

TRANSPARENCY &  
ACCOUNTABILITY  
INITIATIVE

# Defending democracy from illicit finance and kleptocrats:

a scoping paper for transformative  
funding opportunities

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# Introduction

**Most authoritarian governments are integrated into – and benefit from – a global system of finance, influence and economic interests.** The most venal and greedy are often termed “kleptocrats”, driven primarily by a desire to accumulate wealth for themselves and their cronies by any means, regardless of the cost to their compatriots. This behaviour is sustained and enabled by a complex, global system that operates across established democracies, countries in transition and failed states, through a web of illicit finance and opaque services. Whilst media attention and political commentary focuses on the “kleptocracies”, the **collusion and negligence of political and economic elites in democracies in Europe and North America are core to how this system operates.**

<sup>1</sup>The Crony-Capitalism Index conservatively measures profits from rent-seeking industries, based on Forbes estimates of the wealth of the richest.

It is hard to measure the scale of the problem; the *Economist*’s “[Crony-Capitalism Index](#)” puts it at around \$3 trillion, or nearly 3% of global GDP, with Russia topping the list.<sup>1</sup> But **illicit finance does not just provide financial benefits – it also emboldens kleptocrats and entrenches their power and influence at home and abroad.** Illicit finance – primarily “dirty money” – is also being deployed more broadly by authoritarian regimes and anti-democratic institutions to undermine democracies and progressive rights agendas (e.g., funding anti-gender, anti-LGBTQ+, anti-human rights movements).

Dirty money derives from a host of activities, including drug and human trafficking, mining, smuggling, bribes, rent extraction and tax fraud. These funds are then transferred, laundered and invested by a complex network of banks, wealth managers, lawyers, intermediaries and advisers via offshore companies, trusts and a range of assets. Laundered funds are then used to entrench, enrich and influence, spent on everything from political donations to yachts. Collectively, **these facilities and channels for financial secrecy aid kleptocrats and other non-democratic actors (including authoritarian and totalitarian regimes) in pursuing wealth and power with impunity.**

Grand corruption, theft of state assets and opaque string-pulling are not new phenomena. However, **the growth of nebulous cross-border connections in a globalised and digitized world have altered how bad actors secure and defend the spoils of corrupt practices and use them to entrench their positions.** Kleptocrats have also benefitted from the transnational service sectors that grew to support the complex operations of multinational companies, blurring the lines between legal and illegal activities.

Targeting these services and financial secrecy are critical for accountability and equitable development. Solutions need to tackle:

- **the transnational nature of the problem;**
- **a mix of financial and non-financial services;**
- **the spectrum from illegal to negligent or amoral behaviour.**

This paper takes stock of current opportunities and obstacles, and explores approaches that promise the greatest impact. It provides a survey of some of the leading advocates and watchdogs in the space, and outlines possible avenues for strategic engagement.

**NOTE ON TERMS**

Many terms used in this paper have overlapping or unclear boundaries and definitions. For the sake of clarity, the following definitions are used here:



**AUTHORITARIAN:**

government that rejects pluralism, undermines civil liberties, and is weakly constrained by the rule of law and state oversight institutions. *Note: not all authoritarian leaders are kleptocrats.*

**DARK MONEY:**

illicit finance used to finance politicians, political parties, and electoral campaigns. *Note: this can be dirty money.*

**DIRTY MONEY:**

illicit finance that has illegal, corrupt or immoral sources. *Note: carries reputational as well as legal risks.*

**ILLICIT FINANCE:**

financial flows that are deliberately obscured, either for reasons of illegality or a desire to avoid scrutiny/publicity. *Note: combines legal and illegal funds.*

**KLEPTOCRAT:**

a political leader who uses their political power to steal or misappropriate public resources.

**STATE CAPTURE:**

a form of systematic grand corruption that targets the machinery of government in the interests of a narrow private group or even an individual. It refers to a situation where entire institutions and policy-making processes are skewed towards those interests, rather than an individual policy or public contract.

*Note: a note of caution regarding the use of terms like “counter-kleptocracy”: when it comes to engaging with practitioner groups, it is worth considering the risks of their association with such concepts. For example, an in-country NGO that works on “illicit finance” is less of a red flag to a government or regulators than one working on “counter-kleptocracy”. Therefore, a nuanced approach should be adopted that recognises that organizations may choose not to be explicit about their activities, depending on their risk profile.*

## STATE OF THE FIELD

It is worth remembering that **financial secrecy and “leakage” were seen as minor inconveniences or even valuable parts of the global financial system as little as 25 years ago.** Tax policy emerged as a major transnational problem through the combination of tax competition between countries and secrecy jurisdictions, which not only enabled widespread tax avoidance but also illegal activities such as the laundering of stolen assets. That very opacity – coupled with resistance from elite economic interests that were deeply intertwined with the interests of political leaders – hindered efforts to reform at the country and global levels.

In the past decade, through investigations, campaigns, legislative scrutiny and political will, **much progress has been made to expose the damage associated with illicit finance** and the provision of services to authoritarian and kleptocratic regimes. Secrecy jurisdictions have been shown to be repositories or transfer stations for trillions of dollars of opaque funds, both legal (e.g., tax avoidance) and illegal.

**Financial secrecy is now widely seen as a facilitator of a long list of ills including corruption,** undermining development and domestic resource mobilization, political interference, environmental crimes and inequality. This recognition has spurred the growth and diversity of advocates, investigators and campaigners. The Biden Administration’s recent statements recognizing the US’ role in facilitating transnational corruption was a remarkable change in position. Having reaped enormous financial benefits from enabling these activities or turning a blind eye, **European and North American jurisdictions have tentatively begun to squeeze out the most egregious actors,** via measures such as tougher financial regulations and entry requirements.

Major focus areas and selected, illustrative successes have to date included:

### ANTI-CORRUPTION AND ANTI-BRIBERY MECHANISMS:

- » Addition of anti-corruption goals in the Sustainable Development Goals in 2015
- » UK Bribery Act 2010

### REDUCING THE USE OF SECRECY JURISDICTIONS AND CORPORATE OPACITY:

- » Over 130 countries have committed to beneficial ownership transparency
- » Development of significant corporate relational open datasets, e.g., [OpenCorporates](#)
- » [Country-by-country corporate reporting regimes](#) in Australia and the EU

### SANCTIONS REGIMES AND GOLDEN VISAS:

- » Adoption of “Magnitsky” legislation in illicit finance-prone jurisdictions such as the US, Canada, Australia, EU and the UK, which provides for sanctions against foreign individuals that commit human rights abuses or corruption

### **CORRUPTION IN PUBLIC PROCUREMENT:**

- » Implementation of the [Open Contracting Data Standard](#) by over 30 governments
- » Creation of Ukraine's ProZorro platform (e-procurement system) in 2014

### **AUTOMATIC EXCHANGE OF BANKING INFORMATION:**

- » FATCA in US, Directive on Administrative Cooperation in EU and the Common Reporting Standard under the OECD

### **BANKING DUE DILIGENCE:**

- » Implementation of [FATF Recommendations](#) on the risks to financial institutions posed by PEPs (politically exposed persons)
- » Exposure of bank-enabled "[laundromats](#)" by cross-border journalism organization OCCRP and other investigators

### **CORPORATE GOVERNANCE REFORMS:**

- » Hong Kong Stock Exchange listing rules amended in 2022 to strengthen requirements for whistleblowing and anti-corruption policies

### **PROPERTY TRANSPARENCY:**

- » Introduction of a [Register of Overseas Entities in the UK](#), to stop kleptocrats hiding their ownership of UK property via secretive offshore companies

- » Introduction of geographic targeting orders in the US by the Financial Crimes Enforcement Network (FinCEN) and the beginning of an anti-money rulemaking to apply to real estate professionals

### **RELATIONSHIP WITH ORGANISED CRIME:**

- » Development of the Global Initiative against Transnational Organized Crime, a [global network](#) to coordinate action and raise the profile of the connections between organised crime, corruption and illicit finance

- COUNTERING SLAPPS** (strategic lawsuits against public participation, which discourage investigative reporting into, or public critique of, rich and powerful people):
- » The strengthening and introduction of laws across the US, led by the anti-SLAPP [Public Participation Project](#)

### **ASSET RECOVERY:**

- » Creation of the [Stolen Asset Recovery Initiative](#) by the World Bank and UNODC, to deny safe havens for corrupt funds and facilitate more systematic and timely return of proceeds of corruption
- » Non-binding set of [practical guidelines](#) for efficient asset recovery - Report to the UN Human Rights Council of the Independent Expert on the effects of foreign debt and other related international financial obligations in 2022

### **LAWYERS:**

- » US/UK efforts to impose travel bans on lawyers acting for Russian oligarchs in the wake of 2022 Ukraine invasion

### **LOBBYING:**

- » Ireland's Lobbying Act in 2015 created a [web-based open register](#) of lobbyists

### **WHISTLEBLOWING PROTECTIONS:**

- » The [EU whistleblower directive](#) of 2019, which mandated EU countries to draw up protections for whistleblowers from retaliation and penalties.



## ACCELERATING PROGRESS

There is both unprecedented energy and deep-seated pessimism surrounding the illicit finance field. Despite major policy and investigative wins in recent years, many funders, practitioners and authorities are frustrated by the continuing impunity of kleptocrats and a sense of being outgunned. As well as having deep pockets, **kleptocrats have innovated by turning to new methods, channels and geographies**. Yet media attention and political resolve have been galvanized by new investigative approaches and a backlash against complicity in the wake of the war in Ukraine (which also highlighted structural discrimination in terms of which crises spark regulatory and behaviour change in the global North).

So why has progress been unsatisfactory? Three broad factors should be considered:

- Despite tighter rules, **state authorities do not have the expertise or capacity to enforce them**. For example, even the more capacitated authorities (like the UK's Serious Fraud Office) are widely seen as outgunned in their efforts to prosecute kleptocrats and their families and is poorly resourced.
- **Existing reform initiatives are still works in progress**. For example, emerging global norms such as corporate transparency – including beneficial ownership transparency – are incomplete because of slow implementation, patchy adoption, or inadequate legislation. This has left significant “loopholes”, such as trusts, that undermine global progress.<sup>2</sup>
- **Major gaps and constraints remain in terms of scrutinising those service providers** that enable kleptocrats to circumvent reform efforts. Constraints include civic space, the opacity of many firms, and tech capacity and skills to investigate.

**This scoping study identifies major gaps**, laying out several aspects as new frontiers for funding. ***However, for these to be successful, attention should also be paid to how they fit with existing work to build firm foundations for tackling illicit finance.*** For example, progress in under-scrutinised hubs will be hard to achieve without securing strong global standards and robust enforcement regimes in major Northern jurisdictions like the UK and US.

