by creating a culture of impunity, and second, by undermining the effectiveness and authority of the state.

Corruption and Impunity

In some peacebuilding contexts, forms of corruption have created a culture of impunity, where that state and the judiciary fail to curtail violence by certain individuals or groups in particular against minorities. In the aftermath of the 1999 war in Kosovo, Albanian judges and prosecutors displayed a strong bias in favour of Albanians and against ethnic minorities, in particular Serbs. While minorities could hardly get a fair trial (sometimes facing detention without charges), former KLA members could literally get away with murder – and regularly did – a situation tacitly condoned by parts of the Kosovar political leadership.³⁴ Importantly, the reason for this behaviour corrupting the judiciary and the rule of law was not financial gain but threats of violence against judges and prosecutors from the KLA, and a more general perception among parts of the Kosovo Albanian elite that the judiciary was an instrument to promote the goal of independence.

What this very brief example highlights is, first, the way in which petty corruption present only one perspective on the multi-faceted problem of a culture of impunity in post-conflict settings (in addition to the roles of ethnicity and of institutional decay and collapse in the case of Kosovo); and second, how petty corruption is facilitated by the

³⁴ Dominik Zaum, *The Sovereignty Paradox: The Norms and Politics of International Statebuilding* (Oxford: Oxford University Press, 2007), 148-50.

behaviour of political elites, underlining that the distinction between petty and grand corruption can at times be fuzzy.

In addition to sustaining a culture of impunity, the exclusion of particular ethnic groups from certain parts of the state (in this case the delivery of justice and the rule of law) not only marginalises these groups, but can also turn them against the political order and lead to renewed violence.

Corruption and Statebuilding

In an international society based on the ordering principle of state sovereignty, statebuilding (the creation and strengthening of institutions of government in a society) becomes an integral part of peacebuilding.³⁵ The (re)-establishment of the Weberian monopoly of legitimate violence in the hands of the state in particular has been a key element of international peacebuilding strategies, for example through DDR and security sector reform, and through attempts to strengthen the rule of law.

Peacebuilding (and statebuilding) generally takes place in environments where public institutions are weak or non-existent. Such efforts therefore rely heavily on the cooperation of political elites, and their support for the peacebuilding process. For statebuilding to contribute to peace and stability, it requires that existing state institutions are not ‘captured’ by a particular group, and are perceived as promoting the interests of all important political and societal groups who could otherwise challenge the state’s authority – they must not be threatened by the prospect of the state institution’s monopoly on violence.

In the short term, grand corruption can help to ensure the ‘buy-in’ of all major political groups into the state, by sharing between them the spoils of controlling different state institutions, and the rent and patronage opportunities they offer. Corruption can therefore help to buy a degree of stability, at least for a limited time. However, grand corruption

³⁵ See for example Barnett Rubin, ‘Constructing Sovereignty for Security’, *Survival*, Vol.47/4 (2005), 93-106.

undermines the ability of the state to provide public services (in particular security), undermining the trust in the state and leading to the emergence of extra-legal groups that challenge state authority, possibly with violence. Furthermore, corruption can be an indicator that parts of the political elite are less interested in peace than in either political power or private economic gain, which are sustained by ‘capturing’ part of the state. Corruption thus stabilises power structures and a political economy that have often have shaped and sustained a conflict in the first place. Grand corruption can therefore be deeply corrosive of peacebuilding.

Implications for Peacebuilding

Corruption can undermine peacebuilding efforts and contribute to violence by sustaining a culture of impunity and compromise the authority of and trust in the state. As the examples discussed above suggest, corruption is only part of the puzzle of how to build and sustain peace. The form and the impact of corruption are influenced by the political environment in which a peacebuilding process takes place – an environment that is shaped by the choices of the political elites. Furthermore, in a sovereignty-based international order, peacebuilding efforts are inevitable largely top-down, relying on political elites to broker and implement a peace process and political and economic reconstruction. Grand corruption thus directly undermines these efforts. Both these factors suggest that grand corruption has the more corrosive effect on peacebuilding, and that it should be the focus of international anti-corruption efforts in the context of peacebuilding.

THE NEXUS: CORRUPTION, CONFLICT & PEACEBUILDING

THOUGHT PIECE

LORENZO DELESGUES

SECTION VI: CROSS-CUTTING THEMES

I have used the agenda of the nexus and I have tried to integrate some of the experience or the thought that Tiri's and Integrity Watch Afghanistan's research brought up. Certain of these notions are only preliminary thoughts and should be taken as such.

