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Sustainability Unwrapped, a conversation podcast about responsibility, ethics, inequalities, climate change, and other challenges of our times. Where science meets practise to think about our world and how to make our society more sustainable one podcast at a time.

Hello and welcome to this episode of *Sustainability Unwrapped* podcast by Hanken School of Economics. And on this episode, we will discuss why we must address corruption in the quest for sustainability. My name is Neema Komba, and I will be hosting this episode from Helsinki. I am a second year doctoral student in entrepreneurship, management, and organisation.

And I am joined today by Matthew Jenkins, who is a Knowledge and Research Manager at Transparency International all the way from Berlin. And Transparency International is a global movement that works in over 100 countries to end injustice of corruption by promoting transparency, accountability, and integrity. And I'm also joined by Prisca Kowa all the way from Dar Es Salaam. And she is a Senior Officer at Policy Forum, a network of over 70 civil society organisations in Tanzania. So welcome Matt and Prisca, and thank you for joining us.

Thanks very much, Neema, for the kind introduction.

So why must we address corruption in the quest for sustainability? As this episode is called *Sustainability Unwrapped*, I thought about this corruption as something that we must address. And not just because I said it, but there's been a lot of other people who have said the same that corruption is one of the biggest impediments towards achieving sustainable development goals and sustainability in general, social, environmental, and economic sustainability.

So then why corruption? As Transparency International defines it, corruption is the abuse of entrusted power for private gain. And it includes many different things, including bribery, collusion, embezzlement of public funds, fraud, extortion, favouritism, patronage, and in some cases, it can even be viewed positively as speed money or greasing the wheels where systems fail to give citizens what they require in a timely manner. And it affects both private and public sectors, and it can be hidden or sometimes out in the open with very, very clear consequences and visible transactions. It does affect people in their daily lives, and it also affects policy decisions.

And there are no clean countries, basically. And I remember looking at this Transparency

International Corruption Perception Index, which scores and ranks about 180 countries by levels of perceived corruption and that only 2% are least corrupt. Most countries are corrupt or very corrupt or mostly corrupt. And this kind of made me think. I grew up in Tanzania myself, and maybe a few years ago, eight years ago, I wrote this poem called "Corruption." And I will read it to you. Don't laugh at my poetry. [LAUGHS] So much. But it was about how it was in our daily lives. And I will read it.

Corruption, corruption. Let's declare this an epidemic, it spreads slowly like a cancer, from the bottom traffic police to the top maker of policy. Corruption, reason why wrong leaders get voted in and an honest man rots in prison. Corruption, why the poor have no voice and dreams have no chance. Corruption, why patients have no choice. See, corruption killed my young son because a good doctor needed his money. Without 1,000, there was no medicine, no bed. But this man has a family that needs to be fed, and he gets a measly pay. So I held my baby tight until finally his little life crushed. But I don't blame the doctor, nor do I blame death. I blame this corruption plague.

So this was a very reflection of life in general where I was living in Tanzania at the time. But you can't get certain services, and it affects voting, the democracy, rather, of the country. And it affects so many things in our day to day lives. But the question comes, why must we discuss this in the context of sustainability or the context of sustainable development?

And I will start by asking Matthew this question. Why must we care about corruption when talking about sustainability and the 2030 sustainable development goals? Is it something that-- is it necessary, really?

Thanks very much for the introduction, Neema, and also for the very powerful poem that I think really illustrates some of the themes that we're talking about today, which is that corruption links inextricably towards kind of systems of inequality and power asymmetries. And I couldn't have phrased it better myself than you did in the introduction where you said corruption is a very powerful impediment for the SDGs. Although I would perhaps take issue with the characterization that corruption can be productive in some circumstances. We can come up to that potentially.

You also mentioned kind of the Corruption Perceptions Index, which ranks countries based on perceived levels of corruption in the public sector. And again, I couldn't agree more with your assessment that all countries are afflicted by forms of corruption in one form or another. The CPI, as useful an advocacy tool as it is for us, doesn't capture everything, as you said.