Finally, attention should be paid to the **models for change and need for cross-disciplinary collaboration**. This complex field exhibits and requires a variety of skills and approaches, including law enforcement, data and trends research, policy analysis and advocacy, journalism, tech development, and legal strategies. It is encouraging to see conscious efforts by practitioners, state authorities, and funders to bridge these disciplines.

<sup>2</sup> Money launderers are able to use trusts instead of companies as they are largely protected from ownership transparency requirements that are increasingly being implemented for companies. See section xxx for more details.

## PLUGGING THE GAPS

In addressing gaps in the battle against kleptocracy and transnational corruption, two dimensions are worth considering in terms of under-funded work and as yet under- exploited opportunities:

- a. the **enabling services and institutions**, namely those transnational and local professional services, networks and institutions that kleptocrats rely on to maintain their power and influence (see Part 2);
- b. The proliferation of **service hubs** – both global and regional – where kleptocrats can receive support and safe harbour (see Part 3).

Again, it must be stressed that these avenues should be invested in tandem with existing, foundational initiatives to ensure meaningful progress in tackling kleptocrats’ use of illicit finance, in part because of the infrastructural importance of existing work, outlined in Part 1.

## ROLE OF ILLICIT FINANCE IN UNDERMINING POLITICAL INTEGRITY

An important challenge that cuts across these themes and geographies is the use of hidden financial channels and services by kleptocrats and authoritarian regimes to influence democratic governments and undermine their political systems. This can be viewed through two primary incentives (explored in Part 4):

- Manipulation of democratic governments and policy-makers to keep democratic countries “open for business” to kleptocrats
- Undermining of democratic governments and institutions to weaken international democratic norms and pressure on kleptocratic and autocratic regimes. *Note: illicit and political integrity are also associated with two other vital themes:*
- **disinformation via mainstream media and social media actors.** This will not be directly covered in this paper as it is being addressed in a substantial way through several funding and action collaboratives and initiatives, including the European Media and Information Fund, National Endowment for Democracy, Wallace Global Fund and Luminate, to name but a few. *However, there are potential synergies with these initiatives, in terms of identifying the source of funding of disinformation campaigns, revealing the intermediaries (including reputation management firms) who sow disinformation, and the introduction of controls on media and tech platforms.*
- **attacking minority rights**, especially LGBTQ+ groups and gender equality. This ideological angle will be addressed separately as it intersects with strategic funding from far-right and alt-right interest groups.

CROSS-DISCIPLINARY PARTNERSHIPS

In recognition of the complex activities and considerable power of kleptocrats and their enablers, counter-kleptocracy and anti-corruption actors are increasingly collaborating in innovative and unusual ways, both across geographies and disciplines, and even across the state/non-state actor divide. The following skills, approaches and change agents have a role to play. *Note: many organisations play multiple roles.*



There is a notable gap in research that bridges some of these different disciplines. While there are several centres addressing corruption, **there are no academic research centres dedicated to the role of illicit finance in supporting corrupt political elites, authoritarian regimes or kleptocrats.**<sup>3</sup> Funding more pure research into how these systems operate over time and how kleptocratic enablers innovate may help to define the challenges more accurately and build clearer linkages with other important academic and policy areas, such as human rights, environmental impacts, and finance.

One vital dimension for this work is the **relationship between information leaks, investigations and convictions.** **There are distinct opportunities for more research and policy-focused work based on the huge leaks databases collected by journalistic initiatives such as ICIJ, and analysis of emerging datasets** from corporate and political disclosures. A strong example of this was [the way Colombia's tax authority fought tax evasion and adjusted policy](#), based on data exposed by the Panama Papers. Whilst data collection and exposure of bad actors are crucial steps, greater efforts should be made to understand the policy implications and opportunities that such investigations reveal, such as whether emerging norms and global standards are changing the way kleptocrats and their service providers operate.

**Efforts to build cross-disciplinary approaches in this space have taken several forms.** For example, the [Global Anti-Corruption Consortium](#) (GACC) was created as an explicit partnership between a major investigative journalism initiative (OCCRP) and the world's largest network of anti-corruption activists (Transparency International), to find effective ways to bridge the difficult disconnect between journalistic standards and activism. Another example is the [Anti-Corruption Data Collective](#) (ACDC), which has developed an innovative model that aligns journalists, data analysts, academics and policy advocates in exposing and

fighting corruption (focused on money laundering risks in private investment funds, real estate, and reputation laundering). [C4ADS](#) is another example of combining policy work, tech and investigative journalism.

**Cross-disciplinary collaborations have also evolved around specific investigations**, such as [#GuptaLeaks](#), which brought together investigative journalists, newsrooms, data analysts and financial data experts to expose the state capture scandal surround President Jacob Zuma's relationship with the Gupta family in South Africa. **Longer-term cross-disciplinary campaigns in this space have also emerged**, such as [Stop the Bleeding Africa](#) (research, mobilisation and high-level advocacy on tax and illicit finance), and the extensive partnerships developed by [CLIP](#) (Center for Latin American Investigative Journalism) with tech, digital and non-journalist expertise to tackle disinformation and false narratives.

Partnerships that cut across disciplines and sectors require considerable **investment in trust-building**, bridging cultural and work-style differences, and clear divisions of labour. Processes and events that bring these actors together can help to broker relationships, dispel myths and preconceptions, share intelligence, and identify opportunities for collaboration.

<sup>3</sup> Several academic centres exist that cover aspects of illicit finance, such as pertaining to conflict, organised crime and development.

# Part 1: Firm foundations

Several existing initiatives are crucial for the creation of an enabling environment for anti-kleptocracy and illicit finance work. These span three major dimensions:

- **Regulatory alignment**, especially on stronger disclosure requirements
- **Normative change**, including on ethical standards for business and money in politics
- **Enforcement capacity** for state authorities

## REGULATORY ALIGNMENT

A good deal of progress in tackling dirty money has relied on the emergence of a clearer picture of financial transactions and service relationships concerning the activities of kleptocrats and their agents. **Much of this information has come from leaks and whistleblowing but, for this to be sustainable, there have to be comparable disclosure requirements across multiple jurisdictions**, both to reveal complex financial and relational data but also to make it harder for kleptocrats to fly under the radar and to deter illegal behaviour.

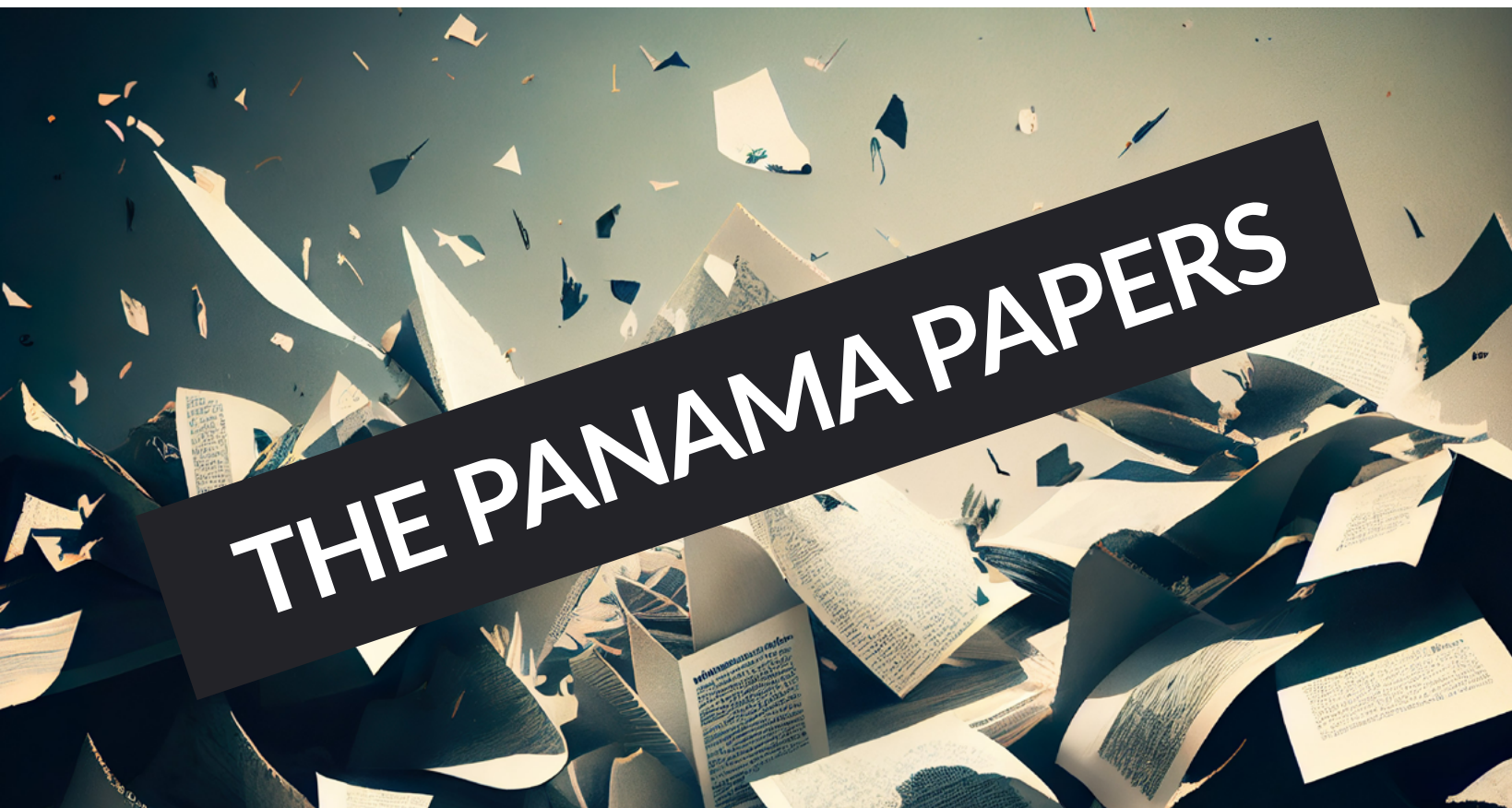
Regulatory alignment and strengthening are also needed on financial and personal sanctions (e.g., asset freezing and visa bans), tax transparency, and corporate standards.

