

# 10 Unaddressed Corruption Risks: A Barrier to Achieving the Sustainable Development Goals (SDGs)

## CORRUPTION RISK 1: Grand/High-Level Corruption with Impunity

- Grand corruption, involving high-level officials, undermines the justice system. Powerful corrupt figures manipulate the government, obstruct investigations, and escape punishment for fraud, abuse of power, and other offenses.
- When the government itself is complicit, achieving justice through domestic institutions is nearly impossible.

### Solutions: Seeking International Assistance and Accountability

- **International Assistance:** In countries with endemic corruption, civil society should advocate for investigative support from international bodies such as:
  - **UNODC Bureau of Economic Crime:** Their expertise aligns with the UN Convention Against Corruption.
  - **UN Special Rapporteur on Financial Crime, Corruption and Human Rights:** Focused on the impact of corruption on human rights.
- **Third-Party Oversight:** When the judiciary is compromised, civil society can demand third-party monitoring by international organizations (like those listed above) to ensure investigations are impartial and adhere to international legal standards.
- **UNODC Technical Cooperation:** Leverage UNODC programs to strengthen the capacity of domestic institutions to investigate and prosecute complex corruption cases.
- **Civil Society as Watchdogs:** Empower civil society to monitor compliance with the UN Convention Against Corruption and the UN Convention Against Transnational Organized Crime and demand remedies for victims of corruption.
- **Corruption as a Human Rights Violation:** Establish a framework defining corruption as a human rights violation, creating stronger grounds for international intervention and accountability. This reframing empowers victims to seek justice beyond domestic systems.
- **Victim Support:** Develop a comprehensive international framework outlining specific measures to support victims of corruption, with an emphasis on seeking redress and compensation.
- **Civil Lawsuits as a Tool:** Create pathways for individuals and businesses harmed by corrupt practices to file civil lawsuits against those who have enriched themselves through public funds (unjust enrichment).
- **Holding the Powerful Accountable:** Lawsuits targeting corrupt officials and their associates should focus on proving unjust enrichment from public funds. This attacks the financial foundation of systemic corruption.

Even well-documented cases often fail when corruption is endemic. This underscores the need for a multifaceted approach that empowers civil society, leverages international support, and targets the root benefits of corruption.

### **Additional considerations:**

- **Victim Compensation:** While important, suing corrupt individuals for damages is often lengthy and difficult.

#### **Focus on seizing illicitly gained assets to compensate victims on a broader scale.**

- **Whistleblower Protection:** Robust protection for individuals who report grand corruption is essential.
- **Independent Investigations:** Can special prosecutors or independent units be established outside the compromised system? This needs funding and resources.
- **Public Education:** Civil society can play a role in educating people about their rights, the impact of corruption, and how to seek help.
- **Strategic Alliances:** Connect with international NGOs already working on these issues

### **RISK 01: Corrupts operate with impunity - Resolve the issue of impunity**

**Risk: Potential involvement of former intelligence officers in public procurement fraud and public asset fraud, misusing non-public (confidential or secret) information obtained during the employment, or using contacts/connections established during the employment to obtain contracts and information (influence peddling).**

**Solutions: Code of conduct and post-employment rules for intelligence officers.**

**I've been working pro-bono in the past weeks to identify and document the REAL corruption risks in Romania, risks intentionally ignored by profiteering organized criminal groups and their consultants, who are paid hundreds of millions from public funds. I've also drafted strategic initiatives and actions to effectively combat these risks and bring justice to the Romanian people.**

**CORRUPTION RISK 2 – Romania: Strategic and anti-corruption projects, including million-dollar sustainable development projects intended to strengthen the public's capacity to investigate, prevent, and combat corruption (corruption, the number one enemy of sustainable development), are defiantly awarded to organized criminal groups.**

**These groups utilize illicit capital gained through past corruption and engage in money laundering and the exploitation of non-public information.**

**Impact: Sabotage of Anti-Corruption Efforts, Economic Harm, and Infringement of Civil Society Rights**

- **Corruption Entrenchment:** Awarding critical projects to criminal networks strengthens their resources, influence, and ability to evade accountability. This undermines anti-corruption efforts, perpetuates a cycle of impunity, and erodes public trust.
- **Economic Damage:** Honest businesses are deprived of fair opportunities, stifling innovation, job creation, and healthy competition. This distorts markets, fuels inequality, and robs taxpayers of vital resources that could contribute to the nation's development.
- **Infringement of Fundamental Rights:** Denying civil society access to accurate and complete data contravenes Article 13 of the United Nations Convention Against Corruption.

