



Corruption and Conflict

Corruption fuels conflict by undermining the rule of law, worsening poverty, facilitating the illicit use of resources and providing financing for armed conflict. Diamonds, oil, copper, drugs, and ores of many sorts are examples of resources whose illicit exploitation requires government authorities to look the other way, judges to ensure impunity and buyers to feel safe from scrutiny. Government contracts and trafficking in women and children are also important sources of corrupt gains. The nexus between illicit wealth and political or military power is one that often contributes to war and inhibits peace processes. It can finance insurgency and block the establishment of legitimate authority accountable to citizens. Corruption in the aftermath of conflict erodes the rule of law and impedes efforts to promote good governance. In many conflict situations, efforts to understand, prevent and address corruption should be at the heart of conflict management and peace promotion strategies.

Goals

USIP aims to

- **understand the nexus between illicit wealth and political or military power,**
- **contribute to breaking the link where corruption blocks progress towards peace,**
- **help build the institutions and processes that ensure legitimacy and good governance.**

It achieves these objectives both through its own efforts and through training and financing others committed to transparent and accountable governance.

Understand the nexus between illicit wealth and political or military power

Conflict situations are often complex and opaque. Sources of financing are often hidden. Patronage systems that look corrupt to outsiders can sometimes ensure a modicum of stability in fragile situations. Those who seek peace need to approach each situation with care, as their well-intentioned efforts can inadvertently strengthen illicit networks or create a backlash that undermines prospects for peace.

- *Following the Money 101*, a report published by the Center for International Justice in 2004, was produced as the result of a USIP grant. This is an important tool box of techniques for tracing illicit wealth and its connections to political or military power.
- A USIP grant will result in a book-length study by Bertram I. Spector of the Center for Negotiation Analysis, *Negotiating Good Governance in Post-Violent Societies*, to be published in 2010. This study analyzes six cases of negotiations that resolved violent conflict situations to assess the extent to which negotiated good governance provisions and their implementation actually resulted in reduced corruption, improved governance and economic growth.
- USIP staff and fellows are studying illicit power structures, with a view to developing a typology and strategies for dealing successfully with each type.
- Senior Fellow George Lopez has examined crime and corruption as new threats to peace in the forthcoming book *The Peace Puzzle*. He also studies corruption issues that develop in conjunction with sanctions busting. Senior Fellow Marc Sommers has looked at how international actors sometimes enable corrupt practices in weak and war-affected states. Senior Fellow Judith Asuni has examined oil bunkering and published a Special Report on *Blood Oil in the Niger Delta* (2009). Oil issues are also treated in Jill Shankleman's USIP book *Oil, Profits, and Peace* (2007).

- USIP supported work in 2005 by grantee Nancy Lubin of the American Foreign Policy Council on *Corruption and International Assistance to Central Asia: Lessons for the Future* that suggested lessons for donors and U.S. policy makers who may be inadvertently feeding and exacerbating corruption, which is a key factor in fomenting instability and conflict, sustaining a vibrant drug trade, facilitating recruitment for terrorist cells, and creating resistance to reform.
- USIP's Center for Conflict Analysis and Prevention has been examining how the Kim Jong-Il regime runs a network of state trading companies to generate funds for Kim's personal coffers and the operating budgets of the Korean People's Army and the Korean Workers' Party. Drawing on interviews with North Korean defectors who used to work in these companies, Senior Research Associate John Park authored a USIP Working Paper, titled *North Korea, Inc.: Gaining Insights into North Korean Regime Stability from Recent Commercial Activities*.
- USIP's Initiative on Security Sector Governance has highlighted the challenges associated with combating corruption in recent programs, including a panel discussion of legislative oversight of the security sector (especially defense procurement) in conflict countries, presentations on the relationship between corruption among the Afghan police and weakened support for the government, a USIPeace Brief on *Iraq's Interior Ministry* (2009), and frequent discussion of issues facing Haiti and Sudan, where illicit wealth is an important factor in state fragility.
- USIP's Center for Sustainable Economies' Working Group on financial and economic dimensions of the crisis in Burma will examine causal relationships between power structures of the military junta and corruption, and recommend strategies to address corruption and delink military power and illicit wealth from governance structures.
- Corruption, which has a disproportionate impact on women by compounding already significant barriers to economic and social mobility, has been addressed in a number of public events on gender sponsored by USIP's Initiative on Gender and Peacebuilding.
- The Institute's National Peace Essay Contest, open to high school students throughout the United States, will focus in 2010-11 on corruption. With supervision by teachers using a USIP-generated guide, thousands of college-bound juniors and seniors will compete for state-level awards; state winners will spend a week in Washington focused on corruption issues, including a day-long simulation.
- USIP's Study Group on Political Reform and Security in the Greater Middle East is addressing the corruption/conflict/governance nexus through a series of comprehensive case studies focusing on the Arab World and South Asia. On January 22, 2010, the study group issued a set of findings and recommendations in an extensive USIP Working Paper. Focusing on the Arab world cases, the Working Paper highlights strategies that the official and non-governmental democracy assistance organizations can use to promote a long term process of democratic transformation--one that shifts power and authority out of the hands of the powerful and unaccountable security establishments that still dominate Arab polities, and into the hands of representative institutions.