Regulations that require strengthening and implementing across multiple jurisdictions include:

- The “ABCs” of transnational financial transparency:
  - » **Automatic Exchange of Information** between state authorities, covering the names, addresses, tax IDs and account balances of foreign persons operating across borders
  - » **Beneficial Ownership Transparency**, to reveal the true and ultimate owners of companies (vital for identifying influence and interests)
  - » **Public Country By Country Reporting (CBCR)**, to require multinationals to publish information on their activities in each country where they operate (rather than just aggregate numbers). This gives governments a much greater ability to spot irregular activity.
- **Application of jurisdiction- and profession-specific Anti-Money Laundering requirements to professional services industries** beyond banks, including asset managers, lawyers and accountants
- **Lobbying** registers, standards and disclosure mechanisms
- Extension and strengthening of **Global Magnitsky sanctions regimes** (e.g., the European Commission’s [current proposal](#) to extend EU sanctions regimes to include corruption)
- Compliance with standards of the **Financial Action Task Force (FATF)** on Money Laundering

While significant progress has been made to establish and develop many of these standards and norms, they are by no means complete. For example, beneficial ownership transparency legislation has been promised, passed or partially implemented in many countries but there remain significant weaknesses. A major setback was the Court of Justice of the European Union (CJEU) decision in 2022 to invalidate a provision of the 5<sup>th</sup> EU Anti-Money Laundering Directive that guaranteed public access to information on companies' real owners. **Without comprehensive and comparable data on beneficial ownership, identification of kleptocratic interests and activities will continue to be curtailed and rely heavily on ad hoc leaks.**

*See related initiatives in Annex*



## NORMATIVE CHANGE

Regulatory reform is in part the result of changing norms but also a key driver of them. Regardless, it is important to address how the views of different stakeholders have changed regarding the connection between kleptocratic power, illicit finance and corporate enablers. The introduction of the US Foreign Corrupt Practices Act in 1977 was the beginning of a **global shift to reject corruption as the price of doing business**, though it took many years for other countries to follow suit, such as the UK in 2010.

The creation of Transparency International in 1993 was a landmark in the fight to reveal, understand and eradicate the taboos of corruption and bribery. There have been rising demands from the public in many countries for more transparency and accountability in how governments operate, especially regarding financial interests and money in politics. **Public perceptions have grown that politicians use financial opacity to circumvent the rules**, for example to hide conflicts of interest such as private investments and to forge financial relations to risky foreign and domestic actors.

But a series of explosive journalistic moments in the past decade, including the Panama Papers, Paradise Papers and the FinCEN Files, have revealed a much larger grey area of unsavoury – if technically legal – behaviour and client relationships. Another notable cross-border investigation into bribery and dark money that had massive political

fallout was the Odebrecht scandal, leading to [significant changes in public perceptions](#) in Latin America towards corruption. This is an **important shift towards increasing reputational risks of doing business with kleptocrats, beyond a compliance and legal liability frame**. One sector that has seen a shift in norms is legal firms. Many firms have begun to drop particularly toxic clients, in part as a result of regulatory changes and potential legal liability, but perhaps more because of reputational considerations.

Corresponding changes have been seen within the business world, such as efforts to do business differently – ranging from **cleaner business ethics to corporate activism**. The influence of corporate and academic thinking about the purpose of business have also had their effects, especially a move to reject the narrow Milton Friedman approach to only serving the needs of shareholders, towards a more inclusive “stakeholder capitalism”. A notable signal of this was the 2019 declaration by the US-focused Business Roundtable on [redefining the purpose of the corporation](#). There has also been a steady increase in voluntary public country-by-country reporting (CBCR) disclosure by businesses, including the [GRI tax standard](#), the B Team Responsible Tax Principles, and the [Fair Tax Mark](#) – disclosures that help to identify corporate activities that benefit kleptocratic regimes.

One curiously slow area of growth in terms of global normative change has been academia. For a variety of different reasons, **there is a dearth of academic research into transnational kleptocracy and its enablers**. While pockets of excellence and high-quality research have emerged, there are no major institutes or programmes dedicated to these issues. One recent paper notes: “transnational networks of kleptocrats, their professional enablers, and their allies in foreign states are a feature of International Relations which have been largely overlooked and almost entirely untheorized.”<sup>4</sup>

Casey Michel, the head of the Combating Kleptocracy Program at the Human Rights Foundation, has remarked on this absence in comparison to the significant growth of counter-terrorism research after the 9/11 attacks on the US. A notable difference is that counter-kleptocracy work is more challenging both to governments and to the safety of researchers (and civil society), suggesting potential reluctance to fund and propose such lines of research. Concerns have also been raised about a **potentially narrow funder view of “impact”, leading to an over-emphasis on short-term advocacy opportunities and an under-appreciation of the important role of academic research** in both understanding the true nature of the problem and shifting thinking through the education of the next generation of thinkers and doers.

<sup>4</sup>Transnational Uncivil Society Networks: kleptocracy’s global fightback against liberal activism, Alexander Cooley, John Heathershaw, Richard Soares de Oliveira, 2023.

## ENFORCEMENT CAPACITY

Despite the enactment of much stronger restrictions on money-laundering and corporate opacity, convictions have been few and far between. **A major stumbling block has been the lack of capacity in front-line law enforcement agencies**, both in jurisdictions like the US and UK where kleptocrats travel to use their legal systems to protect their wealth, but also in their home countries. For example, Malaysian investigators were hamstrung in holding Malaysian politicians to account in the wake of the 1MDB scandal, and relied on the capacity of US and Singapore officials. In addition, in many countries, law enforcement agencies struggle to recruit and retain qualified staff, in part because of the comparatively poor pay.

In 2022, Transparency International released, [Up To The Task](#), which revealed the lack of resources for G7 country financial intelligence units (FIUs). It is notable that the US’ FIU has less funding and fewer staff than that of Australia. **The impact of new bank reporting requirements (and their desire to reduce risk) has serious ramifications for agency capacity**; FIUs in the UK and US received 5,300 and 10,130 suspicious transaction reports respectively per staff member according to the most recent annual data.

*[See related initiatives in Annex](#)*

# Part 2: Plugging the gaps in the Enabling Services

Most kleptocrats rely on a suite of services and “professional enablers” to extract, channel, store and capitalise on stolen assets, and to project their influence abroad. Professional enablers also play an important role in “state capture”, where state decision-making is systemically manipulated by private interests. **Developing solutions is challenging – investment in research will be critical, both to understand how these services operate and how to overcome barriers to reform.** Regulatory measures are more promising in cases of deterring illegal behaviour but much less successful in the “grey areas” where client activities are legal or can easily obfuscate illegal behaviour.

Much attention, rightly, has been paid to the role of financial institutions, especially banks, in tackling money-laundering and establishing beneficial ownership

of assets. Legal and property services have also received increasing scrutiny, with firms developing more robust policies in deciding which clients to represent. Yet **several essential services sectors and institutions have to date received comparatively little systemic scrutiny** for the role they play in aiding kleptocrats. Many of these are global, often federated, firms with headquarters in Northern jurisdictions like the US and Western Europe. These include:

- **Wealth management firms** – the small but pivotal group of financial intermediaries and advisors who manage the asset empires of kleptocrats.
- **Consulting firms** – advisory roles ranging from the restructuring of state-owned enterprises and state institutions (e.g., the [weakening of the South African Revenue Service](#)) to facilitating capital flight (e.g., Angola and the [dos Santos family’s use of Sonangol](#)) and providing tax advice (e.g., recent [PWC tax scandal in Australia](#)).
- **Reputation management and influence intermediaries** – reputation managers, political communication firms, lobbyists, think tanks, and corporate intermediaries who smooth the path of kleptocrats in seeking services and

influence abroad (e.g., [Tony Blair’s consulting firm’s support](#) to Kazakhstan’s former president) and the undermining of the reputations of political rivals, institutions and society (e.g., [Bell Pottinger’s role](#) in inciting racial violence in South Africa’s elections).

Analysis of professional enablers has become much more sophisticated and nuanced in recent years, as the veil of secrecy is lifted through disclosure mechanisms, leaks, investigative journalism, court proceedings and whistleblowing. The “greyness” of operating conditions is **particularly relevant**, i.e., the degree to which these services are legal or illegal. One recent study has articulated the critical relationship between “**upstream enablers**” (the smaller/boutique players closed to politically exposed persons or PEPs) and the “downstream enablers” (bigger corporate players somewhat removed from PEPs and less likely to be complicit in money-laundering).<sup>5</sup> “**Downstream enablers**” are more likely to be compliant with regulatory requirements and more likely to be unwitting agents, and hence afforded the protection of “plausible deniability”. This is an important reflection when considering the likelihood of changing behaviours through threat of legal proceedings versus reputational incentives.

<sup>5</sup> Enabling African loots: tracking the laundering of Nigerian kleptocrats’ ill-gotten gains in western financial centres, Tena Prelec and Ricardo Soares de Oliveira, Journal of International Relations and Development 2023

## WEALTH MANAGEMENT FIRMS

**Wealth advisory and financial management sectors have been much less scrutinised than the major financial institutions such as banks.** They provide a range of boutique services to high net worth (HNW) and ultra-high net worth (UHNW) individuals and families, from tax planning to property and legal services. In some regions, notably Asia, wealthy families favour smaller wealth management offices over global banks.

Identifying the relationship brokers across jurisdictions is vital for understanding how kleptocrats operate. Recent research, analysing global offshore networks revealed by ICIJ's Offshore Leaks Database, suggests that **sanctioned Russian oligarchs have a significant vulnerability in terms of reliance on a small group of highly connected wealth managers**, including firms like London-based Markom Management.<sup>6</sup> The authors conclude: "the most effective and efficient way to punish oligarchs may be to sanction their offshore intermediaries, the wealth managers."

**Family offices** are an associated group that also deserve attention with regards to illicit flows and influence. They provide a suite of services – including tax and estate planning, investment management, philanthropic giving and personal support such as travel arrangement – to individual wealthy families or multiple families. These services often blur private and corporate asset boundaries. Singapore is emerging as a new centre of family offices to manage private wealth from Asia, Europe and North America.<sup>7</sup> Family offices in financial centre democracies with light-touch financial regulation like the UK have been implicated in several investigations and criminal proceedings regarding kleptocratic money-laundering. A notable case was that of the ex-Chairman of Azerbaijan's biggest bank, who was enabled by multi-family office Werner Capital.<sup>8</sup>

**Private foundations** are also often used to funnel money from opaque interests. In many countries, disclosure requirements are weak or non-existent concerning foundation financing. Recent examples include Najib Razak's control of Yayasan Rakyat 1Malaysia, a trust fund established as the social welfare arm of the notorious 1MDB (Malaysia's sovereign wealth fund; over [\\$4bn of its assets were stolen](#) by Najib and his associates).