This hinders civil society's role as a watchdog and increases the burden on already disadvantaged citizens forced to finance costly investigations for transparency and accountability.

- **Personal and Systemic Damages:** as a person with a solid moral compass, motivated by ethics and skilled in identifying corruption schemes, I had to work pro-bono to create this anti-corruption blueprint and strategy because all the available paid opportunities and public procurement contracts were awarded to organised criminal groups. In the same time, I cannot pasively wait and see how the population is robbed and organised criminal groups flourish.
- These individuals, beneficiaries of strategic public procurements contracts, must not only repay the millions of dollars they receive for their malpractice but also the billions of dollars in damages their incompetence has caused to society. This situation represents a systemic failure that robs society of robust anti-corruption solutions while allowing incompetent firms to profit unjustly. I've documented and quantified the damages they created in over 10 pages.
- Strategic projects, strategy for sustainable development in Romania (a project that paid the consultants EUR 5 millions and the results are not worth neither 100.000 euro, with 4.9 millions being robbed), plus the national anti-corruption strategy - are undermined from the beginning when contracts are awarded to organized criminal

groups. These groups often have illicit capital from money laundering, past corruption, and unfair advantages built on non-public information and influence peddling by former intelligence officers.

- This weakens anti-corruption efforts, perpetuates exploitative systems, enables further organized crime activity, and deprives honest professionals of both economic opportunities and the chance to contribute effectively to the public good.

### Quantifiable Harm: Economic and Social Costs of Corruption

- **Mass Emigration:** An estimated 30% of the Romanian population has emigrated due to corruption and lack of merit-based opportunities. This represents a severe loss of human capital and potential economic contributions.
- **Public Procurement Fraud:** Public Contracts and resource (oil, gas, forests, gold, etc.) exploitation rights have been systematically awarded to organized crime groups, denying opportunities to legitimate businesses. This has severe economic and societal costs.
- **Increased Public Debt:** Corruption has led to a ballooning of Romania's public debt. These RECENT borrowed funds, exceeding \$70 billion, have enriched criminal networks instead of serving the public good.
- **Lost Economic Potential:** Corruption stifles innovation, suppresses honest businesses, and distorts market dynamics. This diminishes GDP growth and undermines the development of a robust national economy.
- **Concentration of Wealth:** Corrupt practices funnel wealth into the hands of organized criminal groups. This exacerbates economic inequality, impoverishes substantial segments of the population, and reduces progress on the Sustainable Development Goals (SDGs).
- **This is** an attack on human rights and development goals by those seeking illegal enrichment.

### **Solutions:**

- **Enhanced Due Diligence - Proactive verification:**

Before awarding strategic anti-corruption contracts, conduct thorough due diligence, potentially in collaboration with UNODC's Bureau of Economic Crime, which has expertise in implementing the UN Convention Against Corruption, for companies bidding on strategic and anti-corruption projects. This should include:

- In-depth background checks with law enforcement collaboration.
  - Financial investigations to trace the source of assets and flag money laundering risks.
  - **Enhanced** Conflict of interest checks uncovering relationships with current or former officials.
- **International Support:** Partner with UNODC, INTERPOL, and other relevant international bodies for expertise and access to global intelligence. UNODC to: investigate ownership, trace asset flows, assess past contract performance.
  - **Citizen Empowerment:** Create an accessible mechanism for citizens and NGOs to request investigations if they suspect corruption. Allow for independent oversight of the process. Citizens directly impacted by corruption, and who lack faith in domestic institutions, should have the right to request this scrutiny as a safeguard.
  - **Public Disclosure:** Increase transparency by publishing the results of due diligence checks for strategic contracts.
  - **Accountability for Professional Bodies:** Associations and professional training providers must also be contracted to verify the expertise and integrity of firms bidding on these sensitive projects.
  - **Qualifications, Not Just Corruption:** It's important to disqualify corrupt firms, but equally important to ensure genuinely qualified ones remain eligible.
  - **Capacity Building:** Ensure the country's investigators have the resources and training needed for this in-depth work.
  - **Beyond Due Diligence:** Verification is one piece. Strengthen whistleblower protections, establish independent oversight bodies, and invest in investigative journalism for a holistic approach.

