



# Corruption in fragile states

**Even in volatile, difficult situations, donors should combat corruption head-on as a key element in strategies of stabilisation and state-building.**

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The most common definition of corruption is “abuse of public office for private gain”. To account for corruption involving non-state actors too, Transparency International has chosen a more encompassing variation of the same phrase: “misuse of entrusted power for private gain”. Both definitions immediately pose challenges for analysing and acting strategically on corruption in fragile states. The first is that, in fragile states, holders of *public offices* (high and low) are seldom universally recognised as legitimately “public”. On the contrary, they are often seen as or treated by large sections of the population as hostile representatives of specific private, factional, or otherwise parochial interests. In other words, from the outset their power has *not been entrusted* to them by the entire population (some even see it as predatory). Furthermore, office-holders often do not maintain a clear distinction between what is public and what is private (as is typical in patrimonial systems), further diluting the meaning of *abuse* or *misuse* for *private gain*.

Hence, efforts to tackle corruption cannot be dissociated from other tasks that are fundamental to state-building, such as stabilising a nationally recognised central state authority; professionalising political and administrative institutions to safeguard them as much as possible from private and parochial interests; and generally building trust between the state and citizens.

## **SHOULD TACKLING CORRUPTION IN FRAGILE STATES BE A PRIORITY?**

The international community has not made the control of corruption a priority in fragile and failing states. Some bodies, e.g. USAID, argue that combating corruption must simply wait until a central authority has been stabilised; others suggest that ignoring the corruption of a regime in a fragile state is a necessary sacrifice if one has already invested in stabilising it (or “propping it up”).

## **POLICY RECOMMENDATIONS**

- Confronting corruption is part and parcel of building legitimacy and public confidence in fragile states. Corruption creates instability and inefficiency. The tendencies to defer anti-corruption to “a later stage” therefore fail to ensure an essential component of stabilisation.
- A careful analysis of the political and social basis of corruption and potential drivers for change is essential. “Blueprints” of anti-corruption activities taken from other contexts could be harmful in fragile situations.
- Donor countries have a strong responsibility to safeguard their interventions (including business corporations and military operations) against corruption to avoid signalling tolerance for corruption.

A policy of “zero tolerance” towards corruption in fragile states is impractical and unrealistic, and is likely to be downright hypocritical. But experience has shown that ignoring corruption altogether is just as likely to perpetuate or increase the fragility of the state. Why?

First, of the thirteen states which appear on both the LICUS and the Fragile State’s indexes, all rank, unsurprisingly, among the countries in the bottom 20th percentile of control of corruption on the WBI



Governance Indicators (see Figure 1). In other words, corruption closely correlates with fragility.

Secondly, studies of collapsing or failing states show time and again that widespread corruption contributes to governance difficulties and capacity breakdown, thus impacting negatively on the regime's legitimacy. A case in point is Côte d'Ivoire, where, as in many African countries, the spoils of "corruption" (nepotism, diversion of public funds, etc.) functioned as the glue of the "neopatrimonial" system. Yet breakdown occurred when the spoils dried up. In such situations, creating long-term legitimacy for a government must entail building a system of governance that avoids this contributory cause of breakdown.

Evidence from Afghanistan, Bosnia, Mozambique, Nicaragua and elsewhere shows that neglecting the corruption problem at the outset is a dangerous strategy, as corrupt elites use the opportunity to entrench themselves in politics and set up predatory schemes, which make reform more difficult to achieve at a later stage. Corruption has also recently provoked frustration, riots and further instability in several of these countries.

Anti-corruption is by its very nature confrontational, since powerful groups in government and