**Trusts are an important tool for hiding kleptocratic wealth.** While attention has been more focused on corporate transparency as a way of revealing asset ownership, increasing attention has been paid to trusts, which are frequently abused to shield kleptocrats (and money-launderers) by placing assets under an "ownerless" mechanism. There has been widespread resistance to reform from financial managers and regulators, who have successfully argued for retaining trust secrecy to protect vulnerable (often young) people, leading to trust "loopholes" in legislation like the US Corporate Transparency Act. Advocacy efforts have recently focused on the current negotiations of the 5th EU Anti-Money Laundering Directive, where beneficial ownership (BO) transparency (for both trusts and companies) is a major issue. Efforts are also underway at the EU level to link together national BO registers (even if they remain non-public) to compare data on trusts in the future.

<sup>6</sup> Complex systems of secrecy: the offshore networks of oligarchs, Ho-Chun Herbert Chang, Brooke Harrington, Feng Fu, Daniel N Rockmore, 2023

<sup>7</sup> [Channel News Asia reporting](#), Jan 2023

<sup>8</sup> [Bloomberg UK reporting](#), July 2019

# CONSULTING FIRMS

With the exception of PR and lobbying, and limited studies of trusts, these areas have received scant dedicated attention beyond ad hoc investigations. This is likely in part a result of a **lack of knowledge in the civil society space of how these industries operate**. There is a small financial-sector literate ecosystem of NGOs, clustered around international financial institutions and mechanisms or around the banking sector (e.g., Finance Watch). There may be opportunities to bring together different actors across financial sectors to develop engagement and watchdog strategies for less regulated and more boutique enabling industries.

*See related initiatives in Annex*

<sup>9</sup>When McKinsey Comes to Town, Walt Bogdanich and Michael Forsythe, 2022

In recent years, there has been a swathe of critical reporting and penalties levelled against major consultancy firms as details have emerged via leaks and investigations. These have responded to their roles in:

- weakening state institutions, such as [McKinsey’s role with Eskom](#), the state energy utility in South Africa or [Bain and Co’s advice](#) on the South African Revenue Service.
- obscuring the corrupt interests of politically exposed persons in public contracting (e.g., [BCG and McKinsey’s profiting](#) from embezzlement by Isabel dos Santos).
- supporting the state-owned enterprises (SOEs) that underpin kleptocracies, including Russian SOEs Rostec (weapons manufacture), Gazprom and Rosneft.
- representation of interests of kleptocratic governments like Saudi Arabia (e.g., McKinsey support to the Saudi Center for International Strategic Partnerships and [BCG’s close relationship](#) with Saudi Crown Prince Mohammed bin Salman).<sup>9</sup>
- social media and public sentiment analysis, the weaponization of which has been connected to the intimidation of dissenting online voices and implicated in the targeting of journalist Jamal Khashoggi, murdered in 2018. *Note: these activities are closely connected to the political communications industry as well.*

Several challenges exist in curbing bad behaviour by these actors.

- **Opacity and conflict of interest:** consulting firms are famously tight-lipped about their clients, which limits the ability of government officials and the public to scrutinise their appropriateness in terms of providing public sector advisory services. This is especially salient with the news that [PWC Australia allowed information about the Australian Government’s tax plans to be shared with private clients](#), breaking internal confidentiality procedures.
- **Limited legal liability for global consulting firms:** these firms benefit from a global brand and reach across multiple jurisdictions, attracting clients with complex transnational identities and operations. However, their federated partnership structure has allowed them to limit or ringfence penalties, which reduces incentives to change behaviour globally.
- **Industry-wide regulations for consulting firms are weak or non-existent:** they lack strong anti-corruption safeguards and due diligence requirements, especially compared to the equivalent and Know Your Customer (KYC) requirements on the banking sector. This was clearly a problem in McKinsey’s failure to surface political connections in its commercial partnerships for public work in South Africa.

## REPUTATION MANAGEMENT AND INFLUENCE INTERMEDIARIES

- **Elite influence:** top-tier consultancy firms (Bain and Co, BCG and McKinsey) have huge reach in terms of corporate and political influence because of their recruitment from major business schools (that also feed political institutions) and seeding of talent into the higher echelons of the private and public sectors. Not only does this lead to influence over potential and existing regulation but also high degrees of trust, which is problematic when it comes to fair and open procurement practices and scrutiny of relationships with PEPs.

*See related initiatives in Annex*

<sup>10</sup> The Rise of Kleptocracy: Laundering Cash, Whitewashing Reputations, John Heathershaw, J.C. Sharman and Alexander Cooley, p. 47.

**Reputation management, political advice and positioning are all crucial services for kleptocrats seeking to maintain their access to global facilities and fora.** Public relations firms, government affairs agencies, and an array of fixers and image consultants routinely work to provide these services, sometimes with significantly harmful outcomes. These include making those with ill-gotten gains seem respectable, which aids in reducing suspicions in the facilitation of securing assets abroad. They also aim to influence regulatory regimes in the countries in which kleptocrats wish to secure their financial and physical assets.

Major PR firms continue to serve the interests of many prominent kleptocratic regimes, burnishing their reputations. When considering the strategies that PR firms can offer kleptocrats, **it is worth reflecting on how activists tackled the role reputation managers have played for powerful interests such as fossil fuel and tobacco companies**, despite widespread evidence of harms. Some influence chains are very long and hard to pin down, such as the [Chinese Government's reported instructing](#) (and presumably funding), via intermediaries, of social influencers to manipulate public perceptions of Chinese-US relations.



Problems include:

“DARK PR”

tarnishing the reputations of political opponents and democracy campaigners. For example, Bell Pottinger apologised for providing support to a campaign to undermine the journalists exposing state capture in South Africa.

SOCIAL MEDIA AND PUBLIC SENTIMENT ANALYSIS (see Consulting firms section above)

CHARITABLE GIVING

Application of “philanthropic” funds to normalise reputations and build support amongst social elites in democratic states.

POLITICAL “GUNS FOR HIRE”

representation of kleptocratic regimes by powerful politicians and ex-politicians. Tony Blair’s consulting firm allegedly provided strategic and political advice to Kazakhstan’s President Nursultan Nazarbayev at a cost of GBP 5.3m per year. Blair and his firm helped their client respond to international criticism following its violent crackdown on protests by oil workers 2011.<sup>10</sup> Another startling recent example is that of ex-German Chancellor Gerhard Schröder, now widely seen as a crony of Vladimir Putin in relation to his financial links to Rosneft. The German Bundestag stripped Schröder of his staffing subsidy and office as a result. Rules are clearly weak and consideration should be made of stricter “revolving door” restrictions for politicians and senior civil servants leaving office.

BRAND AMBASSADORS:

employment of major cultural and sports icons as informal or formal champions for kleptocratic and autocratic regimes, such as football star Lionel Messi’s controversial work for the Saudi Arabian Tourism Authority.

THINK TANKS:

research and opinion forming institutions have been a key instrument for influencing, especially where funding to “independent” thought leaders is opaque. (See Part 4 for more details.)

EDUCATIONAL AND CULTURAL INSTITUTIONS:

many private schools, universities and cultural institutions turn a blind eye to the source of wealth that pays for school fees, endowments and capital projects, thus enhancing the reputations of kleptocrats, increasing their influence amongst powerful elites, and allowing their families to benefit from privileged educational opportunities with impunity, rubbing shoulders with future leaders.<sup>11</sup> Universities have also been useful tools for seeding counter- narratives through the funding of academic positions, programmes and institutes.

[See related initiatives in Annex](#)

<sup>11</sup>The Cleansing Power of Ivory Towers: How Elite Educational Institutions Legitimize Kleptocrats’ Children, Matthew T. Page, 2022 Carnegie Endowment for International Peace



# Part 3: Plugging the gaps in Service Hubs

Certain geographic centres – or hubs – have emerged that are preferred jurisdictions for kleptocrats, acting as second homes, service centres and exit strategies (in case of losing control or power in their home countries). **These hubs often combine desirable locations** (for property, schools, lifestyle) **with clusters of sophisticated practitioners in essential services** (law, finance, advisory, representation), **and a legal framework that protects their interests**. While some mega-hubs like London and New York offer a full suite of services, different hubs often serve different kleptocratic needs. For example, Latin American kleptocrats may use Caribbean tax havens like the British Virgin Islands for avoiding tax on investments, whilst using Miami or Panama as a place to invest in property or for seeking professional services.

As preferred European hubs like London and offshore centres like the Cayman Islands have become marginally less friendly or more risky, other locations have emerged as money-laundering and asset hubs. While London, Paris and North American cities will remain attractive to kleptocrats, **other centres, like Dubai, Nairobi, Mauritius and Singapore, have enabled more proximate services to kleptocratic and autocratic regimes in their regions**, from trans-shipment centres for wealth based on conflict minerals to shopping and property opportunities. These centres also typically have fewer domestic civil society watchdogs.

A further dimension of kleptocratic power is the role of **undisclosed “dark money” in influencing the political systems and parties that govern these service hubs**. For example, concerns have been raised about the opacity of political financing and inducements with regards to the lacklustre efforts of many governments to make more than cosmetic changes to their financial and business rules. In essence, kleptocrats are ensuring that their needs continue to be met in major financial and services hubs, and their access preserved.

Civil society and investigative journalism attention has grown considerably in the past decade but is primarily focused on developments in Switzerland, UK, US and European offshore territories, especially in the Caribbean. This is in part a reflection of the **constraints faced by activists and watchdogs in less democratic jurisdictions**, as well as an indication of the outsized importance of those jurisdictions for illicit financial flows.

*Note: this paper focuses on hubs that have received comparatively little attention from funders and tend not to be the targets of civil society action, for a variety of safety and capacity reasons.* For example, considerable attention is currently being paid to London to tackle London’s role in dirty money, in partnership with the Joffe Trust. The intention is to propose work that complements existing work on major financial centres in the global North.

## KENYA

Kenya – especially its capital, Nairobi – is an important regional commercial hub and emerging tech centre. It is also a notable regional transit point for drugs, conflict resources other illicit financial flows, servicing the property and asset management needs of kleptocrats and warlords from regional neighbours such as South Sudan and the Central African Republic. Kenya has worked to implement FATF standards, including enacting the Proceeds of Crime and Anti-Money Laundering Regulations, 2013, which led to FATF’s removal of Kenya from the “grey list”.

**Risks are increasing with the Government of Kenya’s aspirations for Nairobi to be the preeminent financial centre for East and Central Africa.** The launch in 2022 of the Nairobi International Financial Centre (NIFC) is an effort to compete with Dubai, along with other African international financial centres including Cape Town, Casablanca, Johannesburg and Port Louis (Mauritius). However, there is domestic resistance to the NIFC because of the potential inequities produced by preferential tax conditions that could be exploited by wealthy Kenyans through “round-trip” transactions.