## **Damages Caused by Inadequate Due Diligence in EU Contract Criteria and Awards**

### **1. Damages to Honest Entrepreneurs and Professionals (Pre-Award and Award Stages of Contracts)**

- **Discrimination:** Ethical entrepreneurs and professionals who refuse to bribe are excluded from the market while organized crime groups win contracts.
- **Financial Losses:** Systemic corruption creates unfair competition, where bribery-driven awards prevent honest businesses from securing vital contracts. This leads to:
  - Direct revenue losses due to corrupt practices.
  - Business closures when ethical competitors cannot compete against bribe-paying entities.

- Indirect losses when institutions mislead honest businesses into investing time and resources to draft tender technical offers for tender processes they don't know are rigged.
- **Lost Opportunities and Investments:** When contracts aren't based on merit, honest entrepreneurs miss out on the chance to grow their businesses, generate jobs, and contribute to GDP growth. The stolen funds, often laundered and reinvested into criminal activities, further stifle the potential of legitimate Romanian capital.

This constitutes an undermining of the national economy and an abuse of human rights.

**Capitalism without competition isn't capitalism. It's a monopoly/cartel. It's exploitation. It's corruption that leads to extreme levels of exploitation of the population and human rights abuses if the country is corrupt.**

- **Reputational and Emotional Damages:** After being shut out by corruption, honest firms and individuals who expose such activity face:
  - Defamation campaigns by corrupt networks and their protectors in government.
  - Blacklisting, discrediting, cybercrime, and threats.

This aims to discredit and silence those who expose wrongdoing.

I wrote and structured these damage categories based on the personal harm I've suffered as a result of the proliferation of organized criminal groups in Romania. These groups consist of corrupt politicians working alongside current and former corrupt intelligence officers. They collaborate with accountants, lawyers, and multinational consultancies that leverage their expertise in audit, accounting, law, and tax, along with affiliated marketing agencies, to assist the criminal groups. They also use their headhunting agencies to place corrupt individuals in executive management teams in corporations profiting of resources they robbed from the communities, enabling these networks of organised criminal groups to continue their theft.

## **2. Damages to the Population (Taxpayers) - Post-Project Implementation Stage – Quality Assessment/Acceptance of Deliverables (Works and Services) in public procurement:**

- **Subpar Deliverables:** Corruptly awarded contracts often result in works or services that are significantly below expected quality or functionality. This is due to profiteering by companies that prioritize bribes over performance, potentially endangering lives.
- **Safety Risks:** Poorly executed projects can endanger lives as funds are diverted and standards ignored.
- **Inflated Costs - Wasted Investment - Economic Damage:** Taxpayers pay full price for services worth significantly less. This represents significant economic loss and a betrayal of public trust. The funds lost to corruption could be vital for social programs or infrastructure development. Instead, the funds intended for public benefit are wasted, enriching criminal networks and starving honest businesses of the resources to grow and innovate.

## Framing the Issue:

- **Economic Sabotage:** Corruption in public contracting directly undermines Romania's economic development and competitiveness.
- **Human Rights Violation:** Denying honest businesses equal opportunities through corruption is a breach of fundamental rights.

## SOLUTIONS:

- **Human Rights Framework:** Enforce a new framework that explicitly criminalizes corruption as a human rights violation.
- **Victim Compensation:** Develop a universal framework to compensate individuals and businesses harmed by corruption, including lost opportunities and investments. While important, suing corrupt individuals for damages is often lengthy and difficult. **Focus on seizing illicitly gained assets to compensate victims on a broader scale.** Use a portion of assets seized from corrupt actors to create a fund that compensates honest businesses for lost contracts and investments.
- **Anti-Corruption Procurement Standards:** Mandate strict due diligence, transparency, and independent quality assessments for all EU-funded projects.
- **Whistleblower Protections:** Strengthen laws safeguarding those who report corruption, including protection from retaliation by corrupt networks.

## LAWS BREACHED

### Romanian Constitution:

- **Article 135(2)a, b, c, d, e, f (Economy):** This article guarantees the right to a healthy and balanced development of the Romanian economy. The violation of this article includes actions that harm the economy, such as corruption, mismanagement, or economic sanctions.
- **Article 16(1) and (2) (Equality in Rights):** This article guarantees the right to equality in rights and opportunities for all Romanian citizens. The violation of this article includes actions that discriminate against individuals or groups, such as racism, or discrimination on the basis of political beliefs.
- **Article 47 (Standard of Living):** This article guarantees the right to a decent standard of living. The violation of this article includes actions that reduce the standard of living for Romanian citizens, such as poverty, unemployment, or inflation.
- **Penal Code: Article 165 (Undermining the National Economy):** This article prohibits actions that undermine the national economy. The violation of this article includes any actions that harm the economy, such as espionage, sabotage, or economic warfare.

