

Action on Transnational Corruption

September 2024

Taking a systems approach to transnational corruption

The problem

Each year, billions of dollars are stolen, laundered, and hidden from governments and communities from around the world.

Corruption, bribery, theft, tax evasion, and other illegal schemes to move money are estimated to cost developing countries [hundreds of billions](#) of dollars a year. These outflows far exceed Overseas Development Assistance to low and middle-income countries. As a result, some of the world's poorest countries are stripped of resources that could have been invested locally and used to fund much-needed public services. At the same time, dirty money is having a corrosive effect on the [economies](#) and political systems in the countries where it ends up, such as through ['malign finance'](#) and [strategic corruption](#) fuelling polarisation and instability.

Grand corruption is often seen as a problem that plays out within the confines of developing countries. But grand corruption, kleptocracy, and state capture are enabled by a global ecosystem spanning rich and poor countries, through networks of professional enablers, opaque corporate ownership structures, and financial secrecy. Laws, regulations, and practices in Western countries and the [banks, lawyers, accountants](#), and [multinational corporations](#) headquartered within them enable or take part in corruption

and illicit financial flows out of Africa and elsewhere. Rich countries with high degrees of [financial secrecy](#) often function as nodes in [illicit global financial networks](#) where they provide 'safe havens' for hiding and spending [kleptocrats'](#) ill-gotten gains.

Tackling transnational corruption and illicit financial flows is recognized in the 2030 Agenda for Sustainable Development, but we often fall short of addressing the problem in a systemic way.

For instance, the problem is complex and multi-faceted, while current efforts tend to work in silos through 'single-point solutions.' Many efforts in this space are not designed to tackle the complex, multi-layered, and deep political economy dimensions of the problem in a systemic way. As a result, we struggle to approach the problem holistically across borders and to connect efforts in global financial centers in a meaningful way with those in developing countries.

Action on Transnational Corruption

The United Nations Development Programme's (UNDP) Action on Transnational Corruption (ATAC) initiative is an experimental effort that aims to help develop a radically different approach to collectively understanding and tackling transnational corruption more effectively.

To do this, the initiative experiments with systems thinking and complexity-grounded

methods. ATAC is housed in UNDP's [Global Policy Centre for Governance](#).

ATAC is currently in a 'discovery' phase where we look at a particular corruption ecosystem, focusing on the proceeds from grand corruption from Nigeria. In this connection, we seek to:

- **Foster new connections and ways of collaborating:** Helping stakeholders from source countries (i.e. Nigeria) as well as those working in enabling and destination countries (e.g. the UK, US, South Africa, and United Arab Emirates) to connect in new ways and collectively explore the complex problem of transnational corruption through systems approaches.
- **Rethink how to tackle the problem:** Develop new ways of understanding and visualizing the problem and outline promising principles and features of an approach to transnational corruption grounded in systems thinking, the main obstacles to implementing this approach, and a mapping of opportunities and entry-points for prototyping it.
- **Generate interest among allies:** foster interest among global, regional and national stakeholders, including funders and programme partners, to further engage and collaborate on the issue.

Our ambition is to progress from the discovery phase to prototyping and, subsequently, expansion. This will entail putting learning from the first phase into practice in the design and implementation of efforts relevant for tackling transnational corruption. We also strive to take on the role of a [system shifting intermediary](#) – performing a suite of activities related to bridging, brokering, and connecting people, ideas, funding, and efforts across sectors and jurisdictions to help improve

learning, coherence and collaboration across the ecosystem of efforts trying to tackle transnational corruption. This function is crucial though often overlooked and under-resourced.

What's next?

ATAC's discovery phase is still underway with research, systems-grounded analysis, and collective sensemaking. In this connection, we deploy a suite of analytical lenses to understand different aspects of **how transnational corruption ecosystems work**. For instance, we ask:

- What types of **actors** are involved in stealing, moving and hiding, protecting and spending proceeds from grand corruption?
- Which **jurisdictions** are involved and what functions do they play (e.g. as a place where shell companies are registered or where funds are spent)?
- What underpinning formal and informal **structures** maintain or drive change in the system?

Based on these types of inquiries, we surface actionable insights and opportunities for augmenting and accelerating the fight against transnational corruption. Throughout the process, we are committed to 'learning out loud'. We will therefore produce and share learning about the work in blogs and working papers. Our first paper is already underway.

We welcome collaborators from a broad range of disciplines and experiences: not only those already working on corruption and illicit finance, but also designers, social innovators, data scientists, and anyone else interested in tackling transnational corruption. If you are interested, please reach out.

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