The New Deal for Engagement in Fragile States provides a framework in which donors and host countries establish shared priorities for reducing fragility, with fragile states themselves taking the lead. Despite critics’ concerns, a preliminary analysis finds no negative effect on anti-corruption programming. However, the policy’s potential for improving control of corruption remains largely unfulfilled. The main challenge is to go beyond technical responses to politically smart engagement. The New Deal provides more space for political dialogue than the Paris Declaration, but aid agencies need operational guidelines on how to develop programming and link technical and diplomatic responses to corruption concerns in fragile states.

The Fourth High Level Forum on Aid Effectiveness, held in Busan, Republic of Korea, in 2011, endorsed the New Deal for Engagement in Fragile States. This followed several years of discussions between donors and the G7+, a group of fragile and conflict-affected states, on the practice of development in fragile states. The New Deal provides a conceptual lens on the pathway out of fragility through five Peacebuilding and Statebuilding Goals (PSGs). The policy also promotes principles to guide engagement with fragile states and the relationship between donors and host countries, abbreviated in the acronyms FOCUS and TRUST.

Four years later, the New Deal has been praised by donors and developing countries as marking a sea change in the
The New Deal as an Anti-Corruption Tool?

In brief, the policy framework points to an awareness of corruption risks during the negotiations and identifies clear access points for donor-supported anti-corruption efforts, even though corruption is not explicitly mentioned in the New Deal document itself.

Fragility assessments and anti-corruption

To assess whether the New Deal has been an obstacle to anti-corruption efforts in practice, it is important to consider its operationalisation at the country level. The fragility assessments, which are supposed to provide an analytical baseline for programming, form the starting point of the FOCUS approach. The country-specific peacebuilding and statebuilding indicators identified in these assessments show the extent to which the New Deal has incorporated corruption concerns.

Six New Deal countries have completed full fragility assess-
ments as of mid-2015: the Comoros, Democratic Republic of Congo, Liberia, Sierra Leone, South Sudan, and Timor-Leste. In addition, Somalia completed a “light” fragility assessment in 2013. These assessments all recognise, to a greater or lesser extent, the importance of corruption control. For example:

- Timor-Leste’s fragility assessment makes a few references to administrative corruption, and its country-specific indicators refer to the impunity of political elites and officials (Government of Timor-Leste 2013).

- South Sudan’s assessment explicitly identifies corruption as a challenge to promoting the PSGs and identifies anti-corruption efforts as a priority (Government of South Sudan 2012).

- Sierra Leone’s assessment identifies corruption as a challenge in the security and justice sector; corruption features prominently in the indicators as well (Government of Sierra Leone 2013).

Corruption, then, does figure in the country-specific analysis of aid agencies and in some responses of fragile-state governments. The question remains what effect this may have on the actual programming of individual aid agencies.

**No signs of negative impacts on volume of anti-corruption programming**

The New Deal is a relatively recent policy initiative. Any analysis at this early stage can only offer cautious findings. That said, we find no indications that the scope of anti-corruption programming is constrained in New Deal countries as compared to other countries.

Figure 1 (right) shows donor spending on anti-corruption institutions in selected New Deal countries. This captures
only direct anti-corruption programming, such as support to anti-corruption authorities and development of national anti-corruption policies. It does not include programmes with indirect effects on corruption, such as public financial management reforms or support to civil society organisations not directly concerned with corruption. Negative effects of the New Deal, if any, can be expected to principally affect direct anti-corruption efforts. However, as Figure 1 shows, there is no obvious correlation between the implementation of the New Deal and spending on anti-corruption institutions: only in the Democratic Republic of Congo (DRC) has spending declined since 2011. In the other countries it has increased (Liberia, Sierra Leone, Timor-Leste) or fluctuated without a clear trend (Afghanistan and South Sudan).

The policy framework points to an awareness of corruption risks during the negotiations and identifies clear access points for donor-supported anti-corruption efforts.

A related trend is donors’ growing emphasis on fiduciary corruption risks to their own funds. In providing aid to fragile states, donors are making limited use of host country systems for public financial management and service delivery. No G7+ country currently has an agreement with donors on targets and priorities for strengthening these country systems (International Dialogue 2014b). Contrary to commitments in the New Deal, use of country systems has declined in some of the participating countries: in the DRC, it fell from 12% to 0%, and in Timor-Leste from 17% to 7%, between 2010 and 2013 (OECD/UNDP 2014, 129). In contrast, the use of pooled funds, which donors see as a way of sharing risks while seeking to gradually strengthen country systems, has increased markedly, in particular in G7+ countries (International Dialogue 2014b).