**Regarding the breach of Article 16(1) and (2) (Equality in Rights) in the Constitution:** per definition, corruption represent the human rights abuses of honest people.

When an individual secures preferential treatment through bribery (such as in the context of public procurement where the bribe makes him win the contracts), law-abiding competitors who don't bribe and have a "zero bribes" policy face

discrimination. **In this case, no other human right is affected except the right to equality (the right to be treated equally.)**

Firstly, definitions of discrimination are broad ("any distinction, exclusion, restriction or preference"). Acts of corruption inherently differentiate, exclude, or favor certain individuals.

Secondly, grounds for discrimination (race, religion, etc.) are not exhaustive. The "or other status" clause demonstrates that discrimination based on any factor is prohibited (in this case the factor is: honest professionals/entrepreneurs who don't bribe and are discriminated against).

Thirdly, discrimination encompasses acts with a discriminatory "purpose or effect." Corruption, by its very nature, fulfills both criteria.

Fourthly, discrimination often nullifies or impairs other human rights such as the right to life, education, or health. Corruption frequently creates situations where individuals are disadvantaged in exercising these rights.

In essence, every person deserves fair treatment by public officials. When someone resorts to bribery, they gain an unfair advantage over those who REFUSE to participate in such corrupt practices.

**Corruption Risk 3 - Romania: Organized criminal groups (OCGs) with capital obtained through prior corruption exploit access to non-public information and connections with former intelligence officers to secure lucrative state contracts. They use offshore companies, bribes, and bid manipulation to gain unfair advantages.**

**Impact:** This results in low-quality public services, inflated costs, and undermines public trust.

**Solution:** Establish a mechanism through national anti-corruption agency whereby citizens or NGOs with well-founded suspicions about a bidder can request verification by UNODC. This verification would include:

- Beneficial ownership investigations to check for links to past corruption.
- Financial forensics to trace the origin of company capital.
- Review of past contract performance for red flags.
- Expert assessment of the company's actual qualifications for the project.



## CORRUPTION Risk 4 - Romania: Abuse of Power by Former Intelligence Officers

Former intelligence officers pose a significant risk of misusing secret and confidential information and networks obtained during their tenure for personal gain. This manifest in several ways:

- **Public Procurement Fraud:** Ex-officers establish firms to secure state contracts, using insider knowledge for unfair advantage, and colluding with corrupt officials.
- **Facilitating money laundering for organized crime:** Their connections and expertise is used to launder illicit funds derived from public procurement fraud or resource exploitation.
- **Blackmail using sensitive information:** Former officers threaten individuals or entities with the release of compromising information, obtained during their service, for financial gain. Types of information these officers exploit: technical data, classified procurement plans, personal data on individuals.

**Types of Corruption Offences Facilitating these abuses:**

- **Bribery for Confidential Information:** Public and private sector employees are bribed to disclose sensitive information that undermines national security, compromises industrial secrets, or provides an unfair market advantage.
- **Bribery for unfair competitive advantage:** Officials involved in public procurement are bribed to favor specific companies, receiving kickbacks from the contract proceeds.
- **Bribery to Evade Criminal Liability:** Law enforcement, prosecutors, and judges are bribed to obstruct investigations, prosecutions, or to ensure favorable outcomes in criminal cases.

### **SOLUTIONS:**

- **Post-Retirement Code of Conduct:** A strict code outlining restrictions and ethical responsibilities for former intelligence officers, preventing them from misusing clasified information or networks gained during service, for personal gain.
- **Revised Post-Employment Procedures:** Enhance post-employment regulations, including mandatory review periods and limitations on the industries where former intel officers can work.
- **Anti-Corruption Procedures:** Implement robust procedures targeting the misuse of clasified/non-public data for personal gain by intelligence agents, both during and after their service.
- **Compliance, Accountability and Enforcement:** Ensure **existing anti-corruption frameworks** (anti-corruption procedures, anti-bribery measures, risk registries, and the Code of Conduct as a combined framework that supports state-level compliance with human rights protection obligations) **are actively monitored and breaches lead to swift prosecution.**

## **CORRUPTION RISK 5 - Romania: Lack of Civilian and Parliamentary Oversight Enables Corruption within the intelligence agencies**

The absence of robust civilian and parliamentary control over the Romanian Intelligence Service (SRI) and the Special Telecommunications Service (STS) has created an environment conducive to corruption. This lack of oversight has allowed them to:

- **Breach Laws and Anti-Corruption Procedures:** The SRI and STS have bypassed due diligence investigations and other anti-corruption measures, enabling them to engage in corruption and misuse of public funds and information.
- **Contract Organized Crime Groups:** These agencies have directly awarded lucrative contracts to organized criminal groups, providing them with credibility and a source of illicit funds.

