Building accountable resource governance institutions

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Key Takeaways

» Institutions that govern natural resource management and use, including both rules and brick-and-mortar agencies, are **frequent targets for corrupt actors** because of the high values involved.

» The drivers of individual actions and institutional performance may be shaped as much by **informal norms** as by formal rules.

» **Natural resource governance institutions can also act as bulwarks against corruption,** but reformers should avoid "one-size-fits-all" solutions and pay attention to the risks of elite capture and good governance façades.

» Anti-corruption initiatives in natural resource governance institutions should **explicitly integrate an assumption that corrupt actors will push back** and should be based on careful analysis of the factors and actors that drive and facilitate corruption in the sector and institutions of interest.

The problem

Formal institutions are central actors in natural resource governance decisions and a key arena in which policies, laws and regulations ranging from forest concessions to trade in wildlife products are negotiated and implemented. They operate at levels from local forest management units in provinces, to national wildlife agencies, to powerful ministries of fisheries or forestry. They vary in composition, competencies and mandates, but they are all in some way responsible for some aspect of natural resource governance.

As gatekeepers in resource management decisions, natural resource governance institutions are frequent targets for actors seeking undue influence on these decisions. Individuals working within these institutions are subject to unusually strong opportunities to collaborate with external parties to subvert sustainable resource management. A well-documented example is engineers running water irrigation schemes in India, for example, extracting bribes to extend water resources to farmers not originally included in the schemes (Wade 1982). At the same time, strong and accountable resource governance institutions can be a bulwark against corrupt influences, providing impartial decision-making based on clear sustainability objectives and related goals.

Understanding Institutions

Institutions can be understood as "stable, valued, recurring patterns of behavior" (Huntington 1968) or as "integrated systems of rules that structure social interactions" (Hodgson 2015). The term institution usually refers both to informal institutions (e.g. customs or behaviors that are important in a society) and to formal institutions that are created in a society, typically but not exclusively by governments. Examples of formal institutions include peer groups, media organizations, research and educational bodies, civil society organizations, public service agencies, parliaments, military or paramilitary forces, religious institutions, and judicial and legal systems.

While formal institutions are usually explicitly created by groups of people or relevant authorities for particular purposes, informal institutions are unwritten societal rules, norms, and traditions. Even so, formal institutions are dynamic rather than static; their development and function can be understood as continually emerging. Further, although informal institutions have received less attention in comparative political analysis, it is now recognized that informal "rules of the game" influence formal institutions. Indeed, in some contexts, informal institutions are the rules that govern the political landscape and are much more important than formal institutions.

However, the success of anti-corruption or integrity efforts is largely dependent on how appropriate they are to the specific context (Williams and Le Billon 2017). Therefore, getting to know individual resource governance institutions – how they work, the personalities involved, the pressures they are under, where their revenues come from – is a critical first step towards minimizing corrupt influences and unlocking their anti-corruption potential.

How corruption undermines institutions

Corruption in its various guises - including nepotism, bribery, collusion, kickbacks, patronage and rent-seeking - is widely viewed as a threat to the goals that formal institutions are established to achieve. Anti-corruption or integrity initiatives focus on strengthening formal institutions to make them more resistant to corrupt behaviors and influence so that they are better able to achieve their goals. These efforts tend to assume that the leadership of an institution is invested in the institution's formal goals and that leaders will act against corruption in order to protect those goals (Marquette and Pfeiffer 2018). While this may be the case in many instances, experience also demonstrates that the functions of formal institutions can be disabled through corrupt actors, including leaders, and corrupt actions. We refer to such situations as elite capture.

"One-size-fits-all" solutions for making natural resource governance institutions more accountable are likely to fail because the functioning of every institution is conditioned by contextual factors. Reforms will face significantly different challenges depending on whether the institution is found in a broadly democratic system in a peaceful society or in authoritarian or conflict-affected governance settings, for example. Furthermore, in either setting, the basic incentives driving behaviors within formal institutions may be governed more by informal norms than by formal rules (Jackson and Kobis 2018). Those seeking to promote integrity and anti-corruption reforms should be particularly aware of the potential for gaps between formal policies or declarations of intent and institutions' actual practices and performance. In some cases, institutions may erect "good governance façades" primarily to placate external actors rather than to enable substantive reforms (Moene and Søreide 2015).

