

**14th INTERNATIONAL ANTI-CORRUPTION CONFERENCE
RESTORING TRUST: GLOBAL ACTION FOR TRANSPARENCY**

Long plenary report

Corruption, Peace and Security

Date and time: 10 November 2010, 14:30 – 16:15

Moderator: Melinda Crane, Deutsche Welle

Panellists:

Gareth Evans, President Emeritus, International Crisis Group
Kunio Mikuriya, SG of World Customs Organization
Geraldine Fraser Moleketi, Democratic Governance Practice Director, UNDP
Bill Hughes, Managing Director, Serious Organised Crime Agency (UK)
Ernesto Savona, Professor of Criminology, Universita Cattolica, and Director of Transcrime
Magdalena Sepulveda, Director of Research, ICHRP
Salil Shetty, Secretary General, Amnesty International

Rapporteur:

Craig Fagan, Senior Policy Coordinator, Transparency International

Corruption can be found at the root of many of today's gravest risks to global security. It has helped to spread nuclear proliferation, organised crime, terrorism and other destabilising forces around the globe. All these factors have undoubtedly contributed to the overall high levels of conflict and insecurity that characterise today's world. According to experts in the field, it is estimated that there are 26 on-going conflicts across all continents.

Though conflict and insecurity may arise in particular countries due to specific local circumstances, their effects are often impossible to contain. Conflicts uproot families and lives, and undo the notion of borders. In 2009, it was estimated by the United Nations that 42 million people were displaced due to conflict and persecution. Conflicts also unleash violence and arms. The contagiousness of instability means that peace anywhere can quickly be shattered. Corruption acts as the source for sparking and multiplying these problems. The recent experience of West Africa demonstrates how quickly a region can become engulfed in turmoil when corrupt leaders initiate violence.

The second plenary of the 14th International Anti-Corruption Conference focussed on how to effectively prevent and mitigate corruption's role in undermining peace and security through different channels. Panellists discussed the factors that increase insecurity, including conflict, human rights violations, poverty, organised crime and illicit networks that exploit cross-border trade. The common links among them, according to the panel, are corruption and the exploitation of vulnerabilities.

Panellists also identified a vicious circle in which agents of corruption not only cause conflict but exploit the mechanisms of recovery and reconstruction. In doing so, a weak foundation is laid for rebuilding a country's economy, institutions and broader social pillars – all of which can ultimately compromise a lasting peace.

Corruption is often a central means of transmitting insecurity and can overlap with terrorist, criminal and other illicit networks. For the International Crisis Group (ICG), an organisation committed to preventing and resolving deadly conflict, there are four distinct ways that corruption threatens security by fostering conflict. These were elaborated by **Gareth Evans**, President Emeritus of ICG, who explained that corruption can be: a generator and facilitator of civil conflict (i.e. rights violations and unequal wealth distribution, particularly in resource-rich countries, breeding power struggles); an inhibitor of peace processes (i.e. corruption undermines people's trust in the process and exploits resources intended for reconstruction); a source for terrorism (i.e. illicit networks win recruits and generate financial support through trade); and a facilitator of nuclear proliferation (i.e. corrupt procurement processes and black market trading patterns).

Conflict and insecurity overlap with other vulnerabilities, such as human rights violations and poverty. Corruption becomes the link that binds them. Not surprisingly, among the indices looking at corruption, development and human rights, states that are classified as post-conflict or fragile are found among the worst performing countries. In the case of corruption, the countries which rank lowest on TI's Corruption Perceptions Index are those with a legacy of conflict and violence: Somalia, Afghanistan, Myanmar, Iraq and Sudan.

Panellists attempted to unwind this relationship by investigating the channels that connect them. As evidence shows, corruption preys disproportionately on the poor and disadvantaged. The poor pay more where it comes to corruption's costs – whether it is in the form of bribes or non-existent public services. They also are excluded in terms of representation and voice, leading to structural discrimination and marginalisation against ethnic minorities, indigenous peoples, women and other social groups. Positive measures are needed that design policies which take into account these asymmetries in power, which exist between social classes as well as among the poor. Otherwise, the current low levels of accountability and participation will continue creating opportunities for corruption.