### **The Mechanism observed by investigating the companies contracted by these institutions**

- **Corrupt Companies:** Companies with shareholders linked to tax evasion and other financial crimes are awarded contracts by the SRI and STS.
- **Money Laundering:** These contracts serve as a means to launder money from previous corruption offenses.
- **Profits used to rob the Taxpayers:** The laundered funds are then invested in new ventures, often with the support of corrupt factions within the intelligence services, further enriching criminal networks at the expense of taxpayers.
- **Exploitation of Public Funds:** Despite their vast budgets, the SRI and STS fail to provide meaningful support to legitimate anti-corruption bodies like the DNA. This undermines the fight against corruption and suggests a possible misappropriation of funds.

### **Consequences:**

This systemic corruption within the intelligence services represents a form of national betrayal. It allows organized crime to flourish while diverting resources away from those actively fighting

### **Dynamics of Corruption:**

- **Unaccountable Power:** Without effective oversight, the SRI and STS have exploited their positions to award contracts to corrupt companies involved in money laundering. These companies have evaded taxes on a massive scale, reinvesting illicit profits through intermediaries and corrupt factions within the intelligence services.
- **Misuse of Public Funds:** These agencies receive billions of euros from the state budget, with a significant portion going towards salaries. This represents a betrayal of public trust, as these resources are meant to protect national security, not to enrich criminals or fund the agencies' own corruption.
- Romania has many citizens who tirelessly fight against systemic corruption, often without compensation. Prioritizing funding for dedicated anti-corruption bodies, rather than perpetuating corruption within intelligence services, is crucial.

### **Patterns of Exploitation in public procurement:**

- **Initial Boost:** Corrupt companies receive direct contracts from the SRI and STS, enabling them to launder money from previous offenses.
- **Escalating Profits:** These companies then secure tens of millions of euros in contracts from other state law enforcement institutions (Ministry of Internal Affairs, Ministry of Justice, Health Ministry, etc.), deepening complicity with organized crime and undermining state integrity.

## SOLUTIONS:

Systems with robust transparency measures are inherently less susceptible to corruption. This includes:

- **Freedom of Information Policies:** Ensure public access to relevant information about contracts, spending, and decision-making processes within the SRI and STS.
  - **Independent Oversight and Ethics Board:** Establish a body with the power to investigate potential misconduct, impose sanctions, and advise on ethics-related matters involving former intelligence officers.
  - **Transparency and Public Disclosure:** Require a public registry of former intelligence officers involved in lobbying or procurement-related businesses, including disclosure of their past roles within the intelligence community.
  - **Proactive Investigations:** Conduct regular audits and risk assessments of public procurement processes, especially in sectors prone to corruption or with known links to former intelligence officers.
  - **Enhanced Whistleblower Protections:** Encourage and protect those who report suspicious activities involving former intelligence officers.
  - **International Cooperation:** Collaborate with other countries facing similar issues to share best practices and intelligence on potential illicit activities.
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## **CORRUPTION RISK 6: Lack of Incentives to investigate complex corruption cases**

When stolen funds cross international borders, law enforcement faces significant challenges.

These include long and costly investigations, uncertainty of outcomes, and the potential for recovered funds to be repatriated elsewhere. Despite commitments under the UN Convention against Corruption, many developed nations have done little to proactively investigate foreign corruption within their financial systems.

Collaboration between relevant agencies within both source and haven countries remains hampered. Anti-corruption, anti-money laundering, and tax authorities, each with specialized skills, often face bureaucratic disincentives towards cooperation.

Historically, scandals like those revealed in the Panama Papers, 1MDB case, and others, have first been exposed by journalists, NGOs, and whistleblowers. Regulators and law enforcement have been slow to react or, in some cases, even obstruct these investigations. Pressure from the media and source countries often acts as the primary catalyst for action by haven countries.

### **SOLUTIONS: Reward-Based System to Incentivize Results**

As I mentioned in the open letter to the UN Secretary-General, a proposed solution is:

- **Reward System:** Distribute a percentage of recovered corruption funds to independent journalists, investigators, and prosecutors whose work was instrumental in the identification, documentation, and successful prosecution of these cases.