So let me maybe take a step back and start, as you suggested, with trying to underline why I think that anti-corruption efforts should be at the heart of the sustainable development goals. I think, in a

sense, if we look back to 2015 when the goals were agreed, it was quite an important moment for us in the anti-corruption world, because it was the first time that world leaders recognised in an international development agenda that without foregrounding governance issues like corruption, sustainable development couldn't be achieved.

And I think this is a lesson learned from the previous kind of international development framework, the Millennium Development Goals, which are some of the positive outcomes in the short term will become very difficult to sustain if corrupt practises go unabated. And so as a result of that, as I said, in 2015, we saw that specific anti-corruption targets were included in part of Goal 16 of the SDGs, which is about peace, justice, and strong institutions.

And at TI we see that corruption undermines sustainable development in three main ways. First of all, it obstructs the development of peace for just and inclusive society. So the mantra and the ethos of Goal 16 itself. So corruption represents a major obstacle to achieving peace, justice, and strong institutions, because it deepens fragility within countries, it generates conflicts, and it prevents access to justice for those in need. So here we can talk about corruption in the Sustainable Development Goals as seeing corruption as a standalone issue or problem in its own right.

Second, however, I think there's another way of considering the problem, which is not to see corruption in isolation but also to understand how corruption affects all of the other goals. If you're talking about health care education and so on, without strong institutions, good governance, [INAUDIBLE] around the world, the societies are kind of really going to struggle to meet their full potential. Where corruption plagues hospitals, the progress towards targets in health care is very difficult to accomplish.

You can say the same thing for schools, all manner of kind of service delivery. You can see the goals on poverty eradication, clean water, affordable energy, gender equality, all of these really noble and admirable targets that we're trying to achieve in the next 10 years are going to be really difficult to do unless we minimise the effect that corruption has on these other issues. So this is why we'd say we can see corruption as well as a cross cutting issue that cuts across the sustainable development framework.

And the third issue I would point to is that corruption cripples the ability of societies to pay for the vast investments that are needed to meet the SDGs. In some countries, there are huge infrastructure needs. In others that are more affected by climate change mitigation, achieving SDGs is enormously expensive. The rest of it's out there that it costs, and this is before-- this estimates are before the

current COVID pandemic. That achieving a Sustainable Development Goals targets would cost between 5 to \$7 trillion US a year around the world.

So corruption, first of all, reduces the amount of tax a state is able or willing to collect, but it also reduces the effectiveness of developmental spending by governments, international donors, impacts investors, remittances, and so on and so forth. So corruption frustrates both the effective mobilisation of finance for development as well as its kind of effective disbursement by weakening-- we talk about things like domestic revenue mobilisation, development finance, public financial management, asset recovery, which really, again, speaks to the international element that you highlighted in your introductory comments, the linkages between countries and how corruption doesn't stop at national borders, which I think is a really important aspect that I hope we'll speak more about.

So I'd say in summary without progress towards tackling corruption, any progress towards any of the sustainable development goals is going to be fragmentary, short lived, and quite volatile. I've heard people say that sometimes SDG 16 should actually be SDG 1. It should be the first priority that we have. Because without achieving any of these other things, the rest is going to be really difficult to accomplish.

I would just end quickly, I know I've taken quite a lot of time, but I want to end the introductory remarks by emphasising that though corruption affects us all, it doesn't affect us all equally between and within societies. So corruption is often inherently discriminatory. The poor and marginalised are disproportionately affected by the way that corruption restricts economic growth, increases poverty, and skews resource distribution. We have a forthcoming study on particularly how the relationship and interplay between corruption and discrimination against marginalised groups frustrates the leave no one behind principle at the heart of the 2030 agenda. And I think this is really important to emphasise as well.