Session I: What is it? Corruption in Conflict & Post-conflict Zones

Key Questions:

*** What does 'corruption' mean in areas of conflict & post-conflict? Is this concept of corruption universal across all conflicts or a context specific notion?**

Corruption during the transition moment from war to peace building

We are considering that corruption is a relative notion that depends on established social accepted norms. What is considered to be corruption evolve in time with the evolution of society. In this section, our main interrogation is how does the norm defining corruption evolve during the post-conflict period, i.e. during the moment of transition from war to peace? Is there continuity in the norms defining corruption between the conflict and the post conflict period?

If we consider that a society in period of conflict is composed of a large number of atomized social groups who are defining corruption at their own levels, without any necessary reference to the State norms, then, the norms defining corruption will correspond to the set of norms in these social groups. During the conflict, it is very difficult for an atomized society to impose norms and to construct a predictable social space, even if social representation of state and nationhood exist in a loose manner. This limits considerably the number of possible norms defining corruption at national level. As soon as the conflict ends, there is a rupture in pre-existing group social representations. All the individuals, formerly belonging to atomized social groups, are potentially able to relay on a more predictable social space, that is a sudden increase in

expectation of possible norms, especially at national level. This phenomenon will be limited by social norms that have resisted through the conflict or that are still able to play a reference role, independently from the state, i.e. religious concepts, family relations, social organization in a small village, trade and market rules... But, let's focus schematically on the rupture of norms (group and national norms) in order to put the accent on some invisible aspects of transition.

Expectation of new nationally defined norms and the existence of national norms that have resisted the conflict will push for the establishment of a more "standardized" corruption definition. The networks issued from the war, which are still active in post-conflict period, will push against this standardization of the corruption definition. The competition between these two social dynamics will continue until the state actors will be able to rule in favor and guarantee its legal definition of corruption. This would mark the end of the post conflict period. At this point it is possible to consider that there is only one norm that define corruption and that this norm is rationally define by the States interests through its judicial and legislative system.

This model apparently shows that the use of social accountability systems related to norms that were less affected by social evolution due to the war can help the state in gaining control over what become apparently corrupted practices and would reduce the nuisance of corrupt war networks still active during the post-conflict period.

*** How is corruption different - actors, form, magnitude, consequences - from corruption in developing countries or weak states?**

In post-conflict situations like the one studied by Tiri's integrity in reconstruction program (Afghanistan, Palestine, Lebanon, Timor Leste, Mozambique, Sierra Leon, Kosovo and Bosnia-i-Herzegovina) corruption has a direct impact on the legitimacy of the State and its capacity to deliver services for its citizens. In such an environment we observe that - if corruption is too high - the state will be progressively replaced by actors such as powerful political parties (Hamas, Ezbullah) or movement like the Taliban with the direct consequence to weaken an already fragile state.

The spread of corruption can in certain case be geographic or limited to certain types of services in function of the factions who controls the state in that area.

- How is corruption viewed as related to peace or violence or security?

In the case of Afghanistan, IWA conducted a survey where 70% of respondents perceived corruption had a link with in-fights and this was particularly true in the areas far from Kabul.

In Afghanistan, the areas that are more touched by corruption are the police, and the justice sector, areas directly related to peoples' human security (IWA survey).

- Does corrupt leadership take on different forms in conflict and post-conflict contexts?

In a conflict zone, corruption that is an institutional norm can hardly be defined but there are group able to use their power (not always an entrusted power) for personal gains an act that could be assimilated to corruption. In the post-conflict context, certain leaders are still attached to their political base and need to preserve its sustain. Their actions will tend to transform power tensions that were causing armed conflict into political moves in the political arena in the post conflict context. So corruption in the post-conflict could be assimilated to a tool generating political sustain through collusion networks.

If, when and why is corruption perceived to be a positive force in areas of conflict (active and post-conflict)

If corruption is the tool to translate from an open conflict -where gains are direct- into political competition -where gain are indirect- then it might be seen as an initial catalyst for the transition (see the collusion as an agent that would stabilize post conflict actor's interactions and would allow them to gain predictability in the consequence of their actions). But this catalyst generates large opportunities for state capture by former conflict actors - corruption then risk to become one of the main elements for the return to conflict.

Session II: How does corruption happen? Embedded Networks, Illicit Power Structures, Paramilitaries/Rebels, Ex-combatants

Key Questions:

*** What role do embedded networks play? Who are involved? What is unique about this compared to other developing or transitional societies?**

The capacity of certain actors to keep their monopoly of legitimate violence or at least to compete with the forming state on its monopoly of legitimate violence allows them as soon as they give a certain degree of redistribution to their networks to gain legitimacy through their corruption activities and at the same time to be protected from law enforcement.