#### **Motivation:**

- **Performance-Driven:** Motivate results-oriented actions that serve the public interest, addressing the current imbalance that often rewards corrupt actors involved in maintaining exploitative systems.
- **Level Playing Field:** Acknowledge that formal contracts or institutional affiliations do not guarantee outcomes. Independent expertise can outperform corrupt or inefficient agencies.

#### **Reward Structure:**

- **Independent Actors:** Cases initiated by non-institutional actors, with significant contribution to prosecution, could result in awards of 1-30% of recovered funds (similar to the US SEC model).
- **Prosecutors / Teams:** Successful prosecutions could yield 0.8-29.2% of recovered funds, with percentages adjusted by deducting prosecution costs from the 1-30% range.

#### **Key Principles:**

- **Taxpayer Value:** Reward those achieving public interest goals using existing funds.

- **Challenging the Status Quo:** Break the pattern of mismanaged funds enriching corrupt institutions and contractors.

### Call to Action

- **Justice Redefined:** Prioritize those who achieve tangible outcomes, regardless of formal affiliations. This model demands better use of the very funds that corruption drains from the public.
- **Recognizing Excellence:** Individuals whose evidence-based actions lead to the recovery of stolen assets have earned their place as true public servants.
- **Ending Complacency:** Corrupt contractors have profited from taxpayer money for too long. It's time to reward those who prove their dedication to the public good, even if it means challenging the established system.

**Example:** If a billion-dollar fraud is exposed through independent efforts, while agencies spent billions with minimal results, the principle of taxpayer value demands recognition for the successful party.

## **CORRUPTION RISK 7: Network Corruption in Romanian Public Procurement**

**Description of the RISK:** Systematic public procurement corruption in Romania involves entrenched networks of colluding individuals/firms within and outside of government.

This corruption thrives on established relationships, lasting for years and dominating entire market segments.

The illicit gains fuel political campaigns and allow economic and political elites to maintain power and control.

This systemic abuse extends from high-value contracts to all levels where public funds are dispersed.

Corrupt politicians manipulate institutions and regulations to secure lucrative contracts, laundering money through seemingly legitimate channels.

Patronage politics further enable these structures, allowing corrupt money to flow freely. Bribery and coercion are common tactics used by corrupt officials and corporations to secure benefits or distort supply chains, facilitating illicit markets and money laundering.

Long-term, this manipulation of political, legal, and financial systems undermine the nation's ability to provide essential services, leading to potential state failure. Such environments fail to distribute wealth equitably, stifle innovation, and result in rampant poverty.

The recovery of stolen assets, especially in cases of vast political corruption, is critical. These funds are desperately needed to rebuild broken systems.

Corrupt officials often hide illicit gains overseas, creating complex legal and jurisdictional barriers to recovery.

New governments must simultaneously establish their credibility and secure international cooperation to pursue these complex investigations. Effective solutions must target both corruption and the money laundering mechanisms that perpetuate it, requiring a coordinated, global approach.

### **Dynamics of the Corruption Network:**

- **Illicit Funding of Politics:** Proceeds from public procurement fraud fuel political parties, creating a corrupt cycle of power and illicit enrichment.
- **Capture of Institutions:** Political elites use their influence to manipulate institutions and regulations, positioning themselves as gatekeepers who facilitate the flow of illicit funds through seemingly legitimate channels.

- **Prevalence Across All Levels:** This network-based corruption is not limited to high-value national contracts. It exists at all levels of government where authority over public spending resides.

### **Risks and Impacts:**

- **Weakened State Institutions:** Corruption undermines the state's ability to provide essential services and security, potentially leading to state failure.
- **Impoverished Society:** Corruption stifles innovation, investment, and development, creating an environment where wealth and opportunity cannot flourish.
- **Links to Money Laundering:** Corrupt individuals utilize complex supply chains to launder illicit funds, further fueling the criminal economy.

Identifying and recovering stolen assets is important, particularly in cases of "grand corruption", where the amounts are large and often needed by a new Government trying to remedy problems arising from past corruption.

Very senior officials involved in corruption generally find it necessary to transfer looted proceeds abroad, making identification and recovery in most cases a multinational project.

The legal and logistical difficulties of pursuing complex investigative and legal proceedings while rebuilding national institutions and infrastructures are great. Not only that, successor Governments usually have to establish their own international credibility and integrity before obtaining the necessary legal assistance and cooperation from abroad.