*[See related initiatives in Annex](#)*

## LATVIA

On account of its sizeable Russian-speaking population, Latvia has been a significant location for Russian assets, including for Russian citizens attracted by Latvia as a holiday destination. **Close ties between Latvian politicians and Russian-influenced business interests** have contributed to Latvia scoring poorly in comparison with other EU countries on public perceptions of corruption, particularly because of the concentration of power and control in the hands of political and business elites.

Corrupt interests in Latvia have been the subject of several investigations and scandals. **The 2014 OCCRP report on the “Russian Laundromat” revealed the role played by Latvia-based banks** (especially Trasta Komerbanka) in laundering Russian stolen assets.<sup>12</sup> Trasta Komerbanka was also implicated in the Magnitsky case. Stolen Ukrainian assets associated with the Danske Bank scandal in Estonia in 2018 were also partially funnelled through shell companies in Latvia, also implicating leaders of Latvia’s pro-Russia Harmony Party. [Leaks showed](#) that Harmony’s board chair Aivars Bergers received €270,000 from two offshore companies used in the Magnitsky affair and the Azerbaijani laundromat.

New AML regulations introduced in 2018 have made Latvia a less attractive destination for illicit finance but new money laundering risks have emerged, especially regarding virtual assets and set-backs around EU requirements for beneficial ownership disclosure.

*[See related initiatives in Annex](#)*

<sup>12</sup>“[The Russian Laundromat](#)”, OCCRP 2014

## SINGAPORE

A major global and regional financial centre and commodity trading hub with a strong reputation for rule of law, confidentiality, and ease of doing business, Singapore has seen considerable growth in private wealth management, in part as a response to reduced confidence in offshore centres and European secrecy centres such as Switzerland and Cyprus, as well as a rise in government crack-downs on banking practices and poor due diligence. Singapore has also been on a charm offensive, with [massive uptake](#) (especially by Chinese investors) of Singapore’s new “variable capital companies” since their introduction in 2020.

There has been a **remarkable growth in family offices in Singapore**, especially on serving the needs of ultra-wealth Chinese families, many of whom seem to be treating it as an insurance policy for securing their wealth and freedoms for the future.

Singapore played a significant role as a hub for facilitating beneficiaries of 1MDB, one of the largest modern examples of kleptocratic scandals. The Singaporean authorities prosecuted or penalised several financial institutions, including Falcon Private Bank Singapore (owned by Abu Dhabi’s sovereign wealth fund) and Goldman Sachs, and closed Swiss-based merchant bank BSI for failure to conduct customer due diligence requirements.

*Note: it is unclear what (if any) initiatives exist to scrutinise or campaign on Singapore’s role as a hub for illicit finance, beyond occasional news stories.*

## UNITED ARAB EMIRATES

The predominant financial centre for the Middle East, UAE – especially Dubai – has emerged as a new front for fighting kleptocracy. It has become a highly attractive place for investment, safe haven and transit, with few questions asked. Many South Asian kleptocrats and sanctioned politicians, especially Russian ones with fewer options, have increasingly favoured Dubai for the purchase of property and depositing of assets. The Gupta family used Dubai-based funds to receive bribes from a bidder for a South Africa state locomotive tender. **13 Aspects such as an absence of personal taxes and the creation of commercial (non-Sharia) courts have made it an attractive base for commercial operators across South Asia and East Africa.**

Despite the introduction of new AML and counter-terrorism laws, the UAE was placed on the “grey list” (for increased monitoring) by FATF in 2022 over concerns that it was not tackling illicit finance satisfactorily. The UK Government has made efforts to engage the Emirati authorities in tackling illicit finance, with mixed results. The FCDO is particularly concerned about sanctions evasion and the use of the UAE for commodities-related illicit finance, especially gold, which contributes to corrupt and violent actors such as Sudanese militia and the Wagner Group. Dubai featured prominently in Al-Jazeera’s recent [Gold Mafia](#) investigation for the laundering of Zimbabwean gold. Dubai is also attempting to become a global hub for the diamond trade.

[See related initiatives in Annex](#)

<sup>13</sup> [GuptaLeaks](#)

# Part 4: Political integrity

As headlined above, the use of illicit finance and associated services by kleptocrats to influence democracies can be viewed in general terms through two lenses:

1. The manipulation of democratic governments and policy-makers **to keep democratic countries “open for business” to kleptocrats;**
2. The undermining of democratic governments and institutions **to weaken international democratic norms and pressure** on kleptocratic and autocratic regimes.

The first incentive is more pragmatic and essential for protecting the personal interests of kleptocrats. The second incentive is more strategic and, in many ways, more troubling and challenging, as kleptocrats are less vulnerable to counter-measures against these activities (compared to say freezing assets or sanctions). However, there are blurred lines between these two incentives, such as capturing politicians for the purposes of short-term regulatory influence while simultaneously weakening longer-term political resolve to resist kleptocracy. In other words, efforts to buy politicians also have the benefit of weakening longer-term resolve in democratic states to tackle transnational corruption.

## KEEPING DEMOCRATIC COUNTRIES “OPEN FOR BUSINESS” FOR KLEPTOCRATS

Investigations into dirty money associated with kleptocrats have often revealed worrying financial relationships with politicians and influencers in democratic countries. A recent example was the **Azerbaijani Laundromat**, [which exposed](#) that German members of the Parliamentary Assembly of the Council of Europe received substantial funds from Azerbaijan’s government. Azerbaijan has become notorious also for its “caviar diplomacy”, whereby politicians are treated to luxurious trips in return for friendly support in their home parliaments.

The **state capture scandal in South Africa** offered a different twist. The “kleptocrat” in question was a domestic actor – President Jacob Zuma – whose government was “captured” and institutions undermined both by the private interests of the Gupta family and by Zuma’s family, to preserve the latter’s impunity and to give massive privileges and contracts to the Guptas. Similar relationships can be seen in Peru (under Alberto Fujimori) and currently in El Salvador (under Nayib Bukele).

There is an important link here to **the services provided by reputation laundering actors** such as PR firms and prestigious cultural and educational institutions, in helping (wittingly and unwittingly) kleptocrats influence politicians and undermine policy and institutions in democratic societies.

**Obfuscation of influence by use of corporate intermediaries** is a notable problem. Gazprom (and thus the Putin regime) has been shown to have conducted lobbying activities in the US for the Nordstream 2 pipeline via Nordstream 2, a German company, thus evading the strictures of the Foreign Agents Registration Act regime.

Several initiatives have attempted to build transnational momentum around lobbying standards, but without much success. The OECD is currently working on a set of Principles on Responsible Political Engagement as a basis for an **industry standard on lobbying**.

## WEAKENING DEMOCRATIC NORMS AND PRESSURE ON KLEPTOCRATIC AND AUTOCRATIC REGIMES

**Kleptocratic and autocratic regimes use illicit financial channels to organize attacks on pro-democracy forces and organisations.** This includes disinformation and reputation-damaging campaigns, covert political influence, the abuse of legal systems, and sanitised influence peddling via supposedly independent mouthpieces like think tanks. The media – as government watchdogs – are frequent targets, such as the [case of José Rubén Zamora](#) who has been detained in 2022 on spurious money-laundering charges for his reporting on corrupt dealings between Guatemala’s President Giammattei and Russian interests.

There has been widespread concern about the **influence of the Russian and Chinese regimes via covert influence and financial channels, such as allegations of “dark money”** investments in Russophile political candidates and even Russian investment in the Brexit campaign to destabilise the UK. Several legislative committees and law enforcement agencies have investigated allegations of interference in elections via proxy domestic influencers and think tanks. While attention has focused on influence in European and North American democracies, recent geopolitical developments have opened up new fronts, including the prospect of Russian influence in Africa, for example around South Africa’s 2024 general election.

In 2022 a vice-president of the European Parliament, Éva Kailí MEP, was arrested by Belgian authorities on suspicion of corruption by the government of Qatar (specifically to minimise the regime’s human rights abuses). The [“Qatargate”](#) scandal in Brussels also has had a **chilling effect on civil society organisations**, as it has enabled right-wing politicians to cast aspersions on the legitimacy of civil society groups (as a fake NGO was implicated in the scandal). This has led to a “Transparency of covert interference by third countries” proposal, part of a Defence of Democracy package, that [puts a disproportionate emphasis on NGOs](#).

Covert **foreign influence on policy-making** via party donations and the private interests of members of parliament are a significant risk in many democracies. In recent years, there have been widespread allegations in the UK of high-level access and influence for individuals with personal connections to the Putin regime, including Evgeny Lebedev (elevated to the House of Lords by Boris Johnson) and Lubov Chernukhin, the wife of a former Putin minister who has donated over £2m to the Conservative Party.

Hidden influence is not a new phenomenon in politics but the conduits and financial channels have changed,

with **think-tanks playing a prominent role** in a complex, globalised world. Think-tanks are important for developing new ideas, weighing evidence, and researching trends. However, in *Dark Money*, Jane Mayer charted the emergence of a new kind of think-tank in the 1970s that were “more engaged in selling predetermined ideology to politicians and the public than undertaking scholarly research”.<sup>14</sup>

Longer term implications of illicit finance and influence should also be grappled with. There is potential for kleptocrats to influence democratic societies through the **endowments and donations they make to major institutions such as universities**, in terms of the influence they can have on education and self-censorship by academics.

[See related initiatives in Annex](#)

<sup>14</sup> Dark Money: The Hidden History of the Billionaires behind the Rise of the Radical Right, Jane Mayer, 2016.

# Part 5: Other areas to explore

In the course of scoping and interviews, several other issue areas surfaced that are worthy of further investigation:

## PARAMILITARY AND PRIVATE MERCENARY FORCES

Of particular note at the moment is the Wagner Group and their role in projecting and supporting kleptocratic rule in Russia and in undermining democratic rule in Eastern Europe and Africa. Other examples include the Yandaba in Kano, Northern Nigeria (criminal agitators who serve the interests of kleptocratic state rulers), and paramilitary forces in Colombia, which both financed candidates and forced citizens to vote for them.