This dynamic relationship between poverty and corruption poses a severe threat to international peace and security. According to **Magdalena Sepúlveda**, the independent expert on human rights and extreme poverty for the Office of the UN High Commissioner for Human Rights and Director of Research at the International Council on Human Rights Policy, "poverty and the increasing inequality within and between countries is an underlying cause of conflict". There are now 1.4 billion people living in poverty, which represents an increase of about 180 million following the financial crisis of 2009. For her, there is widespread distrust and disappointment among the poor, partly driven by corruption. This situation has created a fertile resource for illicit networks seeking recruits to organised crime and terrorism.

Other panellists also emphasised the role of these networks and their threat to peace and security. Particularly in post-conflict countries with little or no rule of law, illicit networks frequently step in to fill the traditional functions of the state. Corruption allows these networks to operate with impunity and the growth of the internet has allowed more countries to be pulled into extended networks of illicit operations. Organised crime uses fragile states and post-conflict countries as safe havens, whether for money laundering, transit purposes, or for setting up off-shore operations. Guinea-Bissau, for example, is classified increasingly as a narco-state allegedly dominated by Colombian drug cartels seeking a base for their European operations. As the fifth poorest country in the world, it ranks as the 24th most corrupt country of the 178 nations included in TI's Corruption Perceptions Index. Even less turmoil-prone countries like Jamaica have witnessed a near complete breakdown of law and order when organised crime took over key political functions.

Understanding the role of organised crime highlights the difficulty of finding appropriate remedies to combat its role in corruption and conflict. **Ernesto Savona**, a professor at the

Universita Cattolica in Italy, explained that there needs to be a better response to the risks that organised crime perceives as a risk. The nexus that exists between organised crime and corruption makes it necessary to adapt to the risk and re-shape the remedies. The case of maritime piracy in Somalia demonstrates how this change is essential. It is complicated to define a traditional response to the problem that is between states because there is a power vacuum and borders are not well defined (i.e. this is a question of maritime rights).

As explained by **Bill Hughes**, former Managing Director of the UK's Serious Crime Agency, addressing "organised crime has gone beyond the force of law enforcement" since these networks are exploiting opportunities created through corruption in the public and private sector. For example, the proliferation of counterfeit goods and trade in illegal arms suggests that steps need to be taken to strengthen the ability of customs agents to ward off corruption. However, customs is one of the state institutions most susceptible to corruption because of its access to flows of goods and money. As a result, customs is frequently a target of illicit networks. The World Customs Organization has recognised this threat as critical, according to **Kunio Mikuriya**, the organisation's secretary general. Mikuriya further explained that the problem of corruption in customs, where it exists, should be seen as a broader reflection of corruption that plagues a society and which destroys the trust of people in government.

He cited the Arusha Declaration, which dates to 1993, as stipulating three key areas for change: a regulatory framework, simplified procedures, and good human resource management. Each dimension can help to stem corruption and the problems that flow with it. Yet to be implemented in practice, it requires strong leadership within a country and collaboration among the public sector, companies and civil society.

This point about leadership speaks to the larger question of how governance plays a role in the solutions that are being pursued. **Salil Shetty**, the Secretary General of Amnesty International, questioned whether there is sufficient political will to stop the problem. He further raised the point of whether it was useful to classify states as "fragile" or "failed." For him, if a state has the capacity to fight its neighbours and violate the rights of its citizens, then in some sense it is actually choosing which issues it pursues – it is opting out of ensuring good governance, development and the protection of rights. In this sense, the factors at play underscore the fact that there is demand and supply of governance and, in turn, corruption.

Geraldine Fraser Moleketi, the Democratic Governance Practice Director for the UN Development Programme, highlighted how political will, governance and the rule of law form the starting point for finding effective remedies to conflict, corruption and insecurity. While she conceded that the governance community might not have all the solutions discovered yet, there is a key framework that is in place: the UN Convention against Corruption (UNCAC). In Fraser Moleketi's opinion, the UNCAC takes into account the broader global realities to ensure the eradication of poverty, strengthening of democracy and fulfilment of human rights. Overall, solutions must involve understanding how to find preventive measures and sanctions that build a culture of transparency, accountability, participation and integrity.

The panellists agreed that the best way forward is to adopt a holistic approach. For example, as noted by Bill Hughes, it is essential for countries to reframe their national security strategies to go beyond terrorism and include corruption and organised crime. Still the challenge is that government ministries tend to work in isolation from one another. Anti-corruption agencies, human rights commissions and law and enforcement officials tend to not coordinate their work on security although the complexities of the issue merit a coordinated approach.