### **SOLUTIONS:**

- **Specialized GLOBAL Anti-Corruption Task Force:** Establish an Anti-Corruption and Money Laundering Coordination Centre, bringing together law enforcement specialists under one roof to investigate these crimes effectively.
- **Expert Investigative Unit – PUBLIC PROCUREMENT:** Create an Anti-Corruption Expert Office in each country, with dedicated resources, to investigate public procurement fraud, a source of significant financial loss (\$1 trillion globally per year).
- **Global Collaboration:** Asset recovery and anti-corruption efforts must transcend national borders.
- **Focus on Financial Enablers:** Target networks within both the public and private sectors that facilitate money laundering or participate in corrupt procurement schemes.

## ***CORRUPTION RISK 8: A Thriving Market for Corruption and Money Laundering***

This illicit market fuels corruption and is exploited by:

- **Corrupt National Networks:** Intelligence officers and political figures enrich themselves through public procurement fraud, exploitation of state-owned companies, and theft of natural resources (oil, gas, forests, minerals).
- **Transnational Criminal Groups:** These groups collaborate with professional enablers (lawyers, accountants, multinational consulting and accounting companies, etc.) to facilitate complex money laundering schemes and aggressive tax optimisation schemes.

### **SOLUTIONS**

1. **Expose the Market:** Create a comprehensive EU database of corruption and money laundering cases. This provides detailed documentation of amounts, methods, and underlying crimes, giving policymakers crucial insights for developing targeted responses.
2. **Tailored Anti-Corruption Measures:** Different corruption patterns necessitate distinct strategic and programmatic approaches. Current anti-corruption measures often lack this necessary differentiation.
3. **Global Asset Register:** Establish an international registry documenting high-value assets and their true beneficial owners. This combats tax evasion and concealment of illicit funds that fuel corruption.
4. **Targeting Enablers:** Focus pressure on financial intermediaries like private and global banks, lawyers, and accountants, consultants who facilitate tax havens and money laundering. These actors are crucial to dismantling the corrupt system.

### **Key Statistics:**

- \$21-32 trillion in private wealth hidden in secrecy jurisdictions.
- \$4.5 trillion in illicit financial flows annually.



## **CORRUPTION RISK 9 Illicit Financial Flows (IFFs) rob 4.5. trillions yearly from achieving the SDGs**

- Estimated annual losses: \$4.5 trillion
- Forms of Illicit Flows: Corruption (\$2 trillion), tax evasion and aggressive tax optimisation schemes (\$1.5 trillion), money laundering, and human rights abuses.

### **Operational Risks Contributing to Illicit Financial Flows**

- Exploitation of Legal Loopholes: individuals are actively manipulating the legal system for their benefit.
- Inadequate Enforcement of Sanctions.
- Misaligned Bank Incentives: They don't report money laundering if they are not incentivized to do so.
- Political Corruption and Regulatory Weakening: power structures enable illicit activity.
- Lack of capacity to use information submitted by enablers.
- Limited Protection for Whistleblowers and Civil Society: This emphasizes the vulnerability of those who try to expose these practices.

### **Additional Risk Identified Through Analysis of Organized Crime Operations** (not yet addressed in World Bank and UN reports):

- Money Laundering via Stock Exchanges: Corrupt individuals (predatory investors) often with the aid of multinational professional enablers (consultants, lawyers, accountants), launder money through stock exchanges. This is particularly prevalent with funds obtained from extractive industries (mining, oil, and gas).
- Exploiting Legislative Loopholes: These individuals and multinational corporations strategically infiltrate governments and engage in lobbying to exploit legal loopholes, enriching themselves at the expense of communities.

### **Solutions:**

- Responsible Investment Frameworks: Integrate standardized human rights and ESG indicators into the Principles for Responsible Investment.
- Mandatory ESG Disclosures for Listed Companies: Require disclosures covering all financial activities (including money laundering schemes, tax haven activities, and involvement of professional enablers: auditors, lawyers, consultants in these schemes) for all companies listed on stock exchanges, with special emphasis on extractive industries.
- Enforce Business and Human Rights Guidelines: Implement mandatory due diligence and risk management procedures in alignment with the UN Guiding Principles on Business and Human Rights: Human rights due diligence and Management of human rights / risk impacts.
- Robust Legal Frameworks: Enact comprehensive legislation addressing:

- Corporate ESG disclosures (including modern slavery)
- Investor due diligence
- Investor ESG regulations
- Sustainable taxonomies
- National sustainable finance strategies
- National Action Plans on Business and Human Rights.