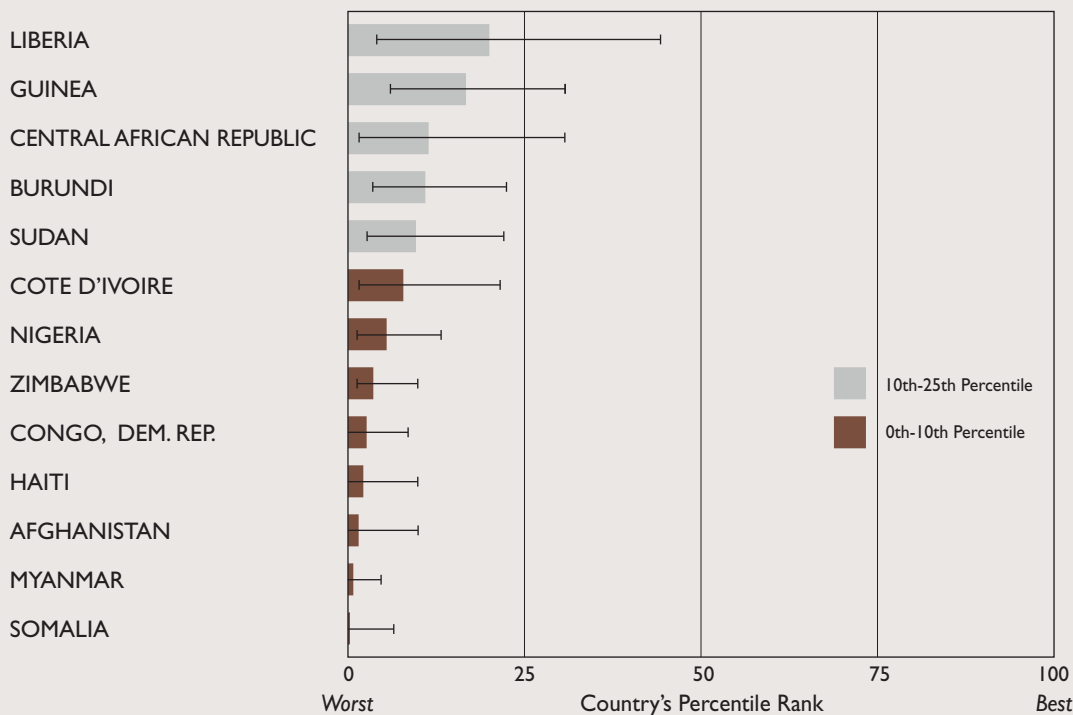
outside – actors who are potential spoilers – stand to lose if corruption is curtailed. International aid agencies and diplomatic missions have been afraid to tackle such groups over corruption in situations in which a "deal" needs to be done or where the diplomatic agenda requires a good relationship with the government.

Donors and international interventionists should focus on the advantages of reducing corruption, namely that regime legitimacy, trust and stability can be built by a state which is taking serious steps to combat corruption, and is generally perceived to be doing so in a non-partisan manner.

### LESSONS OF ANTI-CORRUPTION

Three decades of anti-corruption reform have provided lessons learned from the successes and the many failures to combat corruption, some of which are now codified in most donor agency anti-corruption plans and in the OECD DAC Principles for Donor Action in Anti-Corruption. Here we can often find the necessary "tools" for a well-considered anti-corruption policy in fragile or failing states – the key approaches are in principle not so different from those in developing countries *in general*. But the state-building challenge is made more difficult by the even lower starting point.

**FIGURE I: CONTROL OF CORRUPTION**



Control of corruption as measured by the World Bank Institute's governance team. The table suggests clearly that some of the worst performers with regard to controlling corruption are fragile states.

Source: Kaufmann D, A Kraay and M Mastruzzi 2007, Governance Matters VI: Governance Indicators for 1996-2006.

## KEY APPROACHES IN ANTI-CORRUPTION

- Encourage positive *incentives* (example: merit-based recruitment).
- Create *transparency* by applying checks and balances to reduce opportunities.
- Increase expected costs by strengthening law enforcement against corruption (*accountability*).
- Take advantage of existing *political will* by involving government, business, and civil society/citizens processes.

The anti-corruption imperatives (see box) could translate into reform strategies which would *ideally* cover all sectors of society to form a “transparency system”. The caveat is that in a fragile state it is unrealistic to set up a strategy which effectively incorporates all actors and all necessary elements. Either the political will or the capacity – or worse, both – are absent. The challenge is to create the political and diplomatic clout – in the donor community, as well as in the receiving country – to raise anti-corruption on the agenda sufficiently to be able to implement already agreed principles for donor interventions. We highlight three basic points in this regard.

### NO SHORTCUT, NO BLUEPRINT

Multiple “tools” for anti-corruption campaigns and processes are flourishing in the global community of development aid, consultants, researchers and campaigning NGOs. In some countries, tools which explicitly attack corruption have had an impact (advocacy and “clean up” campaigns, new laws, special police units); others did not begin as anti-corruption measures, but have turned out successfully to that effect (such as the ombudsman, participatory budgeting, public procurement committees, etc.). But the successes have all been contextual, and many “lessons” concerning anti-corruption can be drawn from more developed countries with stable institutions.

