

From foundation to structure: the hardest part

*Huguette Labelle
Chair of the Board of Directors, Transparency International*

Address to the NATO conference

Building Integrity and Defence Institution Building
Monterey, California, United States
February 22, 2011

As prepared for delivery

Admiral Quast, Mr Chairman, distinguished guests, ladies and gentlemen, I am delighted to back in Monterrey. My organisation, Transparency International is dedicated to fighting corruption. We are passionate about building integrity and addressing corruption risk across the globe. Our ultimate objective is to improve living standards and security for ordinary citizens. Work in the Defence and Security sectors is a very important part of that process, so I am particularly pleased to be with you today.

I had the honour of speaking to this conference two years ago. At that time, the collaboration between TI and NATO was only eighteen months old but was showing good results, including from work in Bosnia-Herzegovina, Ukraine, Norway and Croatia. There is no doubt any longer that this work has immense potential - the progress in countries such as Ukraine, Bulgaria and Afghanistan has shown that. Now, after two years more - with numerous countries participating - we have a different challenge. ***The challenge is to scale up this work from being a great foundation to being part of the mainstream structures of NATO.***

In most walks of life, such transitions are hard to do. Think of taking an innovative design and turning it into an industrially successful product. Think of taking a new venture from the initial idea to venture capital backing. Many fail but our collective work is too important to fail.

This is the subject of my speech to you today. I want to focus on three aspects of making the transition into a capability that is a mainstream, regular part of NATO structure:

- ***Corruption can be tackled successfully.*** What are the lessons from around the world on being successful in tackling corruption? And how do we best demonstrate the success so far in defence and security?
- ***The second is the need to mainstream resources and processes*** - building counter corruption capability into regular NATO processes.
- ***And the third is to emphasise and integrate BI's contribution to Afghanistan.*** Afghanistan is at the centre of NATO's concerns, and counter-corruption capability is not just a useful bit of better governance, it is absolutely central to success of

this mission. Its vital to have BI as part of the transition thinking; and through this, BI can grow to maturity and be central to NATO's doctrine and serve in other conflict countries.

[Theme 1: Corruption can be tackled successfully]

- People are so often pessimistic about corruption - arguing that it will always be with us, that it has become so sophisticated and resilient – so why bother? We at TI make no apology for constantly raising awareness of corruption as a major problem, but to also indicate that it can be tackled. This is an eternal challenge, but one that we cannot turn our back on.
- ***Nations, companies and specific sectors of society can and do succeed in tackling corruption.***
- A wide range of countries has made progress in control of corruption during the last ten years. Let me show you one of only three slides I am going to use in this talk. It plots control of corruption, as measured by the World Bank Governance indicators on a scale from 0 (very poor) to 100 (excellent), from 1998 to 2009, for a wide range of countries. Countries as diverse as Turkey, Ghana and Tanzania show significant progress over the last decade.
- I am happy to say the same holds true for some of the countries that have experienced major conflict. Using the same data source, this second slide plots the same metric for ten such countries. Look at Serbia, or Georgia, or Liberia, or Rwanda. I am not trying to show you that it is easy, or argue that specific anti-corruption policies drove the difference on their own. And I am making a point by only showing those countries where the metric has improved. I am simply seeking to convince you that progress can and does happen, and that it can happen in tough unpromising environments. This is directly relevant to the situation in Afghanistan.
- Similar progress can be seen in other sectors of society and in the private sector. I will give a few examples to illustrate this
- These examples do not deal with every aspect of corruption in a given country but underling how it can be achieved in specific sectors.
- Although these are outside of defence they are applicable.

- 1. Let us go to Vietnam,
- Delivery companies operating in Vietnam under the leadership of TNT decided that they could no longer sustain the amount of money but especially time lost in trying to get their material out of customs. Money under the table was the only way out.
- They decided to unite and approach the responsible government at the highest level and negotiated a new agreement whereby, they would increase the official amount paid to customs on the condition that the government would
 - o Raise the salary of customs officers
 - o Adopt a new regime of using electronic payment which they help to set up – no more money exchange
 - o That customs officers would be trained, supervised and sanctioned if found non-compliant.
- All companies agreed to a pact of zero-tolerance and saying no to demands for bribes.
- So far this has been a great success.
- 2. The Extractive Industries Transparency Initiative.
- 33 countries with oil and gas companies operating in these countries have signed on to an agreement of public disclosure on everything paid and all money received – still a work in progress but much has happened.
- 3. Certain countries like Liberia, Mali, Ghana and Rwanda, for example – where the Head of the country has committed to deal with corruption, and focused on specific sectors like state finance – significant progress can be seen,
 - Revenue reform and budget transparency or disbursement transparency right to local institution level. Revenues have been multiplied by a factor of 6 in Mali and in Liberia resources are reaching the schools and health clinics more than ever.
- 4. TI's Integrity Pacts have saved tens of millions of dollars on specific contracts.
- General McMaster has demonstrated what is possible given strong leadership and commitment at the top.
- And this brings me to this conference. We all know that corruption in defence and security is a major issue. The paradigm for a long time has been that defence needs to be shrouded in secrecy: that Defence & Security institutions can make their

decisions outside of the public gaze and without regard to the consequences for the public. This is deeply false – last months events in Tunisia and Egypt point to that. But it is also false because many within defence establishments are determined to drive for greater openness and trust.