Despite this recent emphasis on own fiduciary risks and less use of country systems – which we would argue is not a consequence of the New Deal policy – there is no evident tendency to decrease direct anti-corruption programming. This suggests that the New Deal so far has not led to a decrease in the volume of technical responses to corruption.

The challenge of political dialogue

The increasingly technical focus of New Deal implementation in terms of both process and substance, with only a limited emphasis on political dialogue, has been highlighted in a recent review and seems to go beyond the anti-corruption field (Hughes et al. 2014). While political dialogue is in principle a central element of the New Deal, dialogue around corruption can be difficult, especially when it comes to political corruption involving elites, government agents, and their close associates. The challenge of political dialogue complicates all anti-corruption efforts, and the effect of the New Deal has so far been neither positive nor negative in this regard. More
A set of “principles for anti-corruption in fragile states” should be developed and agreed multilaterally to increase consistency in programming and political engagement and to promote joint responses to corruption cases. These principles should be based on the acknowledgement that anti-corruption activities in fragile states will necessarily differ from those in other countries. They should have the edict “do no harm” at their core: that is, they should focus not only on reducing the donors’ own fiduciary risks, but also on minimising the stresses that can increase fragility (Johnston and Johnson 2014).

Individual agencies should also work on developing adequate internal guidance for country teams working on anti-corruption in fragile states. Such guidance must focus on strengthening national integrity systems in a way that is not destabilising. Moreover, to be truly effective, the guidance should be based on a whole-of-government approach in order to take advantage of the synergy between technical programming, diplomatic engagement, and security interests. Translating effective multilateral responses into results on the ground requires a separate process of change management and policy coordination within each aid agency.

**Entry points for anti-corruption programming and dialogue**

Although the New Deal agreement does not refer explicitly to corruption, it offers multiple entry points for anti-corruption programming and for political dialogue. Donors continue to run a wide range of anti-corruption programmes in New Deal countries, despite a general tendency to focus increasingly on their own fiduciary risks.

Nevertheless, clear guidelines and more action are needed to promote political dialogue on corruption. The dilemma that critics of the New Deal highlight – the tension between the need for government ownership, on the one hand, and the need for external pressure on accountability issues, on the other – is long-standing and precedes the New Deal rather than resulting from it. Working on governance in fragile states is an inherently political activity. Acting politically, however, is likely to be contentious, generating tensions among donors and between donors and host governments. It raises issues of sovereignty, fuels allegations of neocolonialism, and risks entangling external actors in the messy internal political struggles of states. Still, the lessons from the Paris Declaration point to the need for explicit guidance on how to work politically in the area of anti-corruption.

To facilitate politically informed, agile, and flexible anti-corruption engagement in fragile states, the New Deal is not enough. Such an overarching policy framework cannot be expected to provide clear guidance on all fronts. The policy sets a useful direction, but its full potential for curbing corruption in fragile states has not yet been realised. Political dialogue remains a key stumbling block. The New Deal does not prevent donors from engaging politically, but it leaves it up to individual decision-makers to take the initiative and figure out the approach. Agencies’ country teams need better internal guidance on how to engage on corruption issues in fragile states, along with, ideally, a set of principles established at the multilateral level. Such additions would go a long way towards making the New Deal policy an effective anti-corruption tool.
Endnotes


2. FOCUS = Fragility assessment, One vision and one plan, Create a compact, Use PSGs to monitor, Support political dialogue and leadership. TRUST = Transparency, Risk-sharing, Use and strengthen country systems, Strengthen capacities, Timely and predictable aid.

3. Examples include a Brookings Institution policy paper (Hughes et al. 2014), as well as the International Dialogue’s own New Deal Monitoring Report 2014.

4. Countries have so far been unable to agree on the final list of common indicators. Concerns about corruption are more explicitly reflected in a 2012 draft list of possible indicators than in a 2013 revised list (see International Dialogue 2012, 2013).

5. See, for example, a review by the Independent Commission for Aid Impact (2011).

6. See discussion papers from the Overseas Development Institute, including Booth and Unsworth (2014), Booth and Chambers (2014), and Rocha Menocal (2014).

References