Thank you, Matthew. And I know you have done this research specifically on grand corruption and SDGs at Transparency International, and you showcased that there was some serious effects on specific goals, I think, in Mozambique and into other countries. And can you talk a little bit about that research and what you found and why specifically focus on grand corruption and not other forms of corruption that happen every day in those communities?

Sure. It's a really interesting question, Neema. Thanks a lot. The other two countries we looked at were Guatemala and the Maldives. And so what we are looking at is how different types of corruption scandal and forms of corruption have devastated these countries' abilities to meet some of all of

their SDG targets. So maybe to be helpful for me just to start by outlining what we mean by grand corruption, which often is referred to by different names. For instance, the UN Convention Against Corruption indirectly alludes to it with the rather clumsy title of the corruption involving vast quantities of assets.

So there are kind of competing definitions, but most definitions of grand corruption have three common features to try and distinguish it from what is sometimes called petty corruption or street level bribery. And before going on to explain a bit what I mean about grand corruption, I would just point out that although we call it petty corruption, it's street level bribery that you're having to pay typically to public officials in return for a service or a good that you're entitled to anyway, although we call it petty corruption, the effects of petty corruption are not themselves petty or insignificant. They're cumulative. So widespread extortion inflicts real harm on a large pool of victims and worsens the standard of living.

Having said that kind of caveat, I just come back to why we wanted to kind of prioritise grand corruption in these series of papers and why that's such a significant issue. So grand corruption schemes often involve sums of money that are so large that a single one of these corruption schemes can endanger the political stability of a country or kind of jeopardise sustainable development of the country in general.

Second, unlike petty corruption where the perpetrator, as I said, is more likely to be a low level or mid-level official, those culpable of grand corruption are often found at the highest level of government. So the corruption that they engage in constitutes a major abuse of power that can erode the rule of law and even, in some cases, result in state capture. And obviously, because these people are very high profile and powerful, they often enjoy kind of widespread impunity for their actions.

And the third distinction is that quite often in grand corruption cases, it has a transnational aspect to it. So grand corruption quite often involves resources crossing national borders, and you'll see that development funds that should be spent in some countries end up in other countries in kind of secretive accounts.

So we essentially wrote these kind of three case studies to illustrate the policy problem we have, which is that most of the common corruption in the Sustainable Development Goals focus on petty bribery. The global indicators that are used to assess progress in tackling corruption in SDG 16 do so, they're talking about what's the rate of petty bribery. Whereas actually, these kind of larger systemic

forms of corruption that we see may be less immediately apparent if you're doing business in the country, if you're interacting with the country, but arguably have a much greater detrimental effect on sustainable development.

And I just conclude these comments by illustrating quickly three kind of ways that we think it does that. So grand corruption, first of all, at the highest level of government can often deprive public coffers of much needed development funds. So we took the example of Mozambique where there was a huge public debt scandal which is indebted the country to such an extent that paying for any kind of development initiative, from health and education to poverty eradication, becomes so difficult because, essentially, political elites in the country defrauded the taxpayer.

The second way is where we see large kind of scale corruption schemes in a particular ministry. So in Guatemala, we looked at how corruption in the health ministry had crippled the ability of the health ministry to deliver good quality health care to citizens. And the third type is where we see clear undue influence over public policy that's related to sustainable development. And here I think particularly of the debate around climate change and the fact that petrochemical companies quite often exercise undue influence over national climate policies.

So I emphasise that we chose these three cases, but really we could have taken any number of cases from around the world. We had a long list of 30 different ones that we were looking at. So what we're trying to do at TI is to get the international community as a first step to recognise that grand corruption is a problem in and of its own right, really, by adopting a legal definition that would help to prosecute grand corruption as an especially kind of devastating crime that deprives countries the chance to meet their national development goals.

Unfortunately, we've had some kind of limited success to now. I mean, as you can understand, the point I was making about impunity is that this kind of goes against the vested interests. If you have political leaders from certain countries who are engaged in these schemes, they have a vested interest in vetoing progress at the international level and introducing these kinds of measures.