Contribute to breaking the link between illicit wealth and political or military power

Breaking the link between illicit wealth and political or military power requires carefully elaborated strategies appropriate to a particular conflict, and people trained to use them effectively.

- USIP's Academy for International Conflict Management and Peacebuilding offers courses that incorporate study of corruption, including "Economics and Conflict," "Governance and Democratic Practices," "Strengthening Capacity by Training, Mentoring and Advising," "Rule of Law Practitioners," "Combating Serious Crimes," and "Post-Conflict Peace and Stability Operations."
- The courses—generally open to post-graduate adults who may deploy internationally in peacebuilding roles—use exercises, discussion questions and lectures to investigate who benefits and who suffers from corrupt practices, the relationship between corruption and fragile states, and strategies to improve governance and diminish illicit activity that contributes to conflict. Corruption is treated as a key challenge to democracy, economic development and the rule of law.

- The USIP Academy is also using the Strategic Economic Needs and Security Exercise (SENSE)—a powerful, computer-supported simulation which directly addresses issues of governance, ethnicity, and resource allocation in a dynamic post-conflict environment—to help interagency and “whole of community” audiences confront corruption and related challenges.
- USIP’s International Education and Training Center includes corruption factors in exercises in its many overseas training programs. Training participants must grapple with corruption as one of the many factors requiring attention in active and post-conflict situations.
- The Center for Post-Conflict Peace and Stability Operations has investigated and promulgated methods for using intelligence about illicit power structures to develop evidence for use in legal processes.
- USIP’s Center for Conflict Analysis and Prevention launched the USIP Financial Sanctions Study Group – The Evolving Case of North Korea in 2009. Co-directed by George Lopez and John Park, a report on key findings on how financial measures have been used to halt North Korean illicit activities and block WMD development financing will be published in 2010.
- USIP’s Center for Sustainable Economies hosted a day-long trans-Atlantic dialogue with representatives from the Democratic Republic of the Congo’s diaspora community in October 2009 that focused on developing strategies to reduce corruption and violent competition for the country’s resources. This session produced a USIPeace Brief on *What Next for the Democratic Republic of Congo? Recommendations from a Trans-Atlantic Diaspora Dialogue*.
- *Identity, Conflict and Reform in the Muslim World: Strategies for US Engagement*, edited by MWI Acting Director Daniel Brumberg and Al Ahram Center Scholar Dina Shehata, provides a path breaking collection of essays that examines the efforts of thinkers, activists and US policy makers to promote power sharing in Muslim majority states torn by a range of ideological, social and identity conflicts. Contributors to this volume examine this dynamic as it has played out in Iraq, Afghanistan, Iran, Yemen, Morocco, the Sudan, Somalia and Indonesia, among other Muslim majority states. Many of these essays examine the complex--and often contradictory role--that the US itself has played as both an implicit player in these conflicts, and as Third Party enforcer endeavoring to promote and sustain democratic power sharing systems. But at the heart of this book is a common theme: how to promote cross-cutting ideological alliances that undermine the "protection racket" by which autocracies and their corrupt security managers channel patronage to key clients, thus sustaining their rule in the absence of democratic accountability.