*See related initiatives in Annex*

## CRYPTOCURRENCIES

While the blockchain or distributed ledgers that underpin cryptocurrencies like Bitcoin are highly traceable, identification of who ultimately owns those assets is undermined by patchy regulation and sluggish law enforcement. Several high-profile cases of money-laundering using cryptocurrencies have already emerged, making use of the lack of KYC due diligence that financial institutions are required to conduct. Cash to crypto-asset services are also enabling evasion of financial sanctions. Despite the presence of supervisory legislation, a cottage industry of crypto exchanges has grown to help Russians transfer money to sanctioned jurisdictions like the UK.<sup>15</sup>

There have also been **cases of cryptocurrencies being used by public officials to embezzle state funds**. It appears that [President Bukele of El Salvador is an example](#), having declared Bitcoin a legal currency and purchasing Bitcoin with public funds. Money-launderers can also make use of “privacy coins” and “crypto-mixers” to further obfuscate the source and beneficiaries of funds.<sup>16</sup> The US Government takes these risks seriously enough to have created a National Cryptocurrency Enforcement Team, under the Dept of Justice, to investigate under the aegis of the US Strategy on Countering Corruption.<sup>17</sup>

*Note: while there is considerable attention to cryptocurrencies as tool for organised crime, it is unclear whether initiatives exist to scrutinise or campaign on cryptocurrencies’ emerging role as a conduit for illicit political finance.*

<sup>15</sup> From Moscow city with crypto: A step-by-step guide to receiving cash from Russia anonymously in London, Transparency International Russia, 2023

<sup>16</sup> Cryptocurrencies, corruption and organised crime: implications of the growing use of cryptocurrencies in enabling illicit finance and corruption, U4 Anti-Corruption Resource Centre 2023.

<sup>17</sup> Democratic Crypto-Nite: The Obscure Nature of Cryptocurrency May be Facilitating Global Kleptocracy, Annelise Adrian Freshwaters, 2022, International Republic Institute blogpost.



## DEBT CONTRACTION

In corrupt middle- and low-income country governments and those captured by special interests, opaque debt contraction practices are used to secure finance for kleptocrats. **When the terms of sovereign debt are opaque, there is the potential for debt finance and associated expenditures to be used illegally and to benefit kleptocratic interests.** A notorious recent example was the [Mozambique “tuna bond” scandal](#), when three Mozambican state-owned enterprises secretly secured loans from major international banks without the knowledge of the Mozambican Government. The loan agreements contain major discrepancies and over-pricing, raising questions of who benefitted from the financing.

There is potential to create a stronger link between opaque debt contraction and illicit finance, to increase pressure for transparency and accountability around debt negotiations.

## RELIGIOUS INSTITUTIONS

Benefiting from various financial reporting loopholes, trusted relationships with state authorities, diverse funding streams, and significant lobbying power, **religious institutions can be ideal vehicles for both transferring illicit wealth across borders but also influencing and undermining democratic societies,** such as the channelling of “dark money” and campaign finance. The ability of charismatic and evangelic organisations to mobilise and control local populations is also a concern in terms of hidden financial influence and interests. Religious institutions can also act as legitimising institutions and can help to launder political reputations by association.

*[See related initiatives in Annex](#)*

# Part 6: Funding landscape

**There has been considerable turbulence for practitioners in these fields as a result of shifting political opportunities but also unexpected changes in funder priorities.** The funding freeze at FCDO, a reduction of focus on global corruption by Hewlett Foundation, a reorientation at Ford Foundation, and the exit of Luminate from this field all within two years has undermined organisations focused on transnational vehicles for illicit flows. This is especially problematic coming at a time of rising political and media attention to these issues.

If one looks at the numbers, funding for these issues is very small within overall development financing. OECD data suggests that in 2021 (the most recent available data), bilateral and multilateral financing for anticorruption programming reached USD 369.44 million. Financing from private foundations reached USD 177.13 million that same year (inclusive of programming within the United States) according to Candid's Foundation Directory. The share targeted to combating illicit flows is but a fraction of that amount.

However, several recent developments that touch on this agenda appear to be more promising, including:

- USAID – under the Biden Administration, [anti-corruption](#) has become a major commitment area. For example, the next topic for their Grand Challenge on Transnational Corruption will be focused on illicit finance.
- [FCDO announcement](#) that dirty money and money laundering comprise one of seven organisational priorities (perhaps a reflection of the interest in corporate transparency shown by its minister of state responsible for international development, Andrew Mitchell). The department has re-started grant funding (around GBP 12m this year). It is also doing considerable policy work on enablers of corruption and illicit finance hubs, especially policy engagement with UAE and US.
- Open Society Foundations' recent focused funding on [tackling London's role](#) in facilitating dirty money

- GIZ (German Government) – in partnership with Norway's MFA, GIZ is running a global project on "[Combating illicit financial flows](#)", with complementary regional activities spanning Africa, Latin America and the Western Balkans. Of particular note is a financial investigation workstream, supporting inter-agency and cross-border investigation teams in East and southern Africa.

*Note: a comprehensive analysis of the funding landscape should be conducted for funder(s) decision-making around where it has comparative advantage as a funder and where it could leverage and encourage other funders.*

# Part 7: Risks

There are both operational and strategic risks to investing in these fields and geographies. Below is just a selection, grouped around safety and wellbeing, and around chances of success of the investment.

## RISKS THAT THREATEN THE SAFETY AND WELLBEING OF PARTNERS

### CIVIC SPACE:

- » the misuse of the illicit finance agenda and narrative to close civic space (e.g. preventing foreign funding for NGOs)
- » the inability of domestic action to fight kleptocracies in countries such as Russia and Saudi Arabia

### DANGERS FOR JOURNALISTS AND OTHER INVESTIGATORS:

- » many journalists have been murdered, arrested, injured or put out of business for their investigations into corporate and political crimes. Reporting on this intersection between illicit finance and corruption and politics is an extremely dangerous kind of investigation. However, a key aspect of cross-border collaboration is that it lowers risks for journalists, activists, etc. If you have many journalists of different countries doing an investigation it is more difficult for governments, criminals to retaliate.

### DOUBLE-EDGED NATURE OF TRANSPARENCY TOOLS:

- » which can be used against the opponents of kleptocrats and autocrats. For example, there are concerns about access provided by automatic exchange of information between state authorities.

## RISKS THAT UNDERMINE THE CHANCES OF SUCCESS

### LEGAL:

- » litigation against funded partners, especially journalists via SLAPPs, is a major financial risk, with the potential to deter and put out of operations many non-profit campaign and media organisations.

### KLEPTOCRACY FATIGUE:

- » in the mould of public fatigue and disinterest associated with corruption scandals, a potential risk is that societies lose hope or interest in either removing kleptocrats from power in their own countries or preventing foreign kleptocrats undermining their democracies.

### TENSION BETWEEN PRIVACY RIGHTS AND TRANSPARENCY:

- » The EU Court of Justice's ruling against public access to BO registers was one articulation of this tension but other authorities have found reasons to push back on data sharing and transparency on grounds of data protection and safety.

# Part 8: Recommendations

This paper covers a wide range of issues, challenges and opportunities. It is worth highlighting some general principles first:

- Several **foundational measures are crucial** for the success of the entire field. These are mainly global disclosure standards but also include capacity for the principal investigatory actors, both state and non-state (e.g. journalists).
- While there are a range of regulatory reform opportunities that can tackle illegal behaviour, it is **important to also fund initiatives that increase reputational risks**, especially for the intermediaries (professional service providers) that operate in the “grey area”.
- **Philanthropic coordination with bilateral and multilateral funders** should be considered, especially around their ability to fund institutional capacity building and exert influence. This is particularly pertinent to the problem of low enforcement capacity globally.
- To maximise opportunities for cross-disciplinary collaborations, **investment should be made in convening and trust-building between communities of practice**, including civil society, journalists, technologists, business, law enforcement and investors.
- **Learning, expertise and academic research are essential components.** There is a dearth of academic attention specific to transnational kleptocracy and illicit finance. There is a huge skills shortage in civil society and journalism, especially on the financial and consulting industries. Lessons should also be learned from other fields that have tackled big financial interests, especially climate change and tobacco.

## FIRM FOUNDATIONS

Funders should consider continuing or re-engaging **support for several foundational reform measures**, without which many of the newer frontier reforms will founder. These include:

1. **Beneficial ownership transparency, which remains an incomplete global standard that is critical for success.** It is worth noting how reviewers of this paper almost universally stressed its importance in making progress on a range of difficult policy and enforcement issues. Funders should consider support in a range of jurisdictions across the global North and South.
2. **Extension of AML requirements to financial and non-financial intermediaries and investors beyond the banking sector:**
  - » e.g. passing the “[ENABLERS Act](#)” in the US, as a global precedent.
3. **Building the capacity of regulators, state watchdogs and enforcement agencies.** This is critical not only for global centres like the US and UK but for regional efforts in countries like Malaysia where there is opportunity to pursue kleptocratic corruption but very little investigatory capacity. Advocacy for building the capacity of UNODC’s GLOBE Network should be considered, potentially in partnership with bilateral funding agencies.

4. **Investigative journalism remains a critical component** in a world without satisfactory data disclosure (and will be even once data disclosure is more comprehensive, especially in tackling illicit behaviour). Support for both mainstream investigative journalism is recommended, as well as its diversification into some of the frontier areas presented in this paper, such as boutique agency sectors. Legal costs will be an important component.
5. **Funding a research centre dedicated to the transnational political harms of illicit finance** should be considered.
6. **Whistleblowing** requires stronger legislative protections in many jurisdictions; South Africa may be a good first investment in the wake of the Zondo Commission.
7. **Global standards for think-tank transparency:** efforts to put pressure on think tanks to be more transparent about their funding and motivations have increased but on a shoe-string budget. A modest investment could go far to create a global norm on disclosure.

## REGIONAL AND GLOBAL PARTNERSHIPS

Several opportunities present themselves around specific themes and geographies for funders to consider explicit funding partnerships between regional and global teams. These include:

1. **Boutique wealth managers and fixers in the Middle East and Asia Pacific.** Singapore and Dubai are important centres for global but specifically Asian HNWI, including a significant kleptocratic component. Funders could consider funding:
  - engagement with global and regional **industry associations**;
  - **investigative journalism** to dig deeper into the “fixer” connections between UAE, South and Central Asia, and Southeast Asia;
  - regional civil society **policy work** to engage with regional and global organisations. (Note: in-country CSO work will be risky.)
  - advocacy to **extend AML regulations** to professional services intermediaries in both major and regional financial centres

2. **Reputation laundering and political integrity in Europe.** The EU is a major target for a range of kleptocratic regimes intent on maintaining their ability to store stolen assets and to access Europe’s lifestyle, educational institutions, healthcare and legal systems. The EU is also often a first-mover on global norms and regulations that can curtail or undermine kleptocratic regimes. Funders should consider funding:
  - **policy work** to strengthen lobbying transparency rules and restrictions at the EU level and in major European jurisdictions like France, Germany and Poland;
  - **investigative journalism** that exposes the role of global firms offering PR and government affairs services to kleptocrats in Europe and beyond;
  - the intensification of the **spotlight on think-tanks** as conduits for covert influence, including pressure for transparency of funding and standards for public broadcasters and private media in showcasing think-tank research;
  - **collaborative work with initiatives focused on mis and dis-information** to identify both the source of funding and to introduce regulatory controls.