Absolutely. And it's always international, as you say. I remember maybe a few years ago, there was a big corruption scandal in Tanzania, and it involved Standard Bank in the UK. It was the country raising debts from-- it was a debt transaction, it was a corrupt transaction, as it involved some maybe heavyweights in the country.

And the way we came to know about it was from-- was it the SEC or something in the US? It was the SEC in the US that had found out that this was actually happening. And it implicates Standard Bank in

the UK and some banks in Tanzania. So this whole connection was like three different countries involved in one scandal. It was kind of interesting to see.

Absolutely.

Yeah. It's quite grand in its own even coverage as well. And it may be happening somewhere. You have no idea. Yeah.

And I think, actually, I mean, having three countries is also not that-- there are examples where many, many more jurisdictions are involved, particularly through the process of using shell companies where the beneficial owner, the true owner, the person that benefits from these transactions is hidden between multiple layers of firms that are created for these very corrupt purposes and are often registered in secrecy jurisdictions. So often there's kind of dozens of jurisdictions involved. And what we need to realise is an intentional attempt to try and make these transactions as complex as possible for prosecutors to uncover the corruption that's going on.

Yeah. And I think the World Economic Forum said something about \$3.9 trillion US being lost to corruption every year. That is a significant sum of money that could be used in sustainable development, and it's just lost into somebody's pockets somewhere out there in the world.

Now, speaking of this, let's talk a little bit about the role of civil societies in stopping or in this anti-corruption efforts. Prisca, you work with Policy Forum and you work directly with the parliament. Tell us a little bit about the kind of work you do and why it's so important in stopping exactly what Matthew has told us about.

Thank you. Thank you so much, Neema. No wasting time. I think I'll respond to your question on what CSO's role is in the fight against corruption. And like you said in the introduction, Policy Forum is a network of civil society organisations that have been brought up together in the interest of ensuring the accountable use of public money.

So we have a set of activities that are being implemented by the members of Policy Forum in the main two working groups that we work with. We have the budget working group as well as the local governance working group. And all these working groups engage at the national level and at the local level.

So what do we do in the fight against corruption? Number one, at the local level, in linking this to the Goal 16 that was for peace, justice, and strong institutions, we do social accountability monitoring.

And what we do, we conduct analysis of the planning and budgets at the district level. In most cases, we want to see if there is accountability in the use of public funds. And if at all there are cases of misuse of the funds, we provide recommendations on how to improve the usage of these public resources, and then we engage with the duty bearers at that level to share our findings. That is at the local level. And that is what we do at the local level.

And we have in the past three to four years, we were seeing a lot of misuse of funds that in the end resulted into the poor service provision. Especially where we were, we looked at how the [INAUDIBLE] was spent. We also looked at how water sector budget was allocated and how [INAUDIBLE] are located were used. And last year, we did an engagement with one of the district council whereby we work with councillors.

These are the oversight bodies at the local level. They're the ones that need to ensure the funds allocated are being spent wisely and result to the [INAUDIBLE] service provision. So we saw there are weaknesses in revenue collection as a result of number of things. So after engagement, we saw that there were slight improvements, but there were still some weaknesses in the accountable use of public resources.

Another thing that we do, and this is through the budget working group, we have been engaging in conducting campaigning and producing [INAUDIBLE] on how the illicit financial flows affects the revenue resources in the country. And here is when we get to engage directly with the parliament committee, the parliamentary budget committee, whereby we [INAUDIBLE] the evidences from the [INAUDIBLE] that we conducted, and we provide recommendations.

And since in 2016, in East Africa, there was a campaign on the stop the bleeding campaign. This campaign aimed at the East African countries to come together and [INAUDIBLE] into their government to stop the illicit financial flows within their countries. And one of the recommendations that we gave out was to ensure that, number one, we saw that a lot of funds, a lot of resources are being lost in the extractive contracts. So one of the things that we are advocating for the government to include in the law was to set a beneficial ownership registry.

