Corruption, Conflict and the role of the International Community: Discussing South Sudan, Nigeria, and the UK

16.00-17.00 | Tuesday 10 May 2016 | House of Commons

On 12 May the Prime Minister hosted an international Anti-Corruption Summit in London. Representatives from over 40 countries agreed to a series of practical steps to ‘expose corruption so there is nowhere to hide; punish the perpetrators and support those affected by corruption; and drive out the culture of corruption wherever it exists.’

On 10 May James Duddridge MP, Parliamentary Under Secretary of State at the Foreign and Commonwealth Office with responsibility for Africa, the Caribbean, and the Overseas Territories, joined the APPGs on Africa, Anti-Corruption, Nigeria, and Sudan & South Sudan, to discuss corruption, conflict and the role of the international community.

The discussion was chaired by Mark Durkan MP, Chair of the APPG on Sudan and South Sudan and Secretary to the APPG on Anti-Corruption. Emma Vickers from Global Witness and Leah Wawro from Transparency International sat on panel.

The Minister delivered the keynote address, the full transcript of which can be read here.

Panel contributions:

Leah Wawro described corruption as a weapon for those who want government institutions to fail. Looking at the actions of ISIS, the Taliban, and Boko Haram it is clear that corruption is a driver of terrorism and conflict. Violence and bribery flourish when governments line their own pockets rather than invest in services.

It is not only the direct costs of corruption, but the opportunity costs that must be taken into account. In Nigeria, 20% of the annual budget is spent on defence. Much of this is ‘wasted’ or diverted to corrupt ends. If this ‘waste’ was excluded, more resource would be available for other budget lines and expenditure would be more effective.

Currently, lack of legitimate funding for Nigerian security forces encourages ‘predatory’ defence services. Nigerian defence corruption is widespread with cases of soldiers selling their goods to Boko Haram.

Nigeria needs to: introduce transparency into defence policy development, improve parliamentary oversight of defence spending, establish protection for whistleblowers, and open defence procurement information to the public.

Increasing accountability in defence institutions would provide a model of best practice for other areas of public procurement in Nigeria.

Emma Vickers called for renewed focus on the global architecture that allows corrupt individuals to move their funds out of Africa and for the UK, as a global financial centre with numerous tax havens under its jurisdiction, to get its own backyard in order.
South Sudan is beset by conflicts and corruption: it is the source of the 3rd largest oil wealth in Sub-Saharan Africa but revenues are being misused to fund trade in weapons and fuel conflict. An estimated $8bn in oil revenue has been lost since independence.

Corruption links to conflict in South Sudan through fostering a lack of trust in state institutions, promoting patronage networks and competition over the state, and through the proliferation of arms.

Since the recent conflict began, the UK has been supporting the so-called 'roadmap to peace. UK parliamentarians need to hold this roadmap to account and to support efforts to exercise oversight over South Sudan's oil industry.

Closer to home, the UK has some serious work to do on dealing with anonymous companies registered in Overseas Territories and end the ability of corrupt actors to use shell companies as a means to move corrupt funds into the legitimate financial market.

**Discussion:**

Baroness Northover asked the Minister what progress has been made on ensuring that representatives from the Overseas Territories attend the Summit.

In response, the Minister stated that the Overseas Territories have gone a long way in introducing tax transparency and information sharing, but still need to go further. He stated that penalising the Territories was identified as an unhelpful solution. He described that it was easier for the UK to introduce a public register of beneficial ownership given that banking only makes up one part of the UK economy.

Lord Luce stated that corruption is a direct tax on living standards and identified transparency as the primary solution. He inquired as to the role of the Commonwealth in supporting countries to tackle corruption.

Attendees asked what the role churches, civil society, and the private sector could play in challenging corruption and assist in asset recovery and return.

Ms Vickers highlighted that the benefits the private sector can bring depends on the jurisdiction and the strength of the rule of law. For example, in South Sudan it has become clear that some multinational oil companies are not abiding by domestic legislation.

South Sudan needs investment, but the right kind and at the right time. Star Petroleum in failed to meet any basic standards to enable it to tender for business in South Sudan, indeed some owners registered in BVI. UK has a role to play in preventing rogue traders taking advantage of lax institutions. There has been a lack of transparency surrounding tenders; schemes such as EITI should be expanded.

To prevent corruption in natural resource industries, the application of EITI standards are key. Transparency measures are beneficial for the private sector, the OPL 245 case study alone demonstrates the cost of corruption for companies.

The Minister stated that multinationals should and can provide best practice examples of dealing with corruption, for example Shell refuses to pay bribes in Nigeria. On the issue of asset recovery, the Minister stated that more needs to be done on to assist the repatriation of the proceeds of corruption. However, it equally important that due process is followed.

Responding to a questions about the possible role of domestic law enforcement the Minister acknowledged that weak or missing institutions are problematic. On the question of so-called 'cultural corruption', he stated that cultural sensitivity is important but that understanding must not cede into a tacit acceptance of petty corruption.

Ms Wawro called for the UK to provide training and assistance to Nigeria to deal with asset recovery, the prevention of illicit financial flows, and effective policing. She also called for international actors to protect civil society space and support anti-corruption activists on the ground; this is particularly important in Nigeria.