



DRG LEARNING, EVALUATION, AND RESEARCH (DRG-LER) II ACTIVITY

ANALYZING TRANSNATIONAL AND STRATEGIC CORRUPTION AND KLEPTOCRACY (TASCK) IN SUB-SAHARAN AFRICA

Phase I Findings & Co-Creation Workshop Summary Report

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ACRONYMS

ACTF	Anti-Corruption Taskforce
AFR	Africa Bureau
CAR	Central African Republic
CARPE	Central Africa Regional Program for the Environment
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CNDD-FDD	National Council for the Defense of Democracy - Forces for the Defense of Democracy
DDI	Development, Democracy, and Innovation
DRG	Democracy, Rights, and Governance
EFT	Electronic Funds Transfer
GH	Global Health
PMC	Private Military Contractor
RQ	Research Question
SAI	Supreme Audit Institution
SI	Social Impact, Inc.
SSA	Sub-Saharan Africa
TASCK	Transnational Corruption, Strategic Corruption, and Kleptocracy
UAE	United Arab Emirates
UK	United Kingdom
USAID	United States Agency for International Development
USG	United States Government

BACKGROUND

The 2021 United States Strategy on Countering Corruption and the 2022 United States Agency for International Development (USAID) Anti-Corruption Policy confirm anti-corruption as a U.S. Government (USG) priority and recognize the endemic and globalized nature of corruption. These documents seek to modernize the USG approach to corruption and call on USAID to tackle aspects of grand corruption and kleptocracy more intentionally within programming. The documents highlight transnational corruption, strategic corruption, and kleptocracy (TASCK) as particularly pervasive and large-scale forms of corruption that can undermine government legitimacy by eroding communities' trust in government and weaken government effectiveness by siphoning off resources that should be used for the public good.^{1,2} These forms of corruption are defined as follows:

- **Transnational corruption:** Corruption that crosses borders, involves global networks, and employs sophisticated schemes to siphon off the wealth of a country from its rightful owners.
- **Strategic corruption:** When a government weaponizes corrupt practices as a tenet of its foreign policy.
- **Kleptocracy:** A government controlled by officials who use political power to appropriate the wealth of their nation. Can include state capture.³

In sub-Saharan Africa (SSA), investigative reporting sheds significant light upon kleptocratic and transnational corrupt phenomena, including the implications for democratic governance and development at a high level. Yet, there is a gap in knowledge on the concrete ways in which these issues impact the lives of Africans. Moreover, there is uncertainty on whether development responses sufficiently take account of these issues, or how responses might be adapted to address them. This research study analyzing transnational corruption, strategic corruption, and kleptocracy in SSA seeks to fill this knowledge gap by shedding light on what TASCK looks like and how development actors better program anti-corruption efforts with TASCK in mind.

PURPOSE

The purpose of this research is three-fold:

1. To provide sub-Saharan Africa-specific insights on opportunities to address transnational and strategic corruption, and/or kleptocracy to assist the USAID/Africa Bureau and Missions in responding to strategic shifts in USAID's anti-corruption efforts.
2. To increase USAID's understanding of how TASCK manifest in sub-Saharan Africa.
3. To explore existing USAID anti-corruption efforts and if/how USAID programming can better address TASCK.

The overarching research question is: **How, if at all, should USAID adapt, expand, and/or enhance its programming in sub-Saharan Africa to address transnational corruption, strategic corruption, and/or kleptocracy?**

¹ United States Agency for International Development. 2021. "United States Strategy On Countering Corruption." Washington, DC: United States Agency for International Development, 2021.

² United States Agency for International Development. 2022. "Anti-Corruption Policy." Washington, DC: United States Agency for International Development, 2022.

³ Ibid.

Key users of this research include USAID/Africa Bureau (AFR), USAID Anti-Corruption Taskforce (ACTF), USAID Center for Excellence on Democracy, Human Rights, and Governance (DRG Center), and USAID Missions in SSA.

METHODOLOGY

This study is divided into two Phases to narrow down the focus on aspects of TASCK most relevant to USAID for programmatic decision making. Phase I, conducted from October 2022 to March 2023, was guided by the following four research questions (RQs):

1. How does TASCK manifest in sub-Saharan Africa?⁴
2. In what priority geographies are TASCK most prevalent?
3. In which sectors are TASCK most prevalent?
4. Within the examined sectors, what are the governance, economic, and/or social impacts of these types of corruption? How do these impacts vary by demographic group?

In Phase I, the study team conducted a **literature review of 98 documents** and **nine consultative interviews** with anti-corruption stakeholders (i.e., USG staff, investigative journalists, academics, and staff other development agencies) to begin answering the RQs and gain a broad understanding of key TASCK related trends in SSA (see Annex A for a bibliography of the literature reviewed and Annex B for the consultation interview guide). Additional sources were reviewed over the course of Phase I, bringing the total number of documents to nearly 100. In conducting the Phase I research, the team primarily collected data on RQs 1-3, as it became evident that RQ 4 would be more effectively answered once specific sectors or geographies were selected for Phase II.

On February 8, 2023, the study team facilitated a **virtual co-creation workshop** with USAID stakeholders from AFR, Bureau for Development, Democracy, and Innovation (DDI), Bureau for Global Health (GH), and the ACTF. During the workshop, the research team presented preliminary findings from the interviews and literature review (agenda can be found in Annex C), and solicited stakeholder input regarding how to focus the research in Phase II. A list of workshop participants can be found in Annex D.

⁴ Descriptions of the manifestations of corruption may look at the role of transnational organized crime, government institutions and officials, private sector actors, civil society, and other relevant actors.

FINDINGS

The following section summarizes the key findings and overarching takeaways that emerged from the desk review and consultative interviews.

RQ1: HOW DOES TASCK MANIFEST IN SUB-SAHARAN AFRICA?

