



## **BUILDING GOVERNANCE IN THE WESTERN BALKANS**

### **Proposal**

A three year programme to assist the building of good governance in the Western Balkan states, countering corruption and enhancing their resilience to corruption being used as a method of external influence. This programme should enhance their overall progress toward EU and, where relevant, their NATO membership.

The programme will contribute to the aims and strategy of HMG and to integrate the findings and recommendations of wider government programmes in the region, especially the study on serious and organised crime.

The programme will bring together the combined expertise of the Institute for Statecraft, who bring a depth of knowledge of the region, countering corruption and counter influence programmes and Edelman, the largest global marketing, communications and research agency in the world, and founders and providers of the Edelman Trust Barometer.

### **Context**

The promotion of good governance and the countering of malign influence of corruption is a clearly stated aim of the UK government and is supported by the full spectrum of political views, commerce and popular public opinion. The generally weak governance of WB6 countries provides plenty of opportunities for those wishing to influence events to use corrupt means to achieve their goals. As a result, corruption can be found to cross-cut sectors, institutions, levels of government and even between religious bodies and the state. It is frequently seen as pervasive and integrated into all elements of governance; common in the influencing strategies of the multiple external actors; and undermining the confidence of the population in the EU and a 'western approach'. State capture (political party – mafia connections), suppression of the media and free speech, and inappropriate influence of the legal system are prevalent features. Continuing use of corruption as a tool of influence denies progress, disrupts governance and undermines the confidence, support and trust of the population in western models. Although the local behaviours and attitudes towards corruption vary in each of the countries, the pervasive malign impact of the issue is common to the region.

### **UK Interests**

The proposed work is in line with the UK's long-term commitment to the Western Balkans as set out in the House of Commons Foreign Affairs Committee report "Global Britain and the Western Balkans", Tenth Report of Session 2017–19, July 2018. It is thus in line with the Berlin Process and the aspirations of the July Summit. Particularly, the work would continue to build on what Dr Peter Sanfey of the EBRD described as the UK's "very good reputation in the region, particularly when it comes to things like governance".

The proposed work will build upon the UK's strong track record and reputation for involvement in countering corruption, highlighted by the London summit in 2016. Within the WB6 corruption:

- undermines the region's stability
- reduces the capacity and capability of institutions, and is likely to dissuade external monetary support
- is used by external actors for malign influence
- is interwoven with transnational crime, and
- weakens the regional economy

It is therefore a clear and open objective of the UK and the EU to tackle these particular issues.

### **Programme Aim**

The programme will build a long term and deep understanding of the local attitudes and behaviours: to design tailored projects for improving governance within the region; to provide resilience to the impact of corruption, and; to work towards a shift in behaviour within the region.

### **Programme Definition**

The programme will run over a 3 year period and will seek to provide the depth of understanding and delivery in each of the countries individually whilst addressing the cross-regional connections and vulnerabilities. It will identify the vulnerabilities, but also the specific options, opportunities and mitigations for the UK to counter the challenges. It will also simultaneously build a targeted influence campaign to counter the most significant threats.

### **Project Outcomes**

- ❖ Understanding of the nature, extent and vulnerabilities of corruption and external influence at a local level, which have the potential to lead to the undermining of democracy and creation of fragility in the WB6 States.
- ❖ Enhanced local understanding, identification and countering of corruption.
- ❖ Local behaviour changed to be less accepting of corruption.
- ❖ Local actors to enhance good governance enhanced and empowered.
- ❖ UK/EU Counter Corruption policy enhanced and measures promoted.
- ❖ UK influence within the region and with the EU increased.

### **Programme Activities**

The overall programme will conduct a number of different activities which will be coordinated over the next 3 years to build understanding, develop networks and deliver sustainable projects aimed at delivery of effect. These projects and activities are not necessarily sequential but are based on the following principles:

All activity must be based on local knowledge, understanding and tolerance.