And this campaign started so many years back. So it was really good to see this in the finance act of this year, the act included the beneficial ownership registry that in the, again, in the anti money laundering act. So we see that as a political will within the government to start at least curbing the [INAUDIBLE] the illicit financial flows in Tanzania.

Apart from that, we have also been engaging in enhancing transparency in the mining contracts. So

like I said, there is something called double taxation agreement. So another area that we work with is to advocate for transparency and publication of the mining contracts so that Tanzanians and citizens can be able to see how the mining companies are paying taxes so as to increase the domestic revenue resources. As we know that one ways in which the country loses its revenues is through these corrupt mining contracts not being disclosed to the public. So that's the area that we have been engaging in a nutshell. [INAUDIBLE].

It seems that transparency is a big deal, because you are advocating for transparency in specifically in Tanzania and also Transparency International is trying to do the same. But here I have a question really about this. How difficult is it to advocate for transparency in these countries? And you want political will, but at the same time, people have a vested interest in this corruption. What kind of challenges do you face in trying to advocate for transparency as a CSO and even as a big organisation as transparency?

That's a very good question, Neema. Recently, when you compare the level of freedom of speech, freedom of criticising the government in the past five years and [INAUDIBLE] context that we operate in now, we can say the environment has significantly changed. We have seen that now the government has enacted very restrictive laws. That in a way makes the advocacy work, especially to the CSOs like Policy Forum, being very difficult.

We have the NGO act that was amended last year. And it has some clauses which restricts how freely non-state actors can be operating. So that is one of the major challenges that we are now facing. And this is not only to the CSO sector, but we have also seen there are other restrictions to the media. And we know that media are also important actors in unveiling corruption cases. So that's a major challenge.

And again, looking at how we are operating now, when we largely depend on the information from the government itself. And now we have seen [? attendance ?] where there is a fear among the government officials on freely working in collaboration with the CSOs. So how are we still sustaining in our work? They say it's important to learn, re-learn, and adjust according to the way the environment changes [INAUDIBLE] the context.

So what we do now, we focus more on partnering with the government institutions like PCCB. So for example, last year PCCB is the--

The Prevention and Combating Corruption Bureau.

Here in Tanzania. So Policy Forum now is working with the PCCB, and last year we engaged with PCCB in educating the public on how to avoid corruption during election. And like we know that this year is an election year. So we have some of the TV spots that were aired in the media calling upon the citizens, voters, as well as people who are [INAUDIBLE] not to engage in the corruption cases. So those are some of the challenges that we are seeing now.

Matthew, do you think these kind of challenges are just specific to Tanzania or do you see the same kind of patterns in other countries as well? That when you have strong advocacy, there is always this push back from the people in power to maintain the status quo, really, because it benefits some of them?

Well, let me just say, first of all, that the work that Prisca's described sounds really inspiring in a challenging environment and the things that she was speaking about. Yeah, I mean, I think it really speaks to the need to hold those in power to account. We see that transparency is a kind of a necessary but not sufficient condition for anti-corruption work. It's about shifting power towards citizens and accountability.

And doing that complimentary approaches from the bottom, which things like CSO budget monitoring at the local level and then complementing that with advocacy around the international global effects around the work of international-- sorry, illicit financial flows and beneficial ownership transparency is really admirable. So first of all, I'd love to hear more about that from Prisca.

But in terms of whether we see the same patterns, I'd say context matters. So we see different forms of corruption in different places. So our strategies in different places need to be different. Having said that, it is a common trend that when civil society and citizens and media actors and others start to be empowered to challenge corrupt practises, we quote often see a push back. And I think globally around the world at the moment, we're seeing shrinking civic space, which makes the actions of civil society actors and others who are trying to curb corruption even more difficult than it already is.