TASCK are highly prevalent forms of corruption in SSA which have significant adverse development implications. These are far from new phenomena – there are well-known cases of transnational corruption dating from the 1970s and 1980s⁵ – however they are issues which have worsened as the region has become more integrated into the global economy. Soares de Oliveira identifies the late twentieth century economic crisis as a “harbinger of structural change” which saw elites and investors exploit the liberalization of African economics to deepen connections to the offshore world⁶. Recent leaks of offshore data including the Pandora and Paradise Papers and the Luanda Leaks have highlighted the scale of the problem and show corrupt funds represent one of the main forms of illicit finance escaping the region⁷. There are now several research and anti-corruption campaigning groups active on these themes⁸.

The component elements of TASCK share some common characteristics:

- The perpetrators are typically business and political elites, a characteristic differentiating these forms of corruption from ‘administrative corruption’;
- These are corrupt schemes which transcend national borders;
- They are systemic issues where corruption is not an aberration but critical to how the system functions;⁹
- The economic, political, and social harms are substantial and prevent developmental objectives from being realized.

How these forms of corruption manifest on the ground in SSA varies according to political economy conditions, although common patterns and processes are discernible. Table I provides a framework for exploring the manifestation of TASCK in the region. This is an analytical framework of state capture processes developed by Dávid-Barrett where we have added examples on the roles of international actors relevant to the regional context.¹⁰

⁵ A prominent example is the Elf Aquitaine scandal: David Ignatius, “ True Crime: The Scent of French Scandal ,” *Legal Affairs*, accessed March 1, 2023, https://www.legalaffairs.org/issues/May-June-2002/story_ignatius_mayjun2002.html.

⁶ Ricardo Soares De Oliveira, “Researching Africa and the Offshore World,” *The Journal of Modern African Studies* 60, no. 3 (2022): pp. 265-296, <https://doi.org/10.1017/s0022278x22000210>.

⁷ “ICIJ Offshore Leaks Database,” ICIJ Offshore Leaks Database, accessed March 1, 2023, <https://offshoreleaks.icij.org/>.

⁸ Relevant organizations include Global Witness, The Sentry, Transparency International and the U4 Anti-Corruption Resource Centre

⁹David Jackson, “Building Anti-Corruption Resilience to Combat Entrenched Corruption Systems,” *U4 Issue* 2022:17 (2022), <https://www.u4.no/publications/building-anti-corruption-resilience-to-combat-entrenched-corruption-systems.pdf>.

¹⁰ Robert Barrington et al., “Learning from State Capture and Kleptocracy Case Studies,” in *Understanding Corruption: How Corruption Works in Practice* (Agenda Publishing, 2022). NB: minor additions made to the original framework to account for the varying roles of international actors in Africa

Table 1: Manifestations of TASCK in sub-Saharan Africa (using Dávid-Barrett’s state capture analytical framework)

Pillar of capture and objective	Examples of mechanisms available to captor elites	Example roles of international actors
<p>Formation of constitution/ law/policy</p> <p><i>Secure control over the means of violence, shape the rules of the game as they apply to political and key economic sectors</i></p>	<ul style="list-style-type: none"> • Ensure political control over military, police, security services • Shape laws governing state-owned enterprises in key economic sectors – natural resources, banking and finance, utilities – in ways that retain extensive political control • Set rules of privatization and public procurement to ensure high discretion at implementation stage • Shape campaign finance laws to allow anonymous donations 	<ul style="list-style-type: none"> • Applying improper influence to shape laws to their own advantage • Military and security assistance to regimes • Covert political campaign contributions
<p>Implementation of policy by government bodies/ civil service</p> <p><i>Influence administrative procedures to benefit captor network and disadvantage opponents</i></p>	<ul style="list-style-type: none"> • Appoint allies to key decision-making roles in state-owned enterprises, the civil service, and regulatory bodies • Influence implementation of privatization process to allow allies to purchase key state assets at low prices or with government-backed finance • Influence public procurement by state-owned enterprises and public-sector agencies to allocate contracts to favored allies 	<ul style="list-style-type: none"> • Partnerships with political elites allocated contracts • Advisory services to corrupted state-owned enterprises and government agencies • Facilitating flows of corrupt capital outside of the country • Managing and investing corruptly acquired wealth
<p>Accountability institutions, e.g., supreme audit institution, civil society, the media</p> <p><i>Disable and undermine institutions, organizations, and individuals that reveal corruption or seek to hold power to account</i></p>	<ul style="list-style-type: none"> • Reform judicial appointments to allow replacement of independent judges with political allies • Replace key law enforcement leaders and prosecutors with allies • Reduce budget of supreme audit institution, appoint allies to senior leadership, repress reports • Intimidate civil society activists, journalists and academics who criticize the governments 	<ul style="list-style-type: none"> • Maintaining political and economic relations while turning a blind eye to regime abuses • Supporting lawsuits against regime critics • Reputational management services for elites

Transnational Corruption and Kleptocracies

With regards to kleptocracies, in a consultative interview, a development agency staff member stated that they use the alternative term of “kleptocratic structures.” This avoids being bounded by national borders and incorporates the transnational dimension to these issues. Kleptocratic structures have different levels of embeddedness and sophistication across sub-regions in SSA¹¹.

The literature review and interviews provided various illustrations of manifestations of TASCK in the region. Case analysis of countries such as Angola, Equatorial Guinea, and the Republic of Congo show similar strategies for kleptocratic accumulation, including control of state-owned enterprises, privatization of state assets and resources, and exchange rate manipulation¹². One interviewee emphasized state-owned enterprises often sit at the center of strategies for accumulation but are relatively under-targeted by anti-corruption programming¹³. Analysis of more competitive political contexts points to the centrality of election processes and wholesale shifts in political appointments following changes in power¹⁴. Research and investigations covering fragile and conflict-affected states such as the Central African Republic and South Sudan highlight the specific opportunities created by these environments, such as embezzlement of military budgets and allocations of natural resources to regime insiders and external actors¹⁵.

Borderline kleptocracies are subjective classifications. Key warning signs of borderline kleptocracies include:

- Deliberate attempts to weaken institutions capable of holding corrupt actors accountable;
- Loss of state capacity to assert authority; and/or
- Growing disregard of the judiciary and anti-corruption agencies with impunity.

Understanding how these processes unfold allows us to identify warning signs that a country could be moving towards kleptocracy.