All activity should be open, transparent and auditable; the UK support for good governance and counter corruption is a public policy.

All activity must be integrated with wider HMG programmes and aims.

All activity will build over the three years in accordance with the local knowledge and tolerance and therefore will be flexible in detail and timings.

**The lines of activity for the project delivery are as follows:**

Activity	Action	Detail
Project 1	Build local understanding	For each country local understanding will be ensured through the building of local networks, primary research (focus groups, polling and desk based research). This will build a network of trust, as well as an understanding of current local behaviour, incentives/motivations and a pattern of local networks/key influencers. Crucially, it will allow the establishment of a baseline of current behaviour from which to measure impact, development Target Audiences and develop the detail of the key sources and influencers in the counter corruption battle. IfS has a lot of experience of building local networks on the ground, and Edelman provide the biggest primary research agency in the world.
Project 2	Build a targeted strategy for Each Country	In conjunction with both HMG and local influencers, the project will develop an integrated strategy for the region and, within that, for each country, focussed on the provision of resilience; the provision of targeted enhancement of key influencers for change across all sections of society; the ability to counter vested interests in maintaining corrupt practices; the improved options for promoting economic enhancement.
Project 3	Project Delivery (these projects will be developed according to local need over the three years) – Public Behavioural Change Programme	A ‘wide area’ programme designed to raise public awareness of the unacceptable nature of corruption (tailored to local behaviour). Using a mixture of public awareness campaigns with giving access to the wider tools to be able to detect and report corrupt activity. The exact channels for the delivery of this type of behavioural change and awareness campaign is normal commercial activity for Edelman. Case studies include involvement in supporting international brands, NGOs and most recently the ‘Malaria Must Die’ campaigns.
Project 4	Targeted Influence Campaign	Based on the understanding of local networks, a campaign to influence the behaviour of key actors who can support good governance and frustrate the actions of malign actors. It will be designed to be fully integrated with the public campaigns to promote good behaviour and develop the necessary incentives. Examples of draft projects include:  <b>Leadership.</b> In order to promote good governance, it is necessary to promote and reward good behaviour from key leaders. This could include gatherings of key influencers from across different communities to bring together thinking on leadership and governance rather than tackling corruption head on. These small and discrete events should combine access with key decision makers across Europe, business leaders and academia. Consideration should also be given to the use of more culturally relevant engagements with

		<p>sectors such as religious figures, the creative industries and sport.</p> <p><b>Individual Events.</b> Key influencers (not always leaders) will be hosted across Europe to demonstrate good practice, promote the positive benefits of taking a stand against corruption and of differing governance models.</p> <p><b>Digital Influencers.</b> The campaign will consider the digital landscape and the differing methods of coordinating on-line influencers, which could be through paid media, creative content or indirect 3<sup>rd</sup> party influencers.</p>
Project 5	Use of Commerce as a tool of influence.	<p>Business has an interest in building greater stability to increase access to potential markets. Commercial leaders are also looking for ways to develop greater impact by adopting strategies with greater social purpose. The specific methods for introducing business to support resilience are as follows:</p> <p><b>UK Business Leaders Programme:</b> UK business leaders to support a programme of mentoring and education for WB6 business leaders. This should focus on the commercial incentives for good behaviour. It should also include the options for FDI and investment/partnerships as emerging markets. Public acknowledge of their mentoring role is useful for developing Purpose and CSR programmes.</p> <p><b>Local Market Stimulation.</b> To continue to the behavioural change, forums should be developed for UK business and entrepreneur programmes to support business start up and growth in the region. For example, business sponsored incubators and investment will generate talent and investment.</p> <p><b>Government Programmes.</b> A series of government/NGO/Academic sponsored programmes on the relationship between politics and commerce, different regulatory models and the benefits of integration with wider EU/trade bodies.</p>
Project 6	Media Integrity	<p>Working in concert with current commercial/NGO Programmes (such as those of Google and Facebook) to develop training courses for journalists, students and wider public activists. The programme should be aimed at creating the platform and tools for people to identify and publicise acts of corruption where they see it. This would be done in open NGO support programmes and would help design the relevant investigative tools (e.g. a Bellingcat for counter corruption).</p>