How corruption in institutions affects natural resource management outcomes

Though timber, fish, wildlife, and related products can represent a number of other values (e.g., shelter and spiritual meaning) and despite increased recognition of

the importance of conserving natural resources, many natural resource governance institutions were initially established to maximize economic returns alone. Although generation of state revenues and sustenance of local livelihoods is a legitimate and essential feature of natural resource governance, balancing resource sustainability and the needs of future generations against the needs and demands of the present is challenging. This careful balancing becomes even more difficult when the policies and actions of natural resource governance institutions are skewed by corruption. Corruption almost always undermines the sustainability of natural resource use and drives short-term decisions with potentially catastrophic impacts on ecosystems, economies, livelihoods, and societies.

In practice, different types of corruption affect the goals of natural resource governance institutions in a number of ways. Typical examples include:

» forest concession or palm oil development licenses obtained through bribery, even where forest moratoria are in place, leading to deforestation and forest fires;

» marine fisheries access agreements bought illicitly, undermining the sustainability of both fisheries and artisanal fishers´ livelihoods;

» bribery or collusion involving wildlife management authorities and organized poachers, resulting in less effective anti-poaching activities and increased threats to animal species (Williams and Le Billon 2017).

Worsening these impacts is the fact that revenues from natural resources also can provide politicians and officials with the means to control opposition or otherwise discourage democratic institutions and processes that are crucial for countering corruption. This is particularly the case in situations where democracy and civic space are absent at the time of resource discovery (Williams and Le Billon 2017). For example, an econometric study covering 124 countries over the period 1980-2004 found that the presence of

natural resources (including oil, minerals and forests) increased corruption in countries with the least strong democratic institutions (Bhattacharyya 2010).

Addressing corruption in natural resource governance institutions

To challenge such behaviors and avert worst-case outcomes, a number of approaches are possible:

Broadening the range of stakeholders scrutinizing resource-use information
A common approach is to make publicly available natural resource use data that was previously controlled by a particular gatekeeper institution. The aim of this type of effort is to allow a broader range of actors – including civil society, development partners, and the private sector – to scrutinize the data and to flag abuses, including those that may involve the natural resource governance institution itself. Recent examples include the Fisheries Transparency Initiative (FiTI), Indonesia's One Map Policy and the extension of the Extractive Industries Transparency Initiative (EITI) to the timber sector in Myanmar.

Procedural reforms
Within institutions, anti-corruption efforts might focus on procedural reforms to strengthen financial management and monitoring, streamline procedures for granting licenses and concessions to reduce opportunities for bribery or extortion, and/or improve hiring and staff accountability practices, among others. These can be important steps to reduce abuses, but such efforts should explicitly consider that corrupt actors will attempt to push back against particular reforms or enforcement actions.

Analysis of the drivers and incentives behind corruption
Analysis of the drivers and incentives behind corruption in a particular sector and/or institution is crucial for designing approaches that safeguard information from being captured and/or individuals

from being harmed. An example of this is mechanisms designed to allow informants to blow the whistle on environmental crimes and bypass compromised formal management authorities. A crucial consideration for any whistleblowing mechanism is whether safeguards are sufficiently robust to protect the rights of both informants and the accused.

Learn More

» Two case studies of approaches to institutional corruption from U4: *Cambodia's anti-corruption regime 2008-2018: A critical political economy approach* (U4 Issue 2019:1) and *Controlling corruption through e-governance: Case evidence from Bangladesh* (U4 Brief 2015:5).

» An introduction to *Corruption Risk Assessment and Management Approaches in the Public Sector* from Transparency International.

» *Corruption Risk Assessment in Public Institutions in South East Europe* from the Regional Anti-Corruption Initiative (RAI) provides a model for public institutions.

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