Burundi is a clear example of a country devolving into a kleptocracy over the past two decades through deliberate actions to weaken oversight institutions. Corruption in Burundi has become systemic since the current ruling party, the National Council for the Defense of Democracy - Forces for the Defense of Democracy (CNDD-FDD), came to power in 2005 under President Pierre Nkurunziza. While officially supporting an agenda of economic and political reform, President Nkurunziza centralized control over the political system, the civil service, and security services, and deliberately impeded the operations of oversight agencies, including the judiciary and the National Assembly in order to generate benefits for a “limited and select circle of leaders of the executive and the governing party.”¹⁶ “The

¹¹ Consultation ID 8856

¹² Professor Soares de Oliveira, *Magnificent and Beggar Land: Angola Since the Civil War* (London: C HURST & CO Publishers LTD, 9781), Hudson Institute, “*Transcript: Obiang’s Kleptocrac in Equatorial Guinea*,” September 30, 2021, <https://www.hudson.org/foreign-policy/transcript-obiang-s-kleptocracy-in-equatorial-guinea>; Natasha White, “The Cycle of Kleptocracy: A Congolese State Affair Part III,” Global Witness, July 9, 2020, <https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/congolese-kleptocracy/>.

¹³ Consultation ID 1457

¹⁴ Michela Wrong, *It’s Our Turn to Eat: The Story of a Kenyan Whistle-Blower* (New York: Harper Perennial, 2010), Inge Amundsen, Emmanuel Oladipo Ojo, and Vaclav Prusa, “Congenitally Conjoined and Inseparable: Politics and Corruption in Nigeria,” in *Political Corruption in Africa: Extraction and Power Preservation* (Cheltenham, UK: Edward Elgar Publishing, 2019).

¹⁵ Alex de Waal, “When Kleptocracy Becomes Insolvent: Brute Causes of the Civil War in South Sudan,” *African Affairs* 113, no. 452 (January 2014): pp. 347-369, <https://doi.org/10.1093/afraf/adu028>; Nathalia Dukhan, “State of Prey: Proxies, Predators, and Profiteers in the Central African Republic,” The Sentry, October 2020, <https://thesentry.org/reports/state-of-prey/>.

¹⁶ International Crisis Group. 2012. *Burundi: A Deepening Corruption Crisis*. Crisis Group Africa Report Number 185. Brussels: International Crisis Group. Page 1.

evolution of the public sector has been driven to a significant extent by patronage and the need for cooptation of former, and potential, supporters rather than by meritocratic criteria...Corruption, criminality, abuses of the judicial system, lack of security and of access to the judicial system are all major concerns.”¹⁷

Among campaigning groups there has been a significant increase in attention to the role of “international enablers”¹⁸. The label is typically applied to the actors facilitating corrupt capital flows including accountants, bankers, company services providers, lawyers, and management consultants, although the term could be extended to cover private firms and foreign governments providing resources sustaining kleptocratic regimes.¹⁹ International enablers are located in both offshore financial centers and OECD countries. One interviewee commented that in the 20 years they have worked on anti-corruption, the number of centers providing services has expanded from approximately 15 to between 70 and 80.²⁰

Exposés of cases have shown there are established linkages between certain African states and other jurisdictions based on historical, linguistic, or trading ties. The laundering of corruptly acquired wealth in Nigeria to the United Kingdom (UK) (via the British Overseas Territories) is one such example²¹. The tightening of global anti-money laundering regulation may however mean disruption to traditional networks and flows of capital. Soares de Oliveira has argued that “diversification towards Asian financial centers is noticeable and fits the wider pattern of increased Asian-African economic relations.”²² Hong Kong and Singapore have emerged as important destination countries.²³ Investigations have also shown the United Arab Emirates (UAE) to be a destination for corrupt capital and minerals from the region.²⁴ Regardless of the route, real estate is likely to be the most common end asset into which corrupt capital is invested.²⁵

Strategic Corruption as a form of Transnational Corruption

Strategic corruption, when a government weaponizes corrupt practices as a tenet of its foreign policy, is a new term. On the basis of our interview consultations, it is not however one which is in widespread use among development practitioners and civil society activists. Some interviewees were uncomfortable with the selective use of the term as a lens for critiquing Chinese and Russian foreign policy.²⁶ Definitional clarifications are also needed. For example, foreign states using corruption to achieve their

¹⁷ World Bank. 2018. *Burundi - Systemic Country Diagnostic*. Washington, DC: The World Bank. Page 31.

¹⁸ Oliver Windridge, “Constructing Corruption: Identifying the Enablers Helping Build Violent Kleptocracies,” *The Sentry*, September 2022, https://thesentry.org/wp-content/uploads/2022/09/ConstructingCorruption_TheSentry_Sept2022.pdf; “Global Finance and the Enablers of Corruption,” *Global Integrity Anti-Corruption Evidence*, October 13, 2022, <https://ace.globalintegrity.org/projects/global-finance-enablers-corruption/>.

¹⁹ Consultation ID 1457

²⁰ Consultation ID 8164

²¹ Shirbon, Estelle. “Nigeria’s \$11 Bln London Trial Will Expose Corruption, Court Hears.” Edited by Mark Potter. *Thomson Reuters*, December 2, 2022. <https://www.reuters.com/world/africa/nigerias-11-bln-london-trial-will-expose-corruption-court-hears-2022-12-02/>. ; “James Ibori: Confiscating the Corrupt Assets of a Nigerian Governor,” *Spotlight on Corruption*, March 25, 2021, <https://www.spotlightcorruption.org/james-ibori-confiscating-the-corrupt-assets-of-a-nigerian-governor/>.; “Nigeria’s Kleptocrats Have a Toxic Love Affair with London’s Expensive Real Estate,” *Quartz*, November 24, 2017, <https://qz.com/africa/1137681/nigerian-corruption-kleptocrats-like-diezani-alison-madueke-have-a-love-affair-with-londons-expensive-real-estate>.

²² Ricardo Soares De Oliveira, “Researching Africa and the Offshore World,” *The Journal of Modern African Studies* 60, no. 3 (2022): pp. 265-296, <https://doi.org/10.1017/s0022278x22000210>.

²³ Ibid.