The use of corruption becomes vital in order for the former paramilitary /commandants/party leaders to maintain the control over traffics and security (Justice / Police) to preserve their domination of the social space under their control.

*** What role does paramilitary or rebel structures have in these embedded networks and illicit power structures or are they operating in parallel?**

In what we observe in Afghanistan, the commandants or the party-leaders are increasingly using the state structure to achieve corruption. So if the state administration is powerful enough (international aid/ qualified technocrats...), the state could finally “digest” or integrate these corruptions networks and use them for consolidating itself.

*** How do political leaders who were previously active in the conflict (e.g. warlord) mobilize those systems to enable grand corruption?**

In Afghanistan we have cases of warlords using their war networks in order to enable grand corruption (Ismael Khan, Dostum, Saiaf...). The scheme used is:
Threat for the state stability=> The State try to control them by giving them important charges (often honorific, but not always possible to keep it honorific) => the former commandant will use its new position and its old networks to enable grand corruption. But these networks need to be re-tributed from the gains.

*** Are ex-combatants turning to corrupt practices as a different strategy to the same end? Does the demand side of corruption originate from those who previously used weapons to access resources?**

Can we obtain a gain for the majority using corruption? Is there a general interest in using corruption? Or is corruption always limited to the gain of a limited group?

*** Do peace agreements exacerbate grand corruption and institutionalize corrupt practices or structures? Do actions under the auspice of ‘peacebuilding’ use corruption as a means to achieving their ends?**

The road maps are and the peace agreements are reached using a certain degree of tolerance from each side. Often these are followed by elections used as a tool to trade legitimacy for the winner group.

The problem of corruption in the peace building comes up as soon as the state institutions become too weak to support newly legitimized actors that are in reality state spoilers.

If the political reconstruction process is faster than the institutional reconstruction process then there is a risk for instability (See Rolland Paris).

*** How is the military involved in corruption?**

*** Do the DDR and other ex-combatant programs effect the functioning (hinder or support) of corrupt networks? Could they?**

The DDR, if effective has an impact on the capacity of potential state spoilers to maintain their threats on the stability of certain regions. The militias in the north of Afghanistan - where DDR was not successful- are still perceived has a potential treat that will block enforcement of the law). If the DDR is not successful and the state does not offer sufficient rewarding to empowered state spoilers then there is a greater risk of return into arm conflict.

Session III: What is the impact? Effects of Corruption in Post-conflict

Key Questions:

*** What are the effects in an immediate post-conflict environment?**

- In what way does corruption de-legitimize the post-agreement government? How is this different from transition economies or weak states?

In Afghanistan, corruption is perceived by 60% of IWA’s survey respondents to have an impact on the legitimacy of the new state.

- Is the de-legitimization significant (positive or negative) to maintaining the cessation of violence? Is the de-legitimization significant (positive or negative) to addressing the key issues of war?

*** Does and, if so under what conditions, does corruption reignite violent conflict?**

International policies / aid policies:

- Donor do not hold themselves to the integrity standards which they wish the countries to hold.
- Media reform is an immediate priority, so are elections.
- But little focus on institution building in early stages, and even less coordination
- Integrity reforms are traded off in the early stages, resurface after 4/5 years.
- Aid pours in, then leaves after 5 years, starts decreasing fast

The decrease of aid while expectations and demand for accountability are growing feed a possible frustration accumulates against the reconstruction actors (Government, International community...) of the population that might lead to the return to conflict.

*** What are the consequences of buying peace at the peace negotiations: short, medium and long-term?**

Engaging communities / corruption:

- The trade off leads to a public backlash, election of destabilizing groups, international community then caught trying to evade elected leaders.
- The demand for reform is never there early in the process, always comes after a few years. Needs to be articulated / catalysed. Lack of information is a problem. People hope, and the only information they get is that nothing or little happened.

- **What are the effects of military or peacemaker's engagement in corruption on their ability to fight a war, stabilize or bring peace?**

Peacekeeping might be more interest in peace and stability than in fighting corruption in the first hand then there might be a miscalculation.

Session IV: Capacity (Legislation, Systems, Structures, Skills) for Anti-Corruption
Key Questions:

*** How does one generate the political will to combat corruption when a government is profiteering or made up of former warlords who use corruption to feed their powerbase?**

The government is often not only composed of warlords and if warlords find greater gain in playing in the political arena, they might begin to use corruption as an argument to gain legitimacy against other political players. In Afghanistan this type of behavior is still under-developed (an explanation could be the lack of structuration of the political parties). In other countries like Palestine, Lebanon and Balkans the argument of corruption was widely used by all political actors in search of legitimacy.

