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Resilient nations.*

6th Meeting of the Anti-Corruption Community of Practice in the Arab Region

Beirut, Lebanon, 28-29 June 2013

Concept Note

BACKGROUND

More than two years have passed since the Arab region entered the newest phase of its modern history. Triggered by a wave of political transformations that continues to impact daily life across the region, albeit in different forms and shapes, this phase seems to be laden with unique opportunities to advance democratic governance reforms, but also with multifaceted challenges that may undermine this drive. So far, the implications varied among countries, and in some the change was visible. Many would argue, however, that this change turned out to be a poor match to the ambitions that the peoples of the region had forged in the wake of early 2011.

In addition to the resounding call for more freedom and social justice, the peoples of the region, at least in most Arab countries, placed corruption at the forefront of their expressed grievances. The governments, especially those that emerged as part of the transformations, place the fight against corruption on the top of their priorities. Again, many would argue that this endeavor eventually fell short of achieving the desired results, or at least of gaining the trust of the public. Civil society, with its evidently increasing space for voice and action, also moved towards further engagement in this area. Notwithstanding some exceptions, it too, has seemed to be unable to match expectations, the least of which are its own.¹

As Arab countries continue their efforts against corruption, each at its own pace, and as these efforts advance and mature, the question raised is most likely become: what could be done to make these efforts more effective? Recognizing that there are no shortcuts in the fight against corruption, and that achieving progress is a deeply-political and technically-complex process, the answer is most likely going to include a call for new thinking and innovative approaches. This was confirmed recently at the Ministerial-level 4th Conference of the Arab Anti-Corruption and Integrity Network (ACINET), which is the region's leading inclusive mechanism for action in this sensitive area of work.

¹ UNDP-ACIAC, "The Role of Civil Society Organizations in Fighting Corruption in the Arab Region", Authored by Khalil GEBARA, 2013

The United Nations Development Programme (UNDP) has been at the forefront of providing anti-corruption assistance to Arab countries in recent years in various shapes and forms. With its regional project on "Anti-Corruption and Integrity in the Arab Countries" (ACIAC), the expanding work of its Country Offices (COs) and regional Community of Practice (CoP), UNDP is likely to continue to be a major source of anti-corruption assistance in the Arab region in the years to come.

Starting from this point, the need to enhance UNDP's preparedness to respond to the forthcoming question about creativity and innovation in the fight against corruption becomes obvious; all while continuing to support ongoing activities related to more traditional approaches.

NEXUS BETWEEN ANTI-CORRUPTION AND LOCAL GOVERNANCE

Emanating from the context explained above, and based on various bilateral consultations, the Sixth Meeting of the Anti-Corruption Community of Practice in the Arab Region is focusing this year on an innovative theme "Engaging Stakeholders to Promote Integrity and Prevent Corruption at the Local Level".

At the core of this choice is the awareness that transformations in the region have not only been triggered as a result of political grievances, but also perhaps more so, as a result of social and economic grievances, most felt at the local level in terms of poor services and deficiencies in various forms of human security.² This, in addition to the recognition that democratic governance is slowly trickling down to the local space, where governments are supposed to be closer to the people they ought to serve and thus have more impact on their daily lives. Like in many other regions, in the Arab Region the state of anti-corruption and integrity efforts at the local level is still limited in general. Indeed, so far, anti-corruption initiatives in the Arab region, especially after 2011, have often adopted a rigid legalistic approach, and focused on addressing specific abuses and illegal practices at the central national level³. Yet significant power is also being vested in government at the local level, as well as more public resources allocated. As a result, it is likely that in the course of their daily lives citizens have more contact with local agencies than with the national government. However, the risk of corrupt practices at the local level is also present. While corrupt practices occur in all societies and all levels, sub-national governments in newly democratic countries (like most of the Arab region), are particularly vulnerable. Local governance, decentralization and devolution of power and responsibilities bring new challenges and opportunities for local governments. Greater financial responsibility, increased discretionary powers and new service delivery responsibilities can create opportunities to enhance local governance. However, they can also bring greater risks and an increased focus on institutional vulnerabilities.

Similarly, because local governments are considered to be closer to constituencies, lack of transparency and accountability and the prevalence of corrupt practices can have a more immediate and corrosive impact for democratic governance than in other levels of government. The challenges of transparency and accountability and the prevalence of corrupt practices at the local level generally manifest themselves in many shapes and forms, and the variance across municipalities and local

² UNDP, Arab Human Development Report, 2009

³ Working Paper # 5/2009, Transparency International

governments within and across countries in the region is broad, depending on administrative and institutional responsibilities and capacity.