Disclaimer: For the purposes of Sustainable Development Goal indicator 16.4.1, the aggressive tax avoidance practiced by corporations and their big four consultants and accountants is considered an illicit financial flow. Aggressive tax avoidance practiced by corporations with the help of multinational **consultancies (audit and accounting) is detrimental to sustainable development.**

## **Corruption Risk 10: CARBON TAX, CARBON QUOTA, AND LIMITS ON INCOME PER HUMAN BEING FROM PUBLIC FUNDS BENCHMARKED WITH RESULTS**

CARBON TAX and CARBON QUOTA but no quota on how much a human being is allowed to earn from public funds, many earning millions, dozens of millions, and yielding no results compared to discriminated individuals offering solutions free of cost.

Taxpayers pay for results.

## **MISINFORMATION, DISINFORMATION, SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE INITIATIVES FUNDING**

There's widespread misunderstanding about the true meaning of the SDGs and Agenda 2030. These misconceptions, sometimes even among intellectuals, may be strategically fueled by vested interests seeking to undermine progress and keep their exploitative systems in place.

Achieving the Sustainable Development Goals (SDGs) means: reducing poverty, hunger, ensuring decent work and economic opportunity for all, tackling climate change (including air pollution that affects us all), etc. not some conspiracy theory about the enslavement of the human race.

To achieve the SDGs, I developed a new, holistic approach that focuses on tackling the root cause of underfunding: Corruption.

Additionally, it establishes robust safeguards to minimize risks throughout the entire funding process, to ensure resources are ethically sourced and used to directly benefit the intended goals.

# Addressing Illicit Financial Flows for SDG Achievement

Currently, Illicit Financial Flows (IIFs) cause staggering losses:

- **\$2 trillion lost to CORRUPTION annually**
- **\$1 trillion lost to AGGRESSIVE TAX EVASION**
- **\$1.5 trillion lost to FRAUDULENT PUBLIC PROCUREMENT**
- **10% of the world's wealth (10% of \$105 trillion global GDP) is hidden offshore, stemming from corruption, tax evasion, and human rights abuses.**
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These illicit flows represent a massive drain on the estimated \$5-7 trillion annually needed to achieve the SDGs, including food security, infrastructure, health, and education.

This massive loss of potential funding highlights the urgent need for a comprehensive anti-corruption strategy like the one I've developed.

The current pursuit of achieving the Sustainable Development Goals (SDGs) faces two key challenges.

First, I identified there's THE RISK of focusing solely on middle-class taxation to fund SDGs and green initiatives, overlooking the significantly larger potential source of funding: tackling the estimated \$4.5 trillion lost annually to corruption and tax dodging. This risk is already happening.

Second, there's a concern/RISK that even if funds are gathered from any source, they could be misdirected towards entities with vested interests in "green businesses," creating monopolies and benefiting corrupt groups instead of truly serving the SDGs. This risk is already happening.

Businesses should hold Accountable all executives, staff and board members that foster or tolerate illicit financial flows in the name of their businesses.

**Risk 10.1: Instead of tackling the massive losses from corruption and tax evasion (estimated at \$4.5 trillion annually), the burden falls on the middle class through increased taxes and/or reduced /low quality public services. We already see this in practice.**

**Proposed Solution:** Prioritize recovering these illicit financial flows by strengthening anti-corruption measures like mandatory human rights reporting in ESG for publicly listed corporations and reforming public procurement processes, as extensively detailed in this report.

**Risk 10. 2. Captured Sustainability Efforts. Money redirected from the middle class disproportionately benefit corrupt interests involved in so-called "green businesses."**

Even with funding, corruption can undermine SDG efforts.

**Proposed Solution:** Implement transparent funding allocation mechanisms for sustainability initiatives. Prioritize independent oversight and public participation to ensure funds are directed towards legitimate projects, not captured by corrupt individuals.

Fairer taxation systems that target tax havens and wealthy individuals who benefit most from the current economic structures not the middle class.

Green investments/businesses as opportunities to create new jobs and stimulate the middle class, as opposed to a monopoly enriching corrupt groups.

Increased transparency and public oversight can prevent funding from falling into the wrong hands.

**Focus on Inclusivity:** Policies that promote green businesses and initiatives that benefit all levels of society, not just special interests.

It's crucial to move beyond GDP as the sole indicator of a nation's PROSPERITY, as the GDP fails to capture essential factors like human well-being, environmental sustainability, and the value generated by the informal economy.

**A comprehensive set of Sustainable Development Goals (SDGs) offers a much better metric for the overall well-being of people and the planet.**