So to conclude, I'm going to ask you, what can an individual like me do? What can we do individually? Because it seems like such a huge problem. But what can we actually do to make a difference? Do you have any thoughts about it?

Do you want to start with me or with Prisca?

You can continue.

OK. Yeah, as I said, I mean, I could follow on from the final thought that I just spoke about, which is as

corruption takes many kind of locally specific manifestations, our anti-corruption approaches have to be tailored to those as well. So here I would kind of encourage this mantra of kind of thinking globally and act locally. Having said that, politics as is often the art of the possible. So it depends on the setting as to what individuals can do.

It may be in a jurisdiction like the UK, where I'm from, it may be, first of all, you identify what the issue is. And in a place like the UK, it might be the influx of dirty money and identifying the kind of policy problems that come with that. There's so much corrupt, dirty money coming into, let's say, the London housing market that it has clear impacts for UK citizens and other residents of a particular city like London with the kind of global house prices rising.

So I think first of all, start with the problem definition in a particular context, and then try and take it from there in terms of what is the problem? What are the possible approaches to tackle it? So it might be in the UK, as I said, pushing for transparent asset recovery for some of this dirty money that's ending up in London to go back to where it belongs and back to where it's being generated legitimately.

In other settings where, let's say, the civic space is a bit more fragile, it may be around public campaigning for [INAUDIBLE] space and having more legitimate stakeholders involved in political debate and political discourse. It might be around things like access to information campaigns, civil society groups, and individuals working with media.

And you asked specifically about individuals. So I'm saying citizens, journalists, CSOs, the private sector, we all have a role to play in this. And I think it requires all of us to actively participate. A good starting point, and perhaps this is a bit of a plug or self promotion, but a good starting point is to get in touch with the local-- well, with the national Transparency International chapter, if there is one in your country, to see how you can get involved.

We do have a presence in 100 countries around the world. There are countries in which we don't have a TI presence, but we do have contacts. So please feel free to get in touch with us. And if you are in a setting where there is no TI chapter, consider starting one yourself.

Thank you. What about Prisca? What kind of final thoughts do you have?

Also we're saying that transparency is a habit. So at the individual level, we should strive to be transparent. We should strive to be corrupt. We should embed anti-corruption perception within our day lives but also to embed it in organisations. Being able to stay transparently that I cannot be able

to pay for a service that I'm entitled to.

So when someone goes to a public hospital, for instance, and linking this into your poem that you started with, then individuals should be empowered in a way that they'll be able to openly demand for their rights. And I know I'm entitled this by my country's constitutions. I'm entitled to getting this particular service without paying extra.

So I think it should be [INAUDIBLE] an individual level, but again, being [? transferred ?] at the organisation. And [INAUDIBLE] to the international as we are seeing that corruption cases affects all of us globally. And like today's topic, we're seeing that corruption action affects our sustainable development goals.

Thank you both so much. So it seems you're saying we should all strive to shift power from the more powerful in society to the citizens and be more actionable in the local level.

I think that's a key aspect. And certainly, I think it's about realising it can sometimes seem very difficult to challenge established ways of doing things. It seems like a small cog in the machine. But I think as Prisca was emphasising, taking small steps and realising that you're not alone and we're all having to deal with these kind of suboptimal outcomes of corrupt activities.

So even if it may seem advantageous in the moment to pursue a corrupt wave of concluding a transaction, ultimately realising it's kind of detrimental to all of us in the long run and trying to overcome what's sometimes referred to as a collective action problem. This leads to suboptimal outcomes for all of us. If we can collaborate more productively and we can join together as citizens, as journalists, as civil society representatives, as private sector entities, then together I think it's the way that we have to try and tackle this scourge.

Thank you so much. And I think this is all the time we have for this episode of *Sustainability Unwrapped*. Thank you, Matthew and Prisca, for your insights.

Thanks for having me.

Thank you so much, Neema, for having us.

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