In many countries, such as South Africa for example, anti corruption strategies at the local level were developed⁴ and implemented. Experiences from Liberia, Brazil, Slovakia and South Korea show that tailored local strategies and tools can be effective to identify corruption risks and build robust integrity systems. For example, using local governance and corruption indicators can help to monitor changes over time. Civil society engagement is crucial in these efforts. Institutional reforms, such as creating local anti-corruption agencies, can engage citizens in oversight mechanisms as well as policy decisions. Such an approach promotes stakeholder collaboration and aids in the design of effective local initiatives.⁵

CSOs have a great chance to play an efficient role at the local level if compared with chances at the national level based on the fact that local government officials are held accountable to their constituencies who directly voted and elected them to manage their local affairs the fact it mandates the CSOs to hold municipal officials accountable to the public. In order for CSOs to be able to exercise a systematic role the need for developing their capacities further to equip CSOs with efficient public oversight tools deems crucial in enabling CSOs to play a significant role.

INTERNATIONAL DEVELOPMENT ASSISTANCE TO ANTI CORRUPTION IN LOCAL GOVERNANCE

Following the transformation in some Arab Countries and the growing community demand for increased democracy and community participation, both development partners and national governments started giving special attention to promoting social accountability focusing on governance areas without notable attention given to promoting transparency and accountability in local governance, the fact that keeps endeavors to promote democratic governance systems crippled for lacking one of its flagship components which is local governance the sector that remains widely open for corruption.

In many of the Arab countries, local governance sector remains to be the main recipient of international aid⁶ as in the case of Palestine, Tunisia, Yemen, Iraq, Morocco and Jordan. The international aid is often steered, managed and controlled by the central government the fact it opens the door widely to contaminate the local level with corruption in central governments. Moderate steps and activities either have been taken or ongoing to decrease corruption on the central level while less efforts and focus, if none, have been given to increase transparency and accountability in local governance yet decrease corruption.

Many of the international organizations, including UNDP, providing technical assistance in the local governance sector took the path of providing assistance with the absence of a clear vision neither by the counterparts nor by the donors especially in Arab Countries, where technical assistance in local governance has not been tailored to shape a transparent system of local governance. The Local Governance Support Project (LGSP) in Yemen is one of UNDP programming examples in which anti

⁴ Promoting good governance and accountability, local government anti corruption strategy, department of provisional and local governance, South Africa.

⁵ Working Paper # 5/2009, Transparency International

⁶ World Bank Report of 2012

corruption is not targeted in a 12 million USD project whereas anti corruption components could have been a built in components in all pillars.⁷

CORRUPTION VULNERABILITIES IN LOCAL GOVERNANCE

In many of the Arab Countries, if not all, local governance laws and bylaws were inherited from the different occupying powers in the past century that at the time deserted the institutionalization of transparency and accountability such as in the Ottoman, British and French laws and bylaws.

The existing local governance legal frames in many of the Arab Countries have many significant that allow corruption in different areas of local governance. These main areas are:

- **Collection of local taxes and fees:** as in the case of property tax in Egypt, Jordan and Palestine were the valuation of properties standards still the same as in laws number 11 for 1954 as in the case of the West Bank while as in Law number 5 for 1942 in Gaza. In these laws, nepotism by local officials can be considered a corruption phenomena, the fact that wastes the assigned own source revenues for local governments yet causes budget deficits in addition to lack of social justice.
- **Spatial Planning:** In many local governance systems, municipalities mandated to initiate, develop and endorse the spatial plans that determine land use within the boundaries of local governments. This exercise should ensure active community participation and transparency that is lacking in the current procedures as in the cases of Jordan, Palestine, Egypt, Iraq, the United Arab Emirates and many Gulf States due to the fact that planning and zoning existing laws are outdated and doesn't guarantee transparency. Examples of corruption in this area are enormous when agricultural land is used for industrial purposes and in the cases where inhabited areas are converted to commercial use given that considerable increase of the market value of transformed land the financial associated benefits verses resulted planning damage caused that negatively affects the whole community.
- **Local Economic development:** In some countries where local governance is being advanced in terms of newly assigned untraditional responsibilities such as local economic development that usually involves joint partnerships between local governments and the private sector, local resources are being cheaply sold away to the private sector the fact it hinders the sustainability of available local resources for local governments. Examples as in the cases of joint partnership in electricity, water supplies and solid waste collections, sewage water treatment, in addition to the designation of municipal land for industrial zones without clear governing relevant laws as in the United Arab Emirates, the fact it leaves the matter to Mayors and city council officials to be selective in serving an enterprise and leaving others without a privilege to benefit from such resources.
- **Management of Human Resources:** In many of the existing local governance systems in Arab Countries, the existing civil servants laws and bylaws apply for municipal staff allowing a big chance for existing management of human resources corruption to shift from the central to the local level. Additionally, the procurement system that usually originated form the central system especially in countries where local governments receive considerable