²⁴ Matthew T Page and Jodi Vittori, “Dubai’s Role in Facilitating Corruption and Global Illicit Financial Flows,” *Carnegie Endowment for International Peace*, July 7, 2020, <https://carnegieendowment.org/2020/07/07/dubai-s-role-in-facilitating-corruption-and-global-illicit-financial-flows-pub-82180>.

²⁵ Consultation ID 3113

²⁶ Consultation ID 1457; Consultation ID 8164; Consultation ID 2192

own objectives may be different from domestic actors requesting assistance through corrupt exchanges (see example for the Central African Republic [CAR] at the end of this section). While state-owned companies may often provide a vehicle for strategic corruption, in other circumstances it is necessary to distinguish state-sanctioned corruption from commercial corruption to gain firm-specific benefits.

Key issues to ascertain in applying the term strategic corruption are the objectives of the deals, the motivations of the actors involved, and the centrality of corruption to these processes. Russia's recent activities in the CAR, Mali, and Sudan have been characterized as a manifestation of strategic corruption.²⁷ The Wagner Group, a private military contractor (PMC) with close ties to the Government of Russia, has become an important actor in these jurisdictions, providing security assistance in return for access to natural resources, although again Russian state and firm motivations are not always synonymous. Bringing together the TASCK themes, what is significant about these activities is that by "opportunistically capturing the allegiance of a series of politically isolated leaders," Russia has employed corruption to gain "influence over the policies of the captured state."²⁸

The activities of the Wagner Group in the CAR serve as an example of the challenges to identifying strategic corruption. The Wagner Group is providing security assistance to the Government of the CAR in return for mining and timber concessions. Wagner has now become "the survival guarantee of the CAR government... Operating seemingly without any accountability."²⁹ On the surface this would appear to be a clear case of strategic corruption as the government of the CAR is dependent on a foreign PMC to remain in power due to a corrupt transaction between the two parties. On closer inspection, however, it appears to be an ambiguous case of strategic corruption as the president of the CAR asked for military assistance to strengthen his control of the country, not to subordinate his power to the Wagner Group.³⁰ In addition, corruption was more opportunistic than central for the government to receive Wagner's assistance.

RQ2: IN WHICH SECTORS ARE TASCK MOST PREVALENT?

Kleptocracy and transnational corruption is problematic in many sectors where USAID operates, including Agriculture and Food Security; DRG; Environment, Energy, and Infrastructure; Conflict Prevention and Stabilization; and Global Health. Table 2 below summarizes the most common types of corruption in each sector; countries where it is most common; and the transnational element. The list goes roughly in order of the amount of existing knowledge on the issue. For example, there exist far more studies of transnational corruption in extractives, infrastructure, and health than on security, agriculture, and elections. This does not necessarily correlate with the depth of the problem, however, and there are overlapping types of corruption in some areas, such as extractives and fragility.

²⁷ Joseph Siegle, "London School of Economics," *London School of Economics* (blog), March 21, 2022, How Russia is pursuing state capture in Africa.

²⁸ Ibid.

²⁹ Stanyard, Julia, Thierry Vircoulon, and Julian Rademeyer. 2023. *The Grey Zone: Russia's Military, Mercenary and Criminal Engagement in Africa*. Geneva: Global Initiative Against Transnational Organized Crime. Page 50.

³⁰ For example, Russia is pressuring the President of the CAR, Faustin-Archange Touadera, to amend the country's constitution to allow him to run for a third term in office. When the Constitutional Court ruled that the process the President was using to make the changes violated the country's constitution, the Government of Russia successfully pressured President Touadera to remove the head of the court. Planning for a referendum to amend the constitution is underway. See: <https://www.nytimes.com/2022/12/24/world/africa/central-african-republic-russia-wagner.html>.

Table 2: Common Types of Corruption by Sector

Sector	Description	Impacted Geographies	Transnational Element
Environment/Extractives	Illicit trade of natural resources (e.g., minerals, ores, wildlife, timber); gaining control over rare minerals can be source of strategic corruption	Cameroon, CAR, DRC, Madagascar, Mozambique, South Sudan	Buyers mainly in Asia and the Middle East
Infrastructure	Large infrastructure investments offer a wide range of opportunities for corrupt exchanges	Angola, Kenya, Nigeria, Zambia	China, private banks, construction firms
Global Health	Highest share of counterfeit pharmaceuticals in the world; drug diversion is common	Angola, Chad, Ethiopia, Madagascar, Mali, Niger, Uganda	Mainly imported from China and India
Energy	Corruption undermines access to and investment in affordable and reliable electricity	Ghana, Nigeria, Sierra Leone, South Africa	External advisors, offshore plants, purchasing agreements
Security/Conflict Prevention	Illicit arms trade fuels fragility; corruption undermines security; opaque use of PMCs can be source of strategic corruption	CAR, Chad, DRC, Mali, Niger, Nigeria, Somalia, South Africa, South Sudan, Sudan	Substantial intra-Africa illicit arms trade; Russian PMCs
Agriculture/Food Security	Opaque land acquisition processes; high correlation between corruption and property rights; lack of community consultation	Ethiopia, Ghana, Mozambique, Tanzania, Senegal, Zambia	Foreign investors interested in commercial farming and natural resource extraction
DRG/Elections	Opaque foreign support for political parties; can be source of strategic corruption	CAR, Madagascar, Mozambique, Zimbabwe	Russia appears to be active in this area

Vulnerability to strategic corruption varies substantially by sector as well. On one side of the spectrum, transnational corruption in health - often seen as imports of counterfeit pharmaceuticals and/or diversion of drugs from public to private distribution channels - is typically commercial corruption between state officials, to varying degrees, and foreign suppliers.³¹ Security sector assistance, extractives, and election assistance, by contrast, are far more vulnerable to strategic corruption. One of the more clearcut examples is contracts for Chinese corporations to mine cobalt in the DRC. The country has the largest cobalt deposits in the world. Cobalt is a rare mineral and a critical input into rechargeable batteries. As a result, control of cobalt is crucial for “the Chinese government’s effort to dominate major supply chains for minerals and metals needed in the production of batteries for electric