Donors must therefore carefully select appropriate anti-corruption measures for any given setting, as some of the most popular ones have proved counterproductive. The prime example is the establishment of so-called anti-corruption commissions in Africa. Despite substantial donor funding, they have frequently come to be seen as dependent on the executive and nothing more than window-dressing to appease donors. The conditions that permit anti-corruption commissions to perform effectively are not present in fragile states.

The most frequently cited yet most thoroughly neglected recommendation for donors is to take the local context as the starting point from which to develop a shared vision of the strategic response that is required. Such an analysis must review the nature of the corruption problem and how it is perceived locally. The study should examine fundamental historical and structural factors – the history of state formation, geography, ethnicity, class structures and the resource base of the state – that directly affect the political economy and the basis of political accountability. Corruption takes multiple forms in fragile states too, sometimes being structurally linked to a dominant party or executive (Zimbabwe, Cambodia), at other times connected to business or militia groups who have “captured” the state and dominate politics (Albania, Chad). The analysis that is called for must account for all variations of corruption and take into account all possible different obstacles, as well as identifying potential local alliances against corruption in a search for local ownership. The DFID-sponsored “drivers of change” analysis is one commendable approach.

### THE ROLE OF DONOR COUNTRIES IN CORRUPTION

When the international community intervenes in fragile states, the main actors (military and diplomatic) tend to be less concerned about what comes next, and corruption is rarely addressed. Aid programs in fragile states are also implemented with a different mind-set. Often immediate concerns for delivery ignore normal operational guidelines, thus sending a signal that corrupt behaviour will be tolerated. We have seen instances, such as in Kosovo, where the international community has shown a total disregard of even the most blatant abuses. In some countries the need for a showcase success seems to have led the international community to undercommunicate corruption problems.

International intervention with massive inflows of military or donor money has created fertile ground for corruption in countries such as Afghanistan. International interventions can inadvertently create social divisions and worsen corruption and abuse if they are not based on strong conflict and governance analysis, as well as being designed with corresponding safeguards.

Moreover, donor countries have significant responsibilities at home in addressing corruption. Areas such as asset recovery, anti-money-laundering measures and banking transparency are crucial. Increased transparency concerning transactions between partner governments and companies in the extractive industries sector, which is often based in OECD countries, is also a priority.



## COORDINATION

The plethora of international aid efforts and initiatives places a significant administrative burden on most fragile states with low capacity. Since governments in fragile states cannot possibly respond satisfactorily if all donors operate with individual disbursement and control mechanisms, opportunities for corruption multiply. The best alternative is coordination.

In countries such as Afghanistan, Haiti, Nepal and Sudan, we find insufficient frameworks for aid alignment and donor collaboration on corruption. Not only does the government fail to provide a framework for donors to align with, but the international actors themselves often operate in isolation and sometimes even compete with one another.

International actors should promote the coherence of non-aid policies and bring together the military, diplomatic, development aid, trade and intelligence communities in order to minimise fragmentation and duplication, as well as striving for complementarities and common purpose. The ideal step is to establish a high-level coordination group to develop a clear and coordinated message on corruption to the government (as well as to potential bribers in developed countries).

Three pitfalls for donor coordination groups should be avoided. One is that conditionality hidden in “framework agreement” papers can replace speaking out about and acting on corruption: on the contrary, coordination must send a stronger message. A coordinated message on conditionality linked to tackling corruption is more likely to be effective than unilateral actions like “pulling out” of a country in response to a corruption scandal or

demanding “repayment” from state coffers – only to see other donors step in and reimburse the country concerned. Finally, coordination also means coordinating with the government and other local stakeholders, thus emphasising the importance of having serious local actors supporting the anti-corruption process – without which there is no chance of long-term success.

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## FURTHER READING:

U4 Anti-Corruption Resource Centre is the web portal to anti-corruption knowledge for donor organisations, such as practitioner’s advice, lessons learned and overviews of anti-corruption tools. U4 is found at [www.u4.no](http://www.u4.no).

O’Donnell M., 2006. ‘Post-conflict corruption: a rule of law agenda?’  
[www.u4.no/themes/ces/postconflict/odonnell.pdf](http://www.u4.no/themes/ces/postconflict/odonnell.pdf)

**More on fragile situations: [www.diis.dk/fragile](http://www.diis.dk/fragile)**

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