- Let me show you a very useful tool that illustrates this. This next and last slide is our ‘typology’ of the different sorts of corruption risk that may be encountered in defence and security organisations. It shows 29 different risk areas, ranging from those of a political nature, through personnel, finance and operations areas to procurement. TI has been using this framework with Defence Ministers and their armed forces chiefs – and they engage fully and constructively. Nations find this framework to be very helpful and we work through it with them to identify those areas that matter for them, and which of those areas are amenable to corrective measures. You can hardly believe how much enthusiasm this generates: almost for the first time ever, the subject is brought out of the shadows and discussed objectively, openly and constructively.

Let me conclude on this first theme: It IS possible for countries to succeed in anti-corruption efforts, even in conflict environments. It IS possible for Defence and Security organisations to make significant progress in countering corruption. This is true for a wide range of nations, not just for a particular few – as the initiative has demonstrated in applications from Norway to Afghanistan. It IS possible for NATO successfully to engage with NGOs to help advance this agenda. This is a strong, positive situation to be in, and it needs NATO nations, particularly allies - to be confident and robust in pushing this agenda to become mainstream in NATO.

And this brings me to my second theme.

[Theme 2 – Counter-corruption initiatives need resources and integration into the mainstream if they are to succeed]

- We do see real progress in tackling corruption in many countries and sectors of society. But the landscape is also littered with failures.

- There are three main reasons in nations. First, political will and/or public support is often not sustained. Second, many initiatives start off being too ambitious and/or ill thought out. But most of all there is poor management and integration of the overall Programme. People may not be willing to risk their career by going into a new political initiative. It may be too difficult to work across the many organisational and national boundaries. It may be hard to change established processes to accommodate the new counter-corruption measures. ***Scaling up is hard to do.***
- While much progress has been made, this NATO initiative remains fragile. It actually has been very fast and very successful so far, gaining authority and rolling out excellent counter corruption training and change leadership in many countries including Afghanistan since its launch in late 2007. But it is nonetheless facing an important step-change that may succeed or fail.
- One of the main advances that we have seen is the main five-day counter-corruption course, which has become formally accredited within NATO that General Abrial spoke of.
- This is a big achievement, and I am pleased that my TI colleague Air Commodore Alan Waldron is the Official with Prime Responsibility for the course. Going forward there are three specific areas which are very important ofr the sustainability and for fuelling the success of the NATO initiative.
 - o 1. Countries have to provide the type of resources needed in the NATO B1 Trust Fund. Resources matter.
 - o 2. Contributions in kind are most valuable and needed – e.g. seconded people taking responsibility to lead seminars
 - o 3. Fuel support within NATO decision-making to mainstream BI into NATO programmes and processes. Even after mainstreaming has been achieved, a central focus wwithin NATO will remain, for a number of years, to ensure that the initiative does not fade as new priorities and new staff appear.
- Basically resources, mainstreaming and scaling up will be essential for this initiative to grow and thrive and not be relegated to the cemetery of failed promising initiatives.

[Theme 3 – BI has vital application in Afghanistan and in conflict environments]

- Finally, Afghanistan. It is vital that ISAF commanders understand the issue of corruption in-theatre and that their plans include counter-corruption elements. As was mentioned yesterday, this is one of the reasons for ISAF being seen as complicit in corruption stories. Our work in pre-deployment training , in writing doctrine, and in doing post-deployment debriefs of ISAF troops make this abundantly clear. General Petraeus has been vocal on this, but there is little capability out of theatre to support and assist.
- Let me give you an example. Nations and ISAF need to be **much** more attentive to the effects of the large flows of money that come with international military interventions. How the money is spent actively impacts the success of the campaign, as General Petraeus has so clearly spelt out in his Counter-Insurgency guidance to ISAF troops.
- The military contracting world, or their operational commanders, need to learn how to operationalise the leverage money and contracting in support of the campaign rather than making the corruption picture worse. Intelligent direction of contracting should build local capability and popular support rather than the reverse, which plays into the hands of the insurgency.
- In the coming transition phase, the transition and re-integration negotiations must include a framework for considering corruption issues in the country and their impact on the long-term outcome. State-builders may see their work as inevitably requiring an acceptance of a high level of corruption among some of the parties, but the consequences, such as the corrosive effects of deepening organised crime, or public distrust, must be considered much more rigorously than they are today. This is not yet part of the dialogue..
- Last month we co-hosted a conference on ways that the UN, ISAF, NATO and nations can better help Afghanistan on corruption. I hope we can discuss the main recommendations in the body of this conference.
- I look for the results, these are exceptional.
- NATO must show its faith in this new competence by building capability and this Centre of Excellence.

Let me conclude. First, the positive on the report card: the BI initiative - and NATO/TI cooperation – has been a tremendous success so far and is delivering world-class tools to tackle a problem that many have believed in the past to be too difficult or too sensitive to tackle. This success is paralleled in other related initiatives, for example by the major defence contractors. In looking to the future, we need to make the transition from being an excellent foundation to mainstreaming structures in NATO programs and processes. This has to happen within the next two years. If it does not, based on the lesson of history, it will be endangered and possible die.

Between all of us, we need to ensure that this fantastic foundational NATO initiative makes a successful transition, and becomes an integral part of NATO structures. It needs your help to achieve this.

Thank You