**3. Consulting industry record in Africa and global accountability.** There is a lack of accountability for globally branded consulting firms that operate (semi)autonomously in high-corruption-risk countries, providing services to kleptocratic regimes. The record of these firms in several prominent kleptocratic scandals in Africa (e.g. Angola and South Africa) has been exposed by several journalistic and research-oriented initiatives, particularly in South Africa. Funders should consider funding:

- **ongoing investigative journalism** that tracks domestic implications of consulting firms' complicit in state capture;
- **seeding new global watchdog and campaigning work** with a specific focus on the multi-faceted roles played by consulting firms, to identify levers for influence over these firms (e.g. debarment from public procurement opportunities);
- **business engagement opportunities** to drive standards and dialogue about ethical practices around client selection that fosters concerns within the firms' ranks;
- **legal investigation** into addressing challenges around the legal structures of global limited liability firms and partnerships.

**4. Pan-African and regional institutional partnerships.** As a result of the [Track it! Stop it! Get It!](#) report from the Thabo Mbeki-led High Level Panel on Illicit financial flows from Africa in 2015, several African inter-governmental institutions have significant programmes of work on illicit finance, though predominantly focused on tax aspects. The Mbeki Report carries weight, remaining the main point of reference and mandate for institutions like the African Union Commission, the African Development Bank, and the UN Economic Commission for Africa. The Mbeki Report contains important recommendations such as the requirement of beneficial ownership declarations for all parties entering into government contracts and the publication of PEPs lists. Funders should consider funding work focused on strengthening African transnational institutions, including by implementing the recommendations of the Mbeki Report. Note: this funding could capitalise on bilateral funding from GIZ and others that is building capacity in relevant directorates of these international institutions.

- Advocacy work could be considered with African coalitions like the [Stop the Bleeding Consortium](#), aimed at:
  - » **Identifying political incentives for AU action on illicit finance beyond taxation**, such as asset declaration by PEPs

- » **Raising the profile of under-scrutinised policy areas such as the enabling role of consulting firms**
- » **Support advocacy around the ratification of the Malabo Protocol** to provide the African Court on Human and Peoples' Rights (ACJHR) with the authority to prosecute transnational, corporate-enabled crimes including money laundering, corruption and the illicit exploitation of natural resources.<sup>18</sup>
- **Complementary strategic litigation could be supported through existing regional courts, including the East African Court of Justice and the ECOWAS Court of Justice.** These courts have shown some interest in going beyond trade disputes into constitutional and electoral issues.

<sup>18</sup> The 2014 Malabo Protocol would empower the ACJHR with jurisdiction over international crimes and introduce a regulatory scheme for corporate criminal liability. To date, under half of the AU's member states have signed this potentially powerful protocol, and none have yet to ratify it. NOTE: the exclusion of incumbent African heads of state would be a significant weakness. Its potential is discussed in 'A Review of the Malabo Protocol on the Statute of the African Court of Justice and Human Rights – Part I: Jurisdiction over International Crimes' on ILA Reporter (2021), Jessie Chella.

## 5. Doubling-down on transnational investigative journalism, with a focus on Latin America.

Public interest journalism focused on complex investigations will continue to play an essential role in fighting kleptocrats and the system that enables them. The need for non-profit funding is global, to support objective, independent reporting. However, the need in Latin America is especially acute, not least because of the dangers faced by investigative journalists in the region, Mexico, Haiti, Colombia and Brazil seeing the most confirmed journalist murders. Latin America has several strong country-level and regional media organisations that are struggling to survive financially, often in the face of concerted political and legal pressures. Funders should consider funding for:

- existing transnational consortiums of investigative journalists;
- Latin American investigative journalism focused on transnational corruption and services, and supporting stronger trans-regional connections to follow the money and services provided to kleptocrats in Latin America;
- Capacity building and legal support for journalists, including financial analysis skills.

## CROSS-DISCIPLINARY COLLABORATION OPPORTUNITIES

In the course of scoping this work, it has been suggested that opportunities for progress are being missed on account of siloed work. The following collaborations are recommended for exploratory funding:

1. **Policy analysis of major leaks databases.** Several investigative journalism initiatives (global and national) hold huge amounts of data on illicit financial flows. Journalists have been rightfully careful to manage the risks associated with untrammelled access to sensitive data like the Offshores Leaks database held by ICIJ. However, dedicated support to managing these databases and providing access to policy experts would help to uncover trends and suggest which kinds of policy interventions (such as sanctions, disclosure requirements etc) are having impact.
2. **Collaborative approaches around finance.** There is low capacity amongst civil society organisations and journalists to hold financial management actors to account. Efforts should be made to substantially increase training but also collaboration where expertise is quite siloed, e.g. between the watchdogs working on banking reform and those working on financial transparency. A first step could be a cross-disciplinary convening to focus on the role of boutique firms (from finance to reputation management and legal services) in enabling kleptocracy. This may also

be a way to bridge narrative divides across the global South and North regarding the focus of fighting illicit finance (i.e. tax vs kleptocracy) by addressing the role of enabling services that serve both ends.

3. **Addressing the barriers to domestic reform initiatives in authoritarian states.** Many critical transparency and accountability reforms related to illicit finance have been driven domestically by policy and advocacy groups in places like Canberra, London and Washington, D.C. This is either impossible or highly risky for civil society in authoritarian states, making this path to regulatory reform in critical centres like the UAE (or even Singapore) much more unlikely. **Funders should consider convening a range of interested parties to discuss other pathways to change for illiberal jurisdictions, including international political pressure, business and investor engagement, and journalism.**
4. **Legal support to counter SLAPPs** will remain an important priority to ensure that critical reporting can continue. Global and regional organisations like [Media Defence](#), [CASE](#) and the [Public Participation Project](#) are critical players.
5. **Business engagement** – collaboration with the business and human rights agenda, including skills sharing, convening and understanding reputational risk as a lever for change.

# Conclusion

This complex terrain requires sustained, intelligent funding and non-financial support such as community building, legal defence and political support. There is a palpable political moment to be seized, in terms of geo-political shifts as a result of the Ukraine war, media attention resulting from a series of highly revealing leaks and investigations and significant elections in countries tackling entrenched interests, such as South Africa and the UK.

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Funders interested in this work should consider how to mobilize, incentivize and educate other funders (including bilaterals) and consider creating a pooled fund.

# Annex – Related initiatives

## FIRM FOUNDATIONS

*Note: the following lists correspond to the themes discussed in Parts 1-5. They are illustrative and not comprehensive.*

### REGULATORY ALIGNMENT - INITIATIVES

- [Financial Transparency Coalition](#): addressing both the “ABC” measures for tackling illicit financial flows and tax justice and the role of the “gatekeepers” (those who facilitate illicit finance)
- [The FACT \(Financial Accountability and Corporate Transparency\) Coalition](#): specialist policy organisation focused on strengthening financial regulations and anti-corruption enforcement in the US for global impact
- [Open Ownership](#): global NGO advocating for and building a global standard in beneficial ownership disclosures
- [Transparency International](#) (TI): dirty money and closing the loopholes in the global financial system have become major themes of the global TI movement, based around the principle of:
  - » No One to Help (the professional enablers)
  - » No Impunity (sanctions and asset recovery)
- [Transparency International US](#): closing loopholes in US financial system, including strong push on implementing Corporate Transparency Act for beneficial ownership transparency and now for 2023 Foreign Extortion Prevention Act.
- [Global Anti-Corruption Consortium](#): advocacy and reporting collaborative between OCCRP and TI
- Tax Justice Europe (TJ-E): TJ-E is a coalition of over 70 European organizations, coordinated by [Eurodad](#), with long-standing working groups on Beneficial Ownership and public CBCR.
- RUSI’s [Taskforce on a Transatlantic Response to Illicit Finance](#) (TARIF): focusing on opportunities for US-UK collaboration in tackling issues such as information sharing, asset recovery and beneficial ownership registers
- [OpenCorporates](#): global open database of data on companies
- [Human Rights First](#): addressing US leadership on tackling authoritarianism through human rights and anti-corruption sanctions
- C4ADS: [Sanctions Explorer](#) tool that aggregates Bank for International Settlements, EU, Japan, UN and US sanctions
- [Corporate Europe Observatory](#): shining a light on corporate and covert state lobbying in the EU

## NORMATIVE CHANGE - INITIATIVES

### Global:

- [International Consortium of Investigative Journalists](#) (ICIJ): pioneers in massive cross-border reporting projects, targeting corruption, abuse of power and massive harms.
- [Organized Crime and Corruption Reporting Project](#) (OCCRP): a global investigative reporting platform, major collaborator of ICIJ, and producer of the [Laundromats](#) series of investigations uncovering secretive cross-border channels for kleptocratic cash and influence. It also launched the [Global Anti-Corruption Consortium](#) with Transparency International.
- [Finance Uncovered](#): a global NGO training and supporting journalists and activists in conducting forensic financial investigations and reporting. 19
- [Bellingcat](#): critical innovator in open source intelligence and investigations, training investigative journalists and compliance officers.
- [The B Team](#): a blue-chip business-led initiative to reframe corporate purpose, including corporate responsibility to tackle corruption and “right the rules” to increase good governance, business integrity and trust.

- [Fair Tax Foundation](#): developing a global standard and accreditation process for transparent multinationals.
- [Business and Human Rights Resource Centre](#): NGO that supports human rights advocates in civil society, media, companies, and governments, by tackling corporate human rights abuses and allegations.
- Chatham House: UK-based but globally focused think tank that is addressing the [UK’s kleptocracy problem](#).
- [Kleptocracy Initiative](#): policy centre at the Hudson Institute exploring how transnational corruption is reshaping global politics and security.
- Basel Institute on Governance: specifically the [International Centre for Asset Recovery](#).