Help build the institutions and processes that ensure legitimacy and good governance

In conflict zones, it will be local people who take action against illicit wealth—foreigners can help by making available best practices and providing resources required for local people to take on the challenge.

- USIP’s Rule of Law Center of Innovation has published a handbook on *Combating Serious Crimes in Post-Conflict Societies* (2006) that outlines the institutional and legal frameworks needed to investigate and prosecute serious crimes, including corruption. The handbook has been translated into Dari and Nepali and has been distributed widely to Afghan government officials, lawyers, law faculties, and judges. The Rule of Law Center’s *Model Codes for Post-Conflict Criminal Justice* (2007 and 2008) help local people create legislation that safeguards against corruption.
- USIP’s *Guiding Principles for Stabilization and Reconstruction* (2009), the first comprehensive set of shared principles for building sustainable peace in societies emerging from conflict, offers a tool to help practitioners and educators understand approaches for dealing with corruption, especially in connection with establishing rule of law and a legitimate state monopoly over the means of violence, stewardship of state resources, macroeconomic stabilization, provision of essential services and control over the economy.

- In Nepal, the Rule of Law Center is facilitating dialogues among security forces, local governments and civil society to increase understanding of security challenges and enhance communication and accountability.
- USIP is encouraging people in many societies emerging from conflict, including Afghanistan, Iraq, Africa, the Balkans and Latin America, to preserve documentation of serious crimes and thus enable eventual efforts to end impunity and ensure accountability.
- In Iraq, USIP is using a series of multi-day-long SENSE events for government officials and civil society representatives at all levels to encourage them to work collaboratively to solve complex issues, including corruption, in a diverse society emerging from an identity-based conflict.
- USIP has trained the Polish Ministry of Foreign Affairs and the University of Warsaw to conduct similar SENSE simulations for their post-Soviet neighbors, as well as for Afghan leaders.
- In both Iraq and Afghanistan, USIP is looking at ways in which public finance can be used more effectively as a central dimension of governance, which requires that transparency and accountability allow citizens and parliament to ensure that corruption is minimized and illicit wealth denied access to power.
- The USIP Center for Sustainable Economies is working on an *Anti-Corruption Framework for Business Recovery in the DRC* that will include a set of anti-corruption guidelines for businesses operating in the Democratic Republic of the Congo. The African Institute for Corporate Citizenship (AICC) will convene roundtable discussions with a cross-section of firms in the DRC to identify the causes and channels of corruption, share lessons learned from other countries and develop a set of guidelines to help reduce corruption and promote corporate social responsibility.
- Corruption is endemic in the Afghanistan state justice system and, although less prevalent in its informal justice systems, is becoming more of a problem there as well. USIP is working to study, test and promote constructive links between state and non-state justice systems that can provide greater transparency in how justice is delivered and increase peoples' trust in both systems.
- Since 2009, USIP has worked closely with U.S. Government interagency teams in both Afghanistan and Washington D.C. to draft the USG's Rule of Law, Anti-Corruption and Governance Strategies for Afghanistan. Thanks to USIP's efforts, these strategies focus USG attention on providing support for the vetting of election candidates and senior presidential appointments, as well as on supporting Afghanistan's transitional justice action plan.
- A USIP grant is supporting a research project led by Shaazka Beyerle of Nonviolence International on *Civil Resistance and the Corruption-Conflict Nexus* designed to analyze the uses of nonviolent strategies and civic action over the past 25 years to curb corruption. It will distill "lessons learned" and provide policy recommendations of relevance that prove applicable to both the peacebuilding and anti-corruption communities.
- USIP helped to promote accountability and good governance through the promotion of a robust candidate vetting process in the 2009 Afghan national elections. In addition, a USIP Senior Rule of Law Advisor spent six months serving on Afghanistan's Electoral Complaints Commission in 2009 to help address fraud in the election and improve accountability and rule of law. USIP is also working to improve the vetting process for the next set of national elections in Afghanistan, presently scheduled for 2010.



United States Institute of Peace

1200 17th Street NW
Washington, D.C. 20036

www.usip.org