*** What are the unique capacity gaps in a post-conflict government that hinders anti-corruption measures?**

There are three major structural similarities among the post conflict countries studied by the Integrity in reconstruction program of Tiri:

Instability and threat of a return to violence

- (unstable peace agreements, type of conflict, factionalism, low security, conflict actors, little history of democratic politics)

State weakness

- (new or recovering from conflict, war legacies, foreign actors)

Scale, speed and nature of reconstruction assistance

- (large-scale funding, spending imperative, infrastructure projects, building blocks of democracy)

*** What measures could be instilled at the time of peace negotiations that would be effective to minimize corruption while also bringing a sound foundation for peace?**

*** How can the government and international community effectively counter embedded networks that foster corruption, particularly in active or frozen conflicts?**

*** How do donors and the UN incorporate anti-corruption measures such as transparency into their own practices in places of conflict?**

Impose integrity control since the beginning of the reconstruction process. Definition of integrity:

- Accountability (including transparency as a prerequisite)
- Professionalism (excellence, and adaptation)
- Corruption control (prevention and enforcement)

Indicators:

- Accountability:

Availability and accessibility of information (including use and dissemination)
 Monitoring / evaluation by stakeholders
 Community involvement
 Degree of funding spent

- Professionalism:

Stakeholder consultation
 Degree to which sustainability / maintenance taken into account
 Compliance with terms of contract
 Compliance with industry norms (e.g. quality of material)
 Efficiency of the disbursement process
 Mechanisms for sanctioning lack of compliance / poor performance

- Corruption control:

Existence of mechanisms for sanctioning corruption
 Types of mechanisms (supervisory bodies...)
 Cases of enforcement
 Ethics code
 Implementation of ethics code (ethics training...)

Session V: Anti-Corruption Mechanisms Causing Conflict?

*** Can anti-corruption measures exacerbate grievances and even cause a rebirth of violence? Are there forms of anti-corruption tactics that are more or less likely to create renewed conflict?**

Is anti-corruption the right angle?

- Confirmation of weakness of AC commissions in difficult environments. Corruption has not been tackled up front. Problem or solution?
- Reform plans, better alternative than AC strategy?
- Do we know how effective these tools are? Eg Palestine focus on asset declaration.
- Risks that fight against corruption becomes purely a political tool.

*** What do we know about sequencing Anti-Corruption measures so that they contribute to the consolidation of peace?**

Tentative findings from the Integrity in reconstruction study:

- Integrity - Legitimacy - Stability - Sustainable Development

Could strategic integrity reform help prioritise long-term peace-building?

Could strategic integrity reform help solve accountability dilemmas for donors? Dual accountability system: Seen as problem, could be seen as solution (ESFD audits?)

- Transparency and accessibility of funding
- Accountability: Top down accountability (multi-donor trust funds); horizontal accountability (NIS focus); bottom up social accountability (type NSP, participation and buy-in).
- Reform tracking

Three major dynamics:

- Integrity within international / donor policies: integrity in peace building. Integrity in donor programming.
- Integrity reform within reconstructing states: prioritization of integrity reforms, strengths and weaknesses of different pillars.
- Demand for public integrity reform by public:

Beware of public backlash against the trade off.

Early expectations, demand for reform comes when these have been dashed. Comes late.

How can they be involved?

*** Can positive peace be achieved without anti-corruption measures?**

The integrity in reconstruction study clearly shows that the lack of integrity in a peacebuilding process feeds the risk for a quick return into conflict.



THE FLETCHER SCHOOL

TUFTS UNIVERSITY

The Institute for Human Security was formally established at The Fletcher School of Law & Diplomacy in 2000.

Traditional approaches to social change across borders, organized in four separate professional universes --humanitarianism, development, human rights, and conflict resolution-- are overly compartmentalized. As a result, progress made in one field without attention to the other fields is often sub-optimal and unsustainable. It is now widely recognized that we need insights and strategies that work across these four fields.

The Institute for Human Security promotes cutting edge-research and education about the overlaps between humanitarianism, development, human rights, and conflict resolution. The Institute is resolutely interdisciplinary. All of its activities make a fundamental choice in favor of crossing academic and professional barriers.

The Institute seeks to bridge these gaps by making research on human security operationally relevant through education, conferences, and fellowships for practitioners. It collaborates closely with the Alan Shawn Feinstein International Famine Center at the Friedman School of Nutrition Science and Policy, and the Center for Human Rights and Conflict Resolution (CHRCR) at Fletcher.

Contact Details for Conference Organizer:

Cheyenne Church

Assistant Professor of Practice

The Fletcher School

160 Packard Ave.

Medford, MA, USA

02155

Tel: 1-617-627-5790

Cheyenne.church@tufts.edu