³¹ World Health Organization. 2017. *WHO Global Surveillance and Monitoring System for Substandard and Falsified Medical Products*. Geneva: World Health Organization.; Institute of Medicine. 2013. *Countering the Problem of Falsified and Substandard Drugs*. Washington, DC: The National Academies Press; Cartright, Robin and Ana Baric. 2018. *The Rise of Counterfeit Pharmaceuticals in Africa*. Policy Brief Issue 06. Pretoria: Enhancing Africa’s ability to Counter Transnational Crime through the Institute for Security Studies.

vehicles.”³² Using corruption to secure extraction rights is common.³³ Recently, the Commercial Court of Lubumbashi halted the operations of one of the largest mining companies in the DRC, China Molybdenum, over allegations it “failed to declare hundreds of thousands of tons of copper and cobalt reserves...depriving the agency of significant annual payments required when new reserves are found and verified.”³⁴

Transnational corruption in extractive industries and natural resources remains pervasive in SSA.³⁵ “Africa’s abundance in natural resources and high levels of biodiversity make the continent particularly vulnerable to environmental exploitation.”³⁶ The United Nations Environmental Program estimates that Africa loses around \$195 billion per year in the illicit natural resource trade.³⁷ Illicit trade in natural resources includes oil (e.g., Nigeria); minerals and gemstones (e.g., CAR, DRC, South Sudan); wildlife (e.g., Mozambique, South Africa, Tanzania, Zimbabwe); and timber (e.g., Congo, Rep, Gabon, Mozambique, Zambia).³⁸ Asia and the Middle East are the main destinations for the illicit natural resource trade.³⁹

There are significant efforts to disrupt illicit trade in some extractive industries and natural resources. For example, the US National Strategy for Combating Wildlife Trafficking uses a “three-pronged approach to combating wildlife trafficking - strengthening law enforcement, reducing demand, and building international cooperation.”⁴⁰ According to the strategy, countries in SSA that are a “major source of wildlife trafficking products or...major transit point of wildlife trafficking” currently include Cameroon, Congo, Rep., DRC, Gabon, Kenya, Madagascar, Mozambique, Nigeria, South Africa, Tanzania, Uganda, and Zimbabwe. In Cameroon, DRC, Nigeria, and Zimbabwe, “governments actively engaged in or knowingly profited from the trafficking of endangered or threatened species”.⁴¹ USAID’s Central Africa Regional Program for the Environment (CARPE) “is a long-term, multi-faceted conservation program to promote sustainable natural resource management that includes anti-poaching activities.”⁴² Likewise, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement “to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species.”⁴³ While CITES has “significantly

³² Eric Lipton and Dianne Seacey, “Chinese Company Removed as Operator of Cobalt Mine in Congo,” *The New York Times*, February 8, 2022, <https://www.nytimes.com/2022/02/28/world/congo-cobalt-mining-china.html>.

³³ The Sentry. 2021. *The Backchannel: State Capture and Bribery in Congo’s Deal of the Century*. Washington, DC: The Sentry.; “In DRC, China Uses Military Aid, Corruption to Protect Mining Interests,” *Africa Defense Forum*, November 22, 2022, <https://adf-magazine.com/2022/11/in-drc-china-uses-military-aid-corruption-to-protect-mining-interests/>; Lipton and Seacey. “Chinese Company Removed as Operator of Cobalt Mine in Congo;” Eric Lipton, Dianne Seacey, and Michael Forsythe, “A Power Struggle Over Cobalt Rattles the Clean Energy Revolution,” *The New York Times*, November 20, 2021, <https://www.nytimes.com/2021/11/20/world/china-congo-cobalt.html>.

³⁴ Lipton and Seacey. “Chinese Company Removed as Operator of Cobalt Mine in Congo”

³⁵ Shaw, Mark, Christian Nellemann, and Jurgen Stock. 2018. *World Atlas of Illicit Flows*; Geneva: Global Initiative Against Transnational Organized Crime. Enhancing Africa’s ability to Counter Transnational Crime (ENACT). 2022. *Africa Organized Crime Index 2021*. Pretoria: Enhancing Africa’s ability to Counter Transnational Crime through the Institute for Security Studies.

³⁶ Enhancing Africa’s ability to Counter Transnational Crime (ENACT). 2022. *Africa Organized Crime Index 2021*. Pretoria: Enhancing Africa’s ability to Counter Transnational Crime through the Institute for Security Studies. Page 33.

³⁷ UNEP. “Our Work in Africa,” UNEP, accessed March 8, 2023, <https://www.unep.org/regions/africa/our-work-africa>.

³⁸ Shaw, Nelleman, and Stock. *Atlas of Illicit Flows*; Enhancing Africa’s ability to Counter Transnational Crime (ENACT). *Africa Organized Crime Index 2021*

³⁹ Shaw, Nelleman, and Stock. *Atlas of Illicit Flows*; Lezhnev, Sasha and Mehga Swamy. 2020. *Understanding Money Laundering Risks in the Conflict Gold Trade from East and Central Africa to Dubai and Onward*. Washington, DC: The Sentry.

⁴⁰ United States Department of State. “2021 END Wildlife Trafficking Report.” November 4, 2021.

<https://www.state.gov/2021-end-wildlife-trafficking-report/>

⁴¹ Ibid.

⁴² Congressional Research Service. 2021. *Wildlife Poaching and Trafficking in Africa: An Overview*. Washington, DC: Congressional Research Service.