⁷ http://www.undp.org.ye/governance_59817.php

share of their budgets from the central government as in Jordan, Palestine, Saudi Arabia, United Arab Emirates and many of the Gulf states.

- **Management of fiscal resources**: Existing local governance systems in the Arab Countries, local budgets are prepared by the local government and endorsed by the central government without active community participation although a big share of the budget comes from local resources; moreover local governments are held accountable to the government rather to its constituencies. In addition, transparent and effective internal and external fiscal monitoring and auditing remains a shortcoming.

TOWARDS IMPROVING PROGRAMMING CAPACITIES TO ADDRESS CORRUPTION IN LOCAL GOVERNANCE IN THE ARAB REGION

Interventions in local governance can be best described as traditional in the sense that it is designed accordingly to provide technical assistance through the existing frames of local governance that are outdated and/or on relief basis due to being politically driven or project oriented rather than based on inclusive strategic reform.

Development partners including the World Bank, EU and UNDP realized the importance of promoting transparency and accountability in local governance in the past two years based on the increasing community demand to decrease corruption and empowered public oversight. The ongoing endeavors by development partners in anti corruption in local governance can be considered unsystematic, fragmented and lack of strategic vision that is crucial in accommodating anti corruption build in hard or soft components.

In Palestine, the World Bank with the financial support of many European countries established the Municipal Development and Lending Fund (MDLF) serving as the main financial channel for development partners providing technical support in local governance. MDLF has an annual budget of 70-80 million USD while the criteria in awarding projects to municipalities doesn't take into consideration a tool to assess the degree of transparency and accountability in the performance of benefiting municipalities. The same applies in the case of the Jordanian Cities and Villages Development Bank (JCVDB) that is owned by the government and provides funding in the form of loan, credits and donations.

These two examples clearly show that financial national and international support is not based on transparent performance of local government on one hand and that it enables significant sources of external funding with less attention given to the importance of an institutionalized transparency and accountability efficient tools that are necessary to ensure transparent utilization of funds on the other hand.

Development partners are becoming more interested in promoting transparency and accountability in local governance. Many of the development partners either lack the relevant in house expertise or don't have their own specialized implementing agencies as in the case of Denmark and Danida, Sweden and SIDA and AFD hence they seek joint partnerships with international organizations who have considerable experience and able to mobilize regional and global expertise in anti corruption.

UNDP has comparative advantage through its accumulated technical experience in local governance globally and more importantly building on its ongoing regional initiative in anti corruption in the Arab Region in addition to benefitting from existing advanced anti corruption local governance systems as in Latin America and elsewhere. Possible synergies can be developed between UNDP, development

partners and local counterparts in promoting transparency and accountability through the integration and extension of UNDP's ongoing efforts in anti corruption through:

- Developing linkages between anti corruption programs, especially the regional project and the ongoing activities in supporting reform of local governance systems to benefit from existing momentum created by UNDP in anti corruption in the Arab Region.
- Development of local governance transparency and accountability tools.
- Technical support for an effective internal municipal monitoring systems
- The development of local governance anti corruption strategies to be part of the national anti corruption strategies that are being developed with technical support from ACIAC.
- Mechanisms to actively engage civil society organizations with special focus on youth in public oversight in local governance.
- Provision of legal technical support in revisiting the existing local governance legal frames towards the legalization and the institutionalization of transparency in local governance.
- Providing technical assistance to the ongoing reform of local governance systems towards ensuring anti corruption components in all areas of local governance.
- Development of local governance anti corruption tools to assess the degree of transparency and accountability in local government's performance jointly with active civil society organizations.
- Providing technical leadership for development partners in anti corruption in local governance through investing in inclusive programming that is lacking in programming the fact expected to attract funding in the field.
- Provision of capacity development for governmental bodies and CSOs in developing anti corruption legal frames, strategies, action plans, and tools