Project 7	Engagement with Public Bodies	Use of education and leadership programmes for public institutions from government, law enforcement and the military.
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### Vulnerabilities

Key vulnerabilities – areas/actors – will be identified, and their approaches, methods and linkages will be exposed. These will include, but would not necessarily be confined to, the themes listed in Table 2 below.

<b>Theme</b>	<b>Detail</b>	<b>Notes</b>
Political	Strongly nationalist and/or allegedly corrupt political actors.	Where appropriate / possible, particular attention will be placed on those with a political past that raise questions of integrity and honesty (e.g. PM Vučić of Serbia who previously served as Minister of Communications at the time of Milosevic)
Economic / financial	Economic actors from those involved in low level crime to Tax fraud and economically harmful FDI programmes	Key areas of focus will include, but not be confined to: the proliferation of tax fraud (indirect, VAT carousel fraud, etc.) and customs fraud that finances criminal gangs; governments keen to attract FDI to increase economic growth losing strategic assets that they need (e.g. as Serbia and its sales of oil and gas installations to Lukoil and Gazprom); and the theft of rights to land.
Population	The understanding and tolerance of the population to corruption, particularly considering impact on the unemployed.	The unemployed population – particularly youth – vulnerable to the influence of and the corruption by hard-line nationalist groups and to the preaching of radical Islam and jihadism
Media and NGOs	Understanding and mitigation of the role of Media and NGOs in countering	The media, NGOs and others who wish to expose corruption and malign

	corruption	influence and/or who are politically opposed to the governing party, who experience suppression and violence
Religious / Ethnic Groups	Vulnerabilities and networks surrounding the different groups	Groups which face marginalisation, violence and mobilisation,
Institutional	Weaknesses in both state and religious institutions that can be exploited for private gain	To varying degrees the WB6 state institutions are weak. Opportunities for corruption are particularly present in institutions that provide a public service such as police, customs and health.
Additional Groups and Sub-Groups	Ranging from external state or non-state or internal criminal / political figures.	

### Project Risks

- Data collection hindered by counter messaging from local or third country challenge, or an on-line campaign to undermine the programme
- Targeted interviewees reluctant / unwilling to provide relevant information
- The proposed counter-measure narratives are themselves identified as external interference in WB6 countries, reducing their impact
- Other political risk (e.g. through a minister feeling uncomfortable with inquiries being made)
- Assessment might pose risk to people providing information and/or to field workers
- Access to high-level interviewees not guaranteed, as assessment not tied to specific future “reward”
- Information asymmetry: Difficulty to identify the right people who could provide salient information; Difficulty to verify/ cross check information
- Lack of time
- Quality of data (granularity), difficulty to establish comparisons across countries based on available data
- Risk of findings being used not to arm civil society, but rival “clans”
- Risk of duplication/ overlap with other anti-corruption strategies developed.

### Project Timescale and Reporting

Work on the project would commence in Jan 19 and would run for a three year period. A report will be produced as an update every month with a 6 month review. The outline activity and costs are below:

Year	Projected Costs	Activity
Year 1	£520,000	Local Understanding and Networks, Initial Influencer Work, Business Network established, media programme designed
Year 2	£1.5M	Programme Delivery start up for targeted influence, business and media programme. Initial public awareness
Year 3	£3.5M	Extended multi-channel campaign, influencer programme, full media education and business investment