⁴³ “What Is CITES?,” CITES, accessed March 1, 2023, <https://cites.org/eng/disc/what.php>.

increased monitoring and control of international wildlife trade”, it suffers from uneven enforcement and low penalties for violations.⁴⁴ In addition, the Kimberly Process is “a government-led certification scheme, initiated in a bid to clean up the diamond trade.”⁴⁵ The narrow definition of conflict diamonds and weak enforcement also undermines its effectiveness, however.⁴⁶

Corruption in infrastructure projects, such as energy, ports, and roads, is common in sub-Saharan Africa.⁴⁷ Among the main causes of such a high occurrence of corruption “are the complexity of the project cycle, the uniqueness of projects, direct control by a government with often poor management practices, and a deep-seated ‘culture of secrecy’”.⁴⁸

Corruption in the agricultural sector is a threat to land tenure and food security. Large scale land acquisitions are growing rapidly in SSA⁴⁹ and investors often target “host countries where governance is weak, politicians corruptible, and land rights of existing users weak in law and practice. Rather than seeking secure political environments (which some may favor), many are opting for precisely those destinations where local people can be easily removed from their land.”⁵⁰

Corrupt foreign political party assistance is problematic yet has received far less attention than most other sectors. While most countries in SSA outlaw foreign donations to political parties, “many cannot adequately enforce this ban due to inadequate transparency and accountability.”⁵¹ Transnational corruption in political party assistance takes numerous forms, including corporate donations (e.g., Airtel⁵², British American Tobacco,⁵³ Kenya); funds from illicit trade in drugs and natural resources (e.g., Guinea-Bissau, Kenya, Mozambique);⁵⁴ and support from foreign governments (e.g., CAR, Guinea,

⁴⁴ Congressional Research Service. 2016. *The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)*. Washington, DC: Congressional Research Service. Pages 11-12.

⁴⁵ “The Kimberley Process: Global Witness,” Global Witness, April 1, 2013, <https://www.globalwitness.org/en/campaigns/conflict-diamonds/kimberley-process/>.

⁴⁶ Theo Leggett, “Global Witness Leaves Kimberley Process Diamond Scheme,” *British Broadcasting Corporation*, December 5, 2011, <https://www.bbc.com/news/business-16027011>; Merket, Hans. 2021. *Belgium’s Fight against Conflict Diamonds*. Antwerp: International Peace Information Service. 2021.

⁴⁷ Sobjak, A. 2018. *Corruption Risks in Infrastructure Investments in Sub-Saharan Africa*. OECD Global Anti-Corruption and Integrity Forum, Paris, 27-28 March 2018. United Nations Economic Commission for Africa. 2017. *Corruption in Public Procurement: The Case of Infrastructure in Africa*. Macroeconomic Policy Division. Governance and Public Sector Management Section. Addis Ababa: United Nations Economic Commission for Africa.

⁴⁸ Sobjak, A. 2018. *Corruption Risks in Infrastructure Investments in Sub-Saharan Africa*. OECD Global Anti-Corruption and Integrity Forum, Paris, 27-28 March 2018. Page 2.

⁴⁹ Lay, Jann, Ward Anseeuw, Sandra Eckert, Insa Flachsbarth, Christoph Kubitzka, Kerstin Nolte, and Markus Giger. 2021. *Taking Stock of the Global Land Rush*. Analytical Report III. Bern, Montpellier, Hamburg, Pretoria: Centre for Development and Environment, University of Bern; Centre de Coopération Internationale en Recherche Agronomique pour le Développement; German Institute for Global and Area Studies; University of Pretoria; Bern Open Publishing.

⁵⁰ Future Agricultures Consortium. 2011. *Land Grabbing in Africa and the New Politics of Food*. Policy Brief 041. Brighton: Future Agricultures Consortium Secretariat at the Institute of Development Studies at the University of Sussex Page. 5.

⁵¹ Achu Check, Nicasius, Tsholofelo Madise, Nkululeko Majozi, and Yukihiro Hamada. 2019. *The Integrity of Political Finance Systems in Africa: Tackling Political Corruption*. International IDEA Policy Paper No. 20 Stockholm: International IDEA. Page 15.

⁵² Ronald Adamolekun, “Airtel Africa Authorises Subsidiaries to Make Donations to Political Parties, Candidates,” *Premium Times*, July 1, 2022, <https://www.premiumtimesng.com/news/top-news/540062-airtel-africa-authorises-subsidiaries-to-make-donations-to-political-parties-candidates.html>.

⁵³ BBC News. “British American Tobacco negotiated bribe for Mugabe, new evidence suggests.” *BBC News*. September 13, 2021.; Jerving, Sara. “Report: British American Tobacco used payments, surveillance in Africa.” *Devex News*. September 14, 2021.

⁵⁴ Haysom, Simone, Peter Gastrow and Mark Shaw. 2017. *The Heroin Coast*. Pretoria: Enhancing Africa’s ability to Counter Transnational Crime through the Institute for Security Studies; Bird, Lucia. 2022. *Cocaine Politics in West Africa*. Geneva: Global Initiative Against Transnational Organized Crime.

Madagascar, Sudan).⁵⁵ Corruption and conflict are strongly correlated in SSA⁵⁶ and peaceful countries with high levels of corruption are uncommon in the region.⁵⁷ “Corruption, conflict and instability are profoundly intertwined...corruption not only follows conflict but is also frequently one of its root causes.”⁵⁸ For example, corruption in the military and police undermine their effectiveness, while lack of security impedes the capacity of a government to reduce corruption. Transnational corruption in the security sector is highly problematic in SSA, especially intra-regional trade in illicit arms (e.g., CAR, DRC, Somalia, Sudan); use of foreign military contractors (e.g., CAR, Chad, Mali, Mozambique, South Sudan, Sudan); and government arms purchases (e.g., Angola, South Sudan, Uganda).⁵⁹ Russia, by far, is SSA’s largest formal arms supplier.⁶⁰

RQ3: IN WHAT PRIORITY GEOGRAPHIES ARE TASCK MOST PREVALENT?

Kleptocracies and transnational kleptocratic networks in SSA are mainly in Central Africa, especially the CAR and the DRC stretching to parts of East Africa (e.g., Burundi, Somalia, South Sudan, Uganda), West Africa (e.g., Guinea, Nigeria), and the Sahel, especially Sudan and Chad.⁶¹ Madagascar and Zimbabwe are the main kleptocracies in Southern Africa. Within the set of the most kleptocratic countries in SSA, Burundi has become far more corrupt over the past two decades, while Sudan has become less corrupt. In addition, Angola, hitherto a paradigmatic case of kleptocracy in SSA, has become significantly less corrupt since Jose dos Santos, the country’s only leader since independence in 1979, retired in 2017.⁶²

⁵⁵ Achu Check, Nicasius, Tsholofelo Madise, Nkululeko Majozi, and Yukihiro Hamada. 2019. *The Integrity of Political Finance Systems in Africa: Tackling Political Corruption*. International IDEA Policy Paper No. 20 Stockholm: International IDEA; Stanyard, Julia, Thierry Vircoulon, and Julian Rademeyer. 2023. *The Grey Zone: Russia’s Military, Mercenary and Criminal Engagement in Africa*. Geneva: Global Initiative Against Transnational Organized Crime.

