

Notes for ODI workshop, 15.4.11

- I really welcome today's workshop, and thank Alina for the invitation to take part. The workshop addresses a significant area of concern, particularly when more and more aid – here in the UK and beyond - is being directed towards fragile states.
- However, it's also one of the most challenging areas for the international community to deal with.
- I want to reflect on a couple of the underlying issues related to the workshop and to the presentations we've heard.
- **Firstly, be realistic.**
- An absence of political & governance institutions is what makes a state fragile, so we should not expect much in terms of transparency and accountability in fragile states...as it is precisely the absence of transparency and accountability that makes them fragile.
- A word James used earlier is 'messy', and that really does fit.
- So we're starting with a very low baseline...expectations – from the international community and the public in donor countries – need to be realistic for the particular baseline
- This is absolutely not a call to do nothing, nor am I saying that we should not be concerned with corruption in fragile states. As Claire points out in her presentation, there are real risks for not addressing accountability and transparency early on in the reconstruction process.
- But we have to be realistic, and we have to not make the situation worse.
- Certainly, we should have very high expectations that the international community, including donors, any individuals or companies working for a Western government or agency, or based in a Western country, should behave with integrity.

- And it does mean that the international community should ensure that its concern over corruption in fragile states does not lead to policy or political interventions that actually increase fragility.
- After all, fighting corruption is inherently destabilizing. That's what it means – a fight, a battle, a war. As Claire says, it is a confrontational process.
- It's about taking power and resources away from one group to give it to another – ideally to 'the public', but often it ends up being about moving from one powerful group to another. There are plenty of examples where this has been the case. In fragile states, further destabilisation might be catastrophic.
- For this reason, I'm a much bigger fan of the idea of building integrity, rather than fighting corruption. The dynamics are very different and a different approach is likely to be taken.
- The CoST initiative introduced by Martin is a good example of this sort of approach.
- It's not very 'sexy', to be honest, and is unlikely to grab any headlines.
- But shabby construction does grab headlines...every time a poorly built school collapses on its students. Every time an earthquake causes hospitals to collapse on their patients. Every time a major public project is built only by going way over budget and no one knows why...it would be easy enough to find plenty of examples here in the UK of projects like this.
- And in post-war environments, where there is a lot of money going into construction and reconstruction, there are high risks of things going badly.
- CoST is about encouraging companies to operate in the best possible ways – to get value for money for the taxpayer, to operate efficiently and effectively, to look to avoid waste at every

stage of operation, and to ultimately provide the public with a good product – be it school, bridge, hospital or so on.

- It's not just about bribery and fraud, but also about management, capacity and effectiveness. It's about transparency at every level – from pre-contract planning through to delivery of the final product.
- This is about operating with integrity.
- I can also share an example from my own research on local government in Afghanistan.
- DFID, along with other donors, is supporting a pilot of a Performance-Based Governors Fund (PBGF) designed to both stop Provincial Governors/warlords from 'informally taxing' the public and also to teach them how to be accountable, responsive administrators.
- The PBGF provides core funding to their offices to be spent on well-specified administrative costs, with the fund managed by a representative from an international NGO, rather than the governor himself.
- There is a great deal of accountability built into the programme, including providing public reporting regularly and engagement with community-based groups.
- But there's also a lot of discretion built in. One person is in charge of the funds with quick disbursement. The governor may not be in charge of the funds, but there's no reason to believe that collusion will not occur.
- This has been done intentionally, because the programme needs to be designed in a way that doesn't make continued informal taxation look more attractive than doing things 'properly'.
- This entails some risk in terms of corruption, but it also entails potentially high reward. How else do we help to convince

governors, who are often former warlords, to run their offices in a transparent manner and to be accountable to their publics?

- This is about building integrity.
- **The second theme I want to highlight is the need for indirect, not direct approaches.**
- One of the most exciting things I've read recently is Michael Johnston's background paper for the upcoming WDR 2011, called 'First, Do No Harm – Then, Build Trust: Anti-Corruption Strategies in Fragile Situations'.
- I suspect it will be very influential, and it deserves to be so.
- One of the key points made in the report is that '...direct attacks on corruption may be the last thing a fragile situation needs in the early stages of transition. Such attacks may require credibility, material resources, expertise and institutional strength that a regime and state do not possess. When society is divided, attacks on corruption may only be perceived as more factional or ethnic conflict'.
- Instead, he 'propose[s] long-term, indirect strategies' that look to build essential trust within society and to build the state's capacity.
- Indirect strategies, such as the ones discussed today, and there are other examples we could bring to the table, fit very well with the approach suggested by this report.
- It is a departure, on some levels, to the World Bank (and others') approach, and it will be interesting to see what the impact of this report is on the WDR and beyond.
- Indirect approaches may not always make headlines, and they may not end corruption over night, but do we really need headlines, and do we really expect anything to stop corruption, anywhere, overnight, let alone in some of the world's most difficult environments?

- Building transparency and accountability in fragile states is a big challenge, and one that can only be tackled with a sense of humility but also a sense of purpose, and by working in partnership with local communities – as Claire put it, ‘Identifying the priorities of post-war communities’ themselves.
- It’s also about strict adherence to ‘do no harm’ precepts, as Michael Johnston reminds us. As the construction industry is a global industry, CoST is one way that we can actually put this precept in action.
- Ultimately, there are a lot of lessons to be learned here for the anti-corruption community as a whole. The underlying themes of being realistic, going for indirect strategies over the long-term, and for building integrity rather than fighting corruption really are likely to apply everywhere.
- Thank you very much, and I look forward to the discussion.