



THE FLETCHER SCHOOL
TUFTS UNIVERSITY

**The Nexus:
Corruption, Conflict & Peacebuilding Colloquium**

Thought Piece: How does corruption happen?

Fighting corruption has become an increasingly important topic for governments of the industrialized donor nations and the institutions whose membership they dominate. The World Bank and US government are at the forefront of this agenda, though most of the European nations have subsequently added it to their foreign aid policies in recent years.

Despite the increasing attention placed on this issue by the international community, very little exchange occurs between those working on conflict/peacebuilding and those engaged in fighting corruption. The de-facto pillars operate simultaneously and often in overlapping sectors yet without co-ordination or purposeful mitigation of possible consequences (positive or negative) each may have on the other.

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. The **purpose** of the event was threefold:

- 1.) Finalize a map of existing research and activity related to the nexus;
- 2.) Exchange views and ascertain thinking about gaps and emerging questions; and
- 3.) Determine the questions of significance for a research agenda and attendant activities moving forward

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 Professor Cheyanne Church at Cheyanne.church@tufts.edu or see <http://fletcher.tufts.edu/corruptionconf/index.html>.

¹ Further information on the agenda and the parameters provided on the Thought Pieces may be found on the Colloquium website.

THE NEXUS: CONFLICT, CORRUPTION & PEACEBUILDING THOUGHT PIECE

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

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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)”². 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

² Mirimanova, Klein (Ed.). Corruption and Conflict in the South Caucasus, International Alert, 2006.

and transparent conduct of governance and economy, a deteriorating social fabric and a weak social contract between governing and governed. 'Proactive corruption' is a 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.³

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

³ 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.

situation. This is in particularly 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 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 of peace⁴.

When addressing reactive corruption networks, it 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.

⁴ 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.