⁵⁶ Mac, Karolina, Dave Allen, Tobias Bock, Katherine Dixon, Major Rebecca Graves, Hilary Hurd, and Leah Wawro. 2017. *The Fifth Column: Understanding the Relationship Between Corruption and Conflict*. London: Transparency International.; Pinson, Laura. 2022. *Addressing the Linkages between Illicit Arms, Organized Crime and Armed Conflict*. Geneva: United Nations Institute for Disarmament Research; Bird, Lucia and Lyes Tagzira. 2022. *Organized Crime and Instability Dynamics: Mapping Illicit Hubs in West Africa*. Geneva: Global Initiative Against Transnational Organized Crime.; B. Wood and P. Danssaert. 2021. “Africa Armed Violence and the Illicit Arms Trade.” In: Pérez Esparza, D., CAP Ricart, and E. Weigend Vargas (eds.). *Gun Trafficking and Violence*. St Antony’s Series. London: Palgrave Macmillan. Global Investigative Journalism Network. 2022.; *Guide to Investigating Organized Crime in Africa: Chapter 4 - Arms Trafficking*. Bankale, Oluwafisan. 2016.; *Paving the Way to Silencing the Guns in Africa: Interventions, Challenges and Options in the Control of Small Arms and Light Weapon*. Addis Ababa: Institute for Peace and Security Studies.

⁵⁷ Pompe, S. .2022. “Chapter 7 Addressing Corruption in Fragile Country Settings.” In Newiak, Wane, and Segura-Ubierno (eds.). *Good Governance in Sub-Saharan Africa*. Washington, DC: International Monetary Fund.; Chayes, Sarah. 2016. *Corruption and State Fragility*. Washington, DC: United States Institute of Peace. U4. 2013. *Literature Review on Corruption in Fragile States*. Bergen: Chr. Michelsen Institute.

⁵⁸ <https://ti-defence.org/security-sector-reform-west-africa-corruption-conflict/>

⁵⁹ Tony Blair Institute for Global Change. “Security, Soft Power and Regime Support: Spheres of Russian Influence in Africa.” March 23, 2022. <https://institute.global/policy/security-soft-power-and-regime-support-spheres-russian-influence-africa>

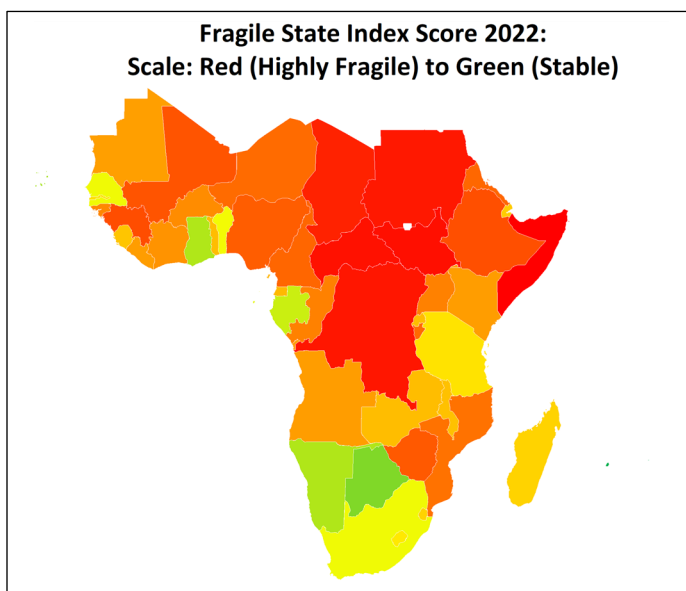
⁶⁰ Ibid.

⁶¹ Because there exists no definitive quantification of kleptocracy, we identify them as those countries which place most consistently near the top of corruption rankings across commonly used indicators, such as Transparency International’s Corruption Perception Index; Control of Corruption in the Worldwide Governance Indicators; and the Varieties of Democracy (V-Dem) measure of Political Corruption.

⁶² Catarina Demy and Tim Cocks, “NEWSMAKER Joao Lourenco, Who Surprised Angola with Corruption Crackdown, Gets 2nd Term,” *Thomson Reuters*, August 29, 2022, <https://www.reuters.com/world/africa/joao-lourenco-who-surprised-angola-with-corruption-crackdown-gets-2nd-term-2022-08-29/>; Julian Pecquet, “US Lobbying: Angola Sells President Lourenço’s Anti-Corruption Drive,” *The Africa Report*, March 3, 2021, <https://www.theafricareport.com/179859/us-lobbying-angola-sells-president-lourencos-anti-corruption-drive/>.

Kleptocracies are neither internally homogeneous nor binary in SSA. Some kleptocracies have competitive elections (e.g., Nigeria), others are authoritarian (e.g., Zimbabwe), and some lack effective central governments (e.g., Somalia). Additionally, there is no clear relationship between natural resource availability and kleptocracy as some are resource rich (e.g., CAR and DRC), while others have few valuable natural resources (e.g., Somalia and Sudan). Likewise, not all resource-rich states are kleptocracies (e.g., Botswana and Zambia). Neither do these countries share clear colonial legacies compared to less corrupt countries in the region⁶³ and they have similar variation in ethnic diversity compared to less corrupt countries in the region.⁶⁴ Rather, kleptocracy has the strongest relationship with fragility in sub-Saharan Africa (see Figure I). Specifically, while not all fragile states in SSA are kleptocracies, all kleptocracies in the region are fragile states. This challenges the conception that the paradigmatic manifestation of kleptocracy in SSA is a dictatorship, such as Uganda under Yoweri Museveni, Zaire under Mobutu Sese Seko, and Zimbabwe under Robert Mugabe.