At the same time, however, increased knowledge of the issues also means understanding the delicate balance that can exist between addressing one problem, such as security, and creating others, like the perpetrating of human rights abuses, in the process. As Salil Shetty cautioned, "public security has to be carefully balanced" so that state security is not used to justify actions that violate rights.

Concrete recommendations and follow-up actions

To prevent such shortfalls, effective solutions must engage a broad set of stakeholders. For example, countries need to come to see that promoting the engagement of different actors is as relevant for combating poverty as it is for breaking up organised crime networks, as both are factors that feed the problems of conflict and corruption. New technologies offer a medium for this mobilisation to happen. However, there was a general consensus that it was important to push on two fronts for change: at the level of governments and through the mobilisation of citizens. One cannot do it alone without the other. One example was cited from Kenya where there has been a strong civil society mobilisation around the constitution in Kenya to enact more responsive anti-corruption and good governance measures. The citizens have called for it and the government is responding to their demand for change.

The UN Convention against Corruption, as well as other regional-level agreements, provides the framework for similar work to happen. UNCAC is particularly useful because it helps to link the demand and supply side of corruption and good governance through effective policy interventions in the public and private sector. The challenge is to move beyond what is stated in instruments to what is done in practice.

In this sense, it was recommended that the success of much of what needs to be done has to be owned by citizens and taken up by politicians that have the political will. In the case of money laundering, the mechanisms are there to cut back on the problem. Now it is a question of getting governments, particularly the G20, to take up and implement fully what they should do. The recent proclamations of the group during their meeting in South Korea (November 2010) bode well that the resolve is there following the issuance of the G-20 anti-corruption plan. The plan includes nine points for action, including the criminalisation of bribery of foreign public officials (point 2), strengthened anti-money laundering stipulations and standards (point 3) and stronger measures to prevent and detect the proceeds of crime (point 6).

Still, a gap between effective measures and implementation is too prevalent in spite of past commitments that have made, particularly in the case of the European Union. Delays to harmonise its tax system (one entry point for organised crime) seems to be more a question of political will than technical know how. Another obstacle in the EU has been the implementation of simple measures such as illegal enrichment and the use of lifestyle checks of politicians to flag corruption.

In determining the problems and solutions, the panellists pointed out the importance of framing both within the right context. For example, when one discusses governance and the people of the country, the assumption is that the government represents the people in the country. As Salil Shetty noted, this is unfortunately not always the case. Free and fair elections do not mean that the winners represent the will of the people. Moreover, as one audience member pointed out, corruption, by its very nature, reduces the capacity of a state to govern responsibly. In trying to address corruption within corrupt countries, the solutions may not lie within but outside and derived from the international system.

Part of these concerns was echoed by other panellists. Ernesto Savona called on the IACC meeting in Bangkok to proclaim that enrichment needs to be justified by officials involved and monitored. Otherwise, there is danger that the implementation of any of the measures discussed will be done in an empty way.

This call on broader action was echoed by Gareth Evans who highlighted the need to get countries to tow the line and even employ “naming and shaming”.

Interesting quotes

There was a strong call for change and action, from the panellists as well as the participants in the plenary. As Geraldine Fraser Moleketi humbly surmised, “We don’t have all the effective remedies yet.” Rather, we can learn from experience.

Cases of good practice were pointed to for how this can happen, and has happened. For example, Ellen Johnson Sirleaf, president of Liberia, made fighting corruption a priority when she came into power in this post-conflict country. She had the political will for change and used it. In the DRC, such a strong and visible position was not taken by the government, despite of the more than US\$ 500 million invested in having a fair and free election in 2006.

Success can be strengthened through making accountability mechanisms more effective. These measures also help to ensure that anti-corruption instruments and promises do not stay as such, but rather are implemented, taken up and expanded. As Magdalena Sepulveda noted, "We cannot develop policies that just tick the box". Gareth Evans of ICG went even further, stating that "Countries need to be bludgeoned into submission...and use the many mechanisms available" to make a change.

Yet there is a clear challenge of getting governments to make changes that may eventually undermine them. As Salil Shetty noted, there is no real mystery for why this shift has not occurred. In many cases, it is the same governments that have created the problems that are being asked to solve them and one is "not going to cut the branch on which you are sitting. This point echoes the respect and fulfilment of human rights on the part of governments, which is "more a matter of choice than the capability of states", as Shetty stated.