Regional (many media and investigative organisations have contributed to this but here are some prominent players):

- [amaBhungane](#) (South Africa) – investigative journalists focused on corruption, corporate malfeasance and “state capture”
- [Armando.info](#) (Venezuela) – work on corrupt deals of Venezuelan Government
- The Bureau of Investigative Journalism (UK): programme focusing on The Enablers of kleptocrats and oligarchs

- [Connectas](#) (Americas journalism hub) – investigations such as [#Petrofraude](#) (financial dealings and influence of Venezuela’s regime)
- [Correctiv](#) (Germany) – stories on Russian lobbying, tracking sanctions, CumEx Files, New Right influencing
- [Direkt36](#) (Hungary) – Russian financial relations in Hungary, golden visas, Hungarian oligarchs, opaque diplomacy
- [IDL-Reporteros](#) (Peru) – work on the [Odebrecht scandal](#) and Pandora Papers (with ICIJ)
- [Philippine Center for Investigative Journalism](#) – long history of forensic investigations into the opaque relationships between politicians, vested interests, and corporations
- [Premium Times](#) (Nigeria) – hosts [leaks.ng](#) platform for whistleblowing in the public interest.
- [Tempo](#) (Indonesia) – cross-border investigations into corruption in Southeast Asia, such as work on [oligarchs](#)
- Transparency International UK – [Business Integrity Forum](#), a space for members, government, academia, investors and civil society to discuss and tackle challenges and practical solutions for businesses to adopt

## ENFORCEMENT CAPACITY - INITIATIVES

- [Spotlight on Corruption](#): runs a programme of work on [Tougher Enforcement](#) of economic crimes in the UK and beyond.
- [Transparency International UK](#): its work on [Dirty Money](#) includes specific advocacy work to increase the capacity of key UK state law enforcement agencies such as the National Crime Agency
- [FACT Coalition](#): with its partners (including [Transparency International US](#)) is [putting pressure on the US Government](#) to provide satisfactory funding to federal law enforcement agencies
- UNODC [GlobE](#) (Global Operational Network of Anti-Corruption Law Enforcement Authorities) Network, to support member agencies in securely sharing critical information and supporting peer learning around investigation and prosecution.

## PLUGGING THE GAPS IN THE ENABLING SERVICES

### WEALTH MANAGEMENT FIRMS - INITIATIVES

#### Global:

- [ICRICT's Global Asset Registry](#) – brainchild of Thomas Piketty. To register the beneficial owners of high-value non-financial assets (property, vehicles, art etc) to support money-laundering and sanctions investigations and enforcement.
- [Global Financial Integrity](#): series of papers highlight the regional and global risks posed by opaque and less regulated financial management sectors
- [Transparency International US](#): led strong push for the Enablers Act in the US, which came so close to passage
- The [Anti-Corruption Data Collective](#) (ACDC)'s major focus area of private investment funds.
- Tax Justice Network: spotlight on the [role of trusts](#)
- Spotlight on Corruption: work on “[blind trusts](#)” to manage the financial interests of government ministers and potential conflict of interest
- Eurodad: work on [beneficial ownership as it pertains to trusts](#)
- FACT Coalition work on the [misuse of trusts](#)
- OCCRP [Laundromats](#) series

- RUSI's [Economic Crime Programme](#): regulatory effectiveness and enforcement regarding anti-money laundering (AML) and fraud

#### Africa:

- [AFRODAD](#) (African Forum and Network on Debt and Development): hosts an annual conference on illicit financial flows

#### Asia:

- [Foundations and Donations: Political Financing, Corruption, and the Pursuit of Power](#) – The Center to Combat Corruption and Cronyism (Malaysia)
- Al-Jazeera: [Gold Mafia investigation](#)

### CONSULTING FIRMS - INITIATIVES

Note: much recent work on the role of management consultancies in servicing kleptocrats has been led by South African organisations in the wake of the state capture scandals surrounding President Zuma and #GuptaLeaks.

- [Open Secrets \(South Africa\)](#): an African CSO holding the profiteers of economic crime, human rights abuses, and war to account. It has produced a series of investigative reports on corporations and economic crime and the role of enablers in state capture.

- [Platform to Protect Whistleblowers in Africa](#) (PPLAAF): providing support to whistleblowers in the public interest and campaigning for stronger protections across Africa. PPLAAF [supported Bain and Co whistleblower Athol Williams](#) in his testimony to the Zondo Commission on the role of Bain in undermining SARS.
- [Daily Maverick](#): South Africa-based news and investigations organisation that has run the Unaccountables series with Open Secrets (South Africa).
- [The B Team](#): engagement with the six largest global accounting firms, with beneficial ownership transparency as an opening conversation

## REPUTATION MANAGEMENT AND INFLUENCE INTERMEDIARIES - INITIATIVES

### Global:

- [Corporate Europe Observatory](#): it reveals the tactics, financial firepower, privileged access and connections of corporate lobby actors. It works to mitigate their negative impact on public-interest policy-making by campaigning for stronger transparency and accountability regulations in the EU.
- OECD: [Setting the Rules for Lobbying](#)
- The [Anti-Corruption Data Collective](#) (ACDC) is expanding work on [reputation laundering](#) by targeting kleptocratic influence via philanthropy.

- NED: [Waking up to Reputation Laundering as a Mechanism for Transnational Kleptocracy](#)
- Finanzewende: work on [financial lobbying](#) in Germany
- [Open Secrets \(US\)](#): US-focused Follow the Money in politics initiative tracking lobbying.
- [Forbidden Stories](#): the [Story Killers](#) project, including the [exposé](#) of the role played by Eliminalia, a Spanish reputation management company, in removing public interest information from the internet.
- [Influence](#): documentary film exposing the role of Bell Pottinger in abetting repressive and kleptocratic regimes.

## PLUGGING THE GAPS IN SERVICE HUBS

### Kenya - initiatives

- Tax Justice Network Africa: its [flagship programmes](#) tackle illicit financial flows across Africa
- The Sentry:
  - » [Kenya Illicit Finance Risks and Assessment](#), Denisse Rudich, 2021
- [East Africa Tax and Governance Network](#): founded in 2009 in Nairobi, Kenya, as a membership organisation of individuals and non-state actor institutions that share the understanding that taxation is fundamental in achieving social justice and development goals.

- » [Plugging the Loopholes](#): Assessing Finance Act 2018 against Kenya's Anti-Money Laundering and Counter-Terrorism Financing Obligations
- [Stop the Bleeding campaign](#): aims to mobilise citizens across Africa to tackle illicit flows.

### Latvia - initiatives

- [Delna](#) (Transparency International Latvia): national watchdog NGO on corruption issues including dirty money
- [re:baltica](#) (Baltic Center for Investigative Journalism): Baltics-wide investigative journalism organisation, based in Latvia, covering issues pertaining to social equality, fighting corruption and lack of transparency, including cross-border activities and Russian oligarch assets in Latvia

### United Arab Emirates - initiatives

- [Dubai Uncovered](#) investigation, involving:
  - » OCCRP
  - » C4ADS – US-based nonprofit working on illicit networks that threaten global peace and security. Also produced [Sandcastles](#) in 2018, a project to trace sanctions evasion in Dubai's property market.
- Carnegie Endowment for International Peace: [Dubai's Role in Facilitating Corruption and Illicit Financial Flows](#)
- Al-Jazeera: [Gold Mafia series](#) on links between Dubai and Africa

## POLITICAL INTEGRITY - INITIATIVES

*Note: These initiatives are clustered as often cut across the two aspects of political integrity outlined in the paper. There are also clear links with reputation management and influence intermediaries.*

- Corporate Europe Observatory: extensive work on lobby transparency. Also administer [LobbyLeaks.eu](#), a secure leaks platform currently focusing on encouraging leaks about big tech lobbying tactics.
- [Transparency International Germany: Integrity Watch Deutschland platform](#)
- [LobbyControl](#): German group tracking and campaigning on influences on political decision-making, lobby networks and think tanks, political PR campaigns and political finance.
- [Transparify](#): initiative to drive transparency in think-tank funding
- [openDemocracy](#): series of investigations into dark money in British and worldwide politics

## OTHER AREAS TO EXPLORE

### PARAMILITARY AND PRIVATE MERCENARY FORCES - INITIATIVES

- [Global Initiative against Transnational Organized Crime](#) - GI-TOC has developed a network of civil society actors to work together against organized crime, via regional observatories
- C4ADS: [Paper Trails project](#) exposed the network relationships between Russia mining companies and Wagner activities in Africa
- Institute for Security Studies: [research](#) into role of Wagner Group in destabilising Africa, and broader [Russia-Africa relations](#)

### DEBT CONTRACTION - INITIATIVES

- AFRODAD (African Forum and Network on Debt and Development): strategic priority to [Democratise The Debt Discourse](#)
- Stop the Bleeding
- [Debt Justice](#)

### RELIGIOUS INSTITUTIONS - INITIATIVES

Latin America:

- [InSight Crime](#): Medellín-based think tank and media organization working on transnational organized crime and citizen security in the Americas. Investigations include the embezzlement, corruption and drug-trafficking of ex-president of Honduras, Juan Orlando Hernández.
- [Paraísos de dinero y fe](#) (Paradises of Money & Faith) – Centro Latinoamericano de Investigación Periodística (CLIP). 2020 cross-border investigation by 12 media organizations from nine countries, coordinated by Columbia Journalism Investigations and the Latin American Center for Investigative Journalism (CLIP), into church-related money laundering across the Americas.
  - » OCCRP [summary](#) (English).
  - » Investigation more centred around corrupt church leaders and the co-option of church finances by drug cartels.
  - » Other media organisations involved in investigation: Mexicanos Contra la Corrupción y la Impunidad (México), Nómada (Guatemala), Canal 13 Noticias (Costa Rica), IDL-Reporteros (Perú), Infobae (Argentina), Agência Pública (Brazil), Folha de São Paulo (Brazil), La Diaria (Uruguay), El Tiempo (Colombia).

# About the Transparency and Accountability Initiative

The Transparency and Accountability Initiative (TAI) is a donor collaborative whose members have over \$600 million in active grants working toward a world where citizens are informed and empowered, governments are open and responsive, and collective action advances the public good. Our members are the Chandler Foundation, the Ford Foundation, Luminate, the MacArthur Foundation, the Open Society Foundations, the Skoll Foundation, the United Kingdom Foreign Commonwealth and Development Office, United State Agency for International Development and the William and Flora Hewlett Foundation.

- CLIP and Columbia Journalism Investigations also led an investigation with 16 media organisations into [Evangelical support of the Trump Administration's agenda in Latin America](#). It revealed how this promoted an anti-rights agenda (Peru and others) and anti-corruption agenda (Guatemala) in Latin America and also how evangelical radical organisations influence politics in several countries in the region.

US:

- [Trinity Foundation](#): Texas-based investigators into religious fraud, including the abuse of “church status” to invest secretly in real estate and other high-value assets and their role in enabling dark money.