Figure I: 2022 Fragile State Index Score



Source: The Fund for Peace Fragile States Index

Regional Trends in Transnational Corruption

Transnational networks of corruption in SSA are fluid, engage in a range of illicit activities, and exist within larger and diverse sets of transnational criminal and illicit activities.⁶⁵ Because many of their activities span borders in the region (e.g., human trafficking; illicit arms, minerals, timber, and wildlife; narcotics), a regional lens can be a more suitable way of analyzing these issues than a national lens. There is variation among transnational networks as well. For example, it is common for networks in West Africa and the Sahel to traffic in multiple areas (e.g., drugs, human trafficking, natural resources, illicit arms).⁶⁶ By contrast, drug traffickers in South Africa operate separately from corrupt networks benefitting from the capture of state resources and those in Kenya forge ties around a decentralized set of politicians.⁶⁷ These networks are also fluid. They not only seek out partnerships with politicians, state officials and influential businesspeople, but also adjust to changes in exogenous forces. For example, human trafficking through the Sahel grew substantially following the collapse of Gaddafi regime in Libya in 2011 and rising instability in northern Mali beginning in 2012.⁶⁸ Similarly, Eastern and Southern Africa, especially South Africa, is becoming a more central node in the global heroin trade as overland routes

⁶³ Current kleptocracies in SSA include countries under Belgian, British, French, Italian, and Portuguese colonial rule.

⁶⁴ While Somalia might be an outlier kleptocracy in SSA because of its very low level of ethnic diversity, many countries with very high levels of ethnic diversity are not kleptocratic, such as Namibia, Tanzania, and Zambia.

⁶⁵ Haysom, Simone, Peter Gastrow and Mark Shaw. 2017. *The Heroin Coast*. Pretoria: Enhancing Africa’s ability to Counter Transnational Crime through the Institute for Security Studies; Bird. *Cocaine Politics in West Africa*.

⁶⁶ Bird and Tagzira. *Organized Crime and Instability Dynamics: Mapping Illicit Hubs in West Africa*; Shaw, Mark, and Tuesday Reitano. 2019. “Organized Crime and Criminal Networks in Africa.” In *Oxford Research Encyclopedia of Politics*. 2019.; Micallef, Mark and Matt Herbert. 2022. *Fragile States and Resilient Criminal Ecosystems*. Geneva: Global Initiative Against Transnational Organized Crime.

⁶⁷ Hayson, Gastrow, and Shaw. *The Heroin Coast*.

⁶⁸ Bird and Tagzira. *Organized Crime and Instability Dynamics: Mapping Illicit Hubs in West Africa*;

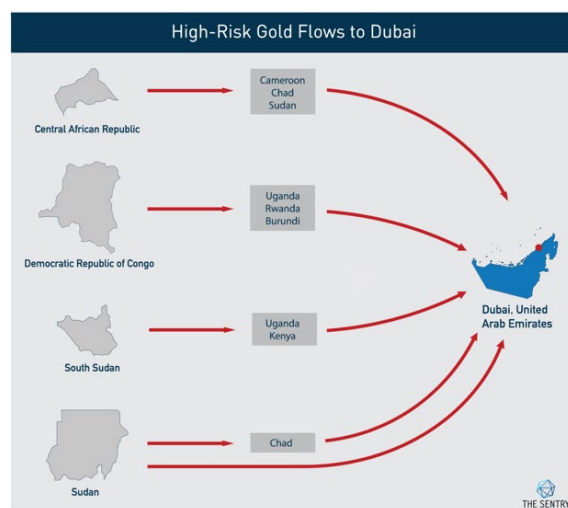
from Central Asia are increasingly more difficult for criminal networks to transverse.⁶⁹ While the illegal exploitation of natural resources is somewhat site-specific by necessity, transit routes are highly variegated. For example, illegally mined “gold from the DRC, South Sudan, and CAR is mainly smuggled or exported to one of six neighboring countries – Uganda, Rwanda, Cameroon, Kenya, Chad, or Burundi – before being exported to Dubai” (see Figure 2).⁷⁰ What all transnational criminal networks have in common is the complicity of state actors, to varying degrees, to facilitate their operations.

KEY TAKEAWAYS

Many countries in SSA have become more prosperous, democratic, and peaceful over the past three decades. Nevertheless, corruption remains problematic even in some countries that have made tremendous economic and political reforms over this period, such as Ghana, Kenya, and Mozambique. At the other end of the spectrum, countries such as the CAR, the DRC, and Somalia remain mired in destructive feedback loops of criminality, instability, and corruption. In addition, corruption in sub-Saharan Africa does not exist in a vacuum. Rather, transnational networks of corruption evolve with changes in external conditions. The main implications for USAID programmatic activities are:

- Kleptocracy and transnational corruption is problematic in many sectors where USAID operates, including Agriculture and Food Security; DRG; Environment, Energy, and Infrastructure; Conflict Prevention and Stabilization; and Global Health.
- State actors are central to kleptocratic and transnational corruption networks in SSA.
- While we are able to gauge rough trends in corruption across countries and time, data gaps; measurement challenges; and deliberate actions to conceal corrupt and illicit activities impede our capacity to grasp the magnitude of kleptocracy, transnational corruption, and strategic corruption, and nuances in their manifestations across countries.
- Kleptocracies are not internally homogeneous in SSA. Their main commonalities are (i) near total impunity for kleptocrats and (ii) fragility.
- Kleptocrats in SSA engage in a range of illicit activities and exist within larger and diverse transnational corrupt networks, including strategic corruption.

Figure 2: High-Risk Gold Flows to Dubai



Source: Lezhnev and Swamy (2020)

⁶⁹ Hayson, Gastrow, and Shaw. *The Heroin Cost*.

⁷⁰ Lezhnev and Swamy. 2020. *Understanding Money Laundering Risks in the Conflict Gold Trade from East and Central Africa to Dubai and Onward*.

CO-CREATION WORKSHOP

The study team utilized Google Jamboard to facilitate discussion around three main questions and related probes meant to ascertain the TASCK issues, sectors, and geographies that would most benefit from further