### **The Project Team – role and expertise.**

#### **The Institute for Statecraft**

**Keith Sargent – Project Co-Director – Senior Fellow and leader of the Governance and Integrity Group.** Keith specialises in governance and public sector reform. He has wide and deep international experience gained over 40+ years advising governments in Asia, Africa, the Middle East, Caribbean, Pacific and Balkans, in traditional development and fragile state contexts. His experience in the Balkans includes advising the UN Mission in Kosovo (UNMIK) on public sector pay security to avoid corruption and four major assignments in Bosnia i Herzegovina (BiH). He was Counsellor to Prime Minister Moratovic – the first State PM of BiH – following the signing of the Dayton Peace Accord advising on economic reconstruction. He subsequently advised the government on regional investment planning, government-donor negotiations, and aid harmonisation / donor coordination. He was the first Director / CEO of the Turks and Caicos Islands Integrity Commission and successfully oversaw its establishment from a zero base. It is now enshrined in the TCI Constitution as a watch-dog institution fighting corruption in public life. He has undertaken assignments for the EC and EDF, UN Agencies including (UNDESA, UNDP/DTCD, UNFPA and UNMIK), the World Bank and the ODA/DFID and FCO. He is an experienced trainer / educator.

**Alan Waldron – Senior Fellow and member of the Governance and Integrity Group** has been engaged in anti-corruption activities for some 15 years, and in the Balkans since 2008. He has devised and led high level training courses (also adopted by NATO and many Governments) in many of the Balkan States and has also trained local instructors to build capacity. Additionally, he has supported a range of anti-corruption activities, often engaging at Ministerial level. He has wide experience (including long term specialist advice to the Norwegian Government programme to analyse all Balkan States and introduce anti-corruption assistance) and globally has negotiated and delivered anti-corruption activity in many countries ranging from Afghanistan to Ukraine. He was also a member of the original Transparency International team that developed anti-corruption analysis and risk reduction tools adopted by NATO and several nations.

**Mark Pyman – Senior Fellow and member of the Governance and Integrity Group,** and an internationally recognised anti-corruption specialist. He founded Transparency International's global

defence, police and security anti-corruption programme in 2004, and led the programme until 2015. He led TI's defence and security work in over thirty countries, including Afghanistan, Colombia, Lebanon, Palestine, Saudi Arabia, Ukraine, Bulgaria, Croatia and Latvia. He then was appointed as one of the three international anti-corruption Commissioners in Afghanistan's national Anti-Corruption Committee, and as Chair, 2015-2017. He is the author or sponsor of some seventy publications on tackling corruption. Prior to his Transparency International role, he spent nearly two decades as Shell International's Chief Financial Officer in Gabon (West Africa), China, Korea and Hong Kong and elsewhere: in these roles he had the overall responsibility for corruption prevention and investigations.

**Jon Searle (DV) – Senior Fellow in Ideology and Conflict.** Served as Chief of Staff in Specialist Group Military Intelligence, and as an Army Reserve Lt Col, is now SO1 (Human Networks) in SGMI's Human Domain Intelligence Pillar working on issues relating to the relationship between Ideology/Theology and Conflict. Jon read Theology as a undergraduate at Oxford, for an MPhil looking at the implications of globalisation on democracy, and later for a PGCE. Formerly a Junior Research Fellow in the Advanced Research and Assessment Group at the UK Defence Academy, working on the '*Islamic World*' and '*Asymmetric Campaigns*' Research Clusters. Associate lecturer at Derby University, teaching on the Intelligence, Security and Disaster Management MSc course, with particular reference to Insurgency, Ideology and Conflict, and Military Intelligence capability. 20(+) years experience as a trainer/educator.

**Euan Grant – Senior Fellow.** Euan was the Strategic Intelligence Analyst in HM Customs & Excise's National Intelligence Division covering Transnational Organised Crime (TNOC) and the ex-Soviet States and Eastern and South eastern Europe (1996 to 2002). He was the lead HMCE analyst on input into NCIS' 2000 Report Project Dynamo (FSU Organised crime's impact on the UK). He co-wrote HMCE's drugs and non-drugs (VAT, excise duty, counterfeiting and arms trafficking) proposals for the deployment of drugs and fiscal liaison officers to new EU Member States, as part of the UK's EU Presidency submission to the 1998 Wales EU Summit. This included on W Balkan neighbour countries (Romania, Bulgaria, Hungary, Slovenia. In the UK he authored the first HMCE report quantifying VAT carousel fraud (MTIC fraud) and subsequently worked on detection and deterrence and compliance measures. He continued this when in Bosnia April 2002 to October 2005 with EU CAFAO, where such frauds were proliferating alongside the use of similar corporate structures for high level direct and indirect tax evasion involving corrupt politicians and senior managers. Work on all these issues has subsequently continued in his career, especially in Ukraine and Moldova. Euan has written and broadcast on the role of tax frauds and the use of Russian armed forces transport assets and personnel in the smuggling of contraband, including drugs.

**Johanna Moehring – Senior Fellow and Director 'The Nature of Power in the 21st Century' Programme.** The programme grapples with what constitutes power in our hypercompetitive, connected world, and how states exercise it. Johanna is a Russian geopolitics, specialist on C&EE/ Western Balkan economies, policy making, public administration and integrity systems. She has considerable experience with assessment missions for the EU Commission through the OECD Sigma Programme accompanying accession negotiations of EU candidate countries. She is a French, German and Russian linguist.

**Chris Donnelly – Co Director of the Institute for Statecraft.** In his former role as Special Adviser to four NATO Secretaries General, and latterly through the Institute's Integrity Initiative, Chris has extensive experience of working both at the grassroots level and with government leaderships on reform and good governance programmes in the Balkans and Eastern Europe and retains a network of trusted contacts there. His position will ensure that this programme is integrated or deconflicted as appropriate with other programmes operating in analogous fields.



**Fabrizio Lucioli – Director of the Institute’s Italian chapter.** As an Italian academic and President of the Atlantic Treaty Association, Fabrizio has an unrivalled network of trusted contacts in the Western Balkans as well as strong links to NATO and EU networks to ensure that the programme is alerted to any emerging local or institutional risks and opportunities.

## **Edelman**

**Alastair Aitken CBE – Project Co-Director – Chairman, Crisis Risk and Issues, Edelman.** Alastair specialises in providing senior clients advice in how to counter malign activism, disinformation and propaganda. He is the former Commander of 77<sup>th</sup> Brigade with a depth of experience of both UK government campaigns and specifically of the Western Balkans region. He was the British Army lead for counter corruption capability and campaigns, including forming the strategic relationship with Transparency International. He is also a Senior Fellow of the Institute of Statecraft.

**Antony Dunkels – Director, Litigation & Legal Affairs, Edelman.** Antony is a qualified barrister and a Director in Edelman’s Litigation and Legal Affairs practice, providing communications and reputation counsel to businesses and individuals worldwide. He has a depth of specialist experience of Anti-Money Laundering and Counter Corruption cases at an international level from both a legal and communications perspective.

**Louise Turner – Director Edelman Intelligence (EI).** Louise leads the premier market research organisation in the UK. With a global footprint, she can call upon experts from the full breadth of research techniques from field interviews to online monitoring and influencer mapping. She has deep experience of how to coordinate local teams and is the author of the internationally acclaimed Edelman Trust Barometer in the UK.

**Simon Patterson – Associate Director, Issues and Crisis Edelman.** Simon is a former Intelligence Corps Officer and a serving reservist with 77<sup>th</sup> Brigade. He has specialised in developing integrated communications and influence campaigns, including supporting cross government campaigns. He has a experience of supporting FCO campaigns, and of designing campaigns around countering malign influence.

## **A Research Team and Network Support**

To support the Core Team, researchers from both The Institute for Statecraft and Edleman will be employed, together with personnel drawn from their European networks. Where viewed of value, experts / expertise from outside these groups (e.g. academia, press, NGO, etc) will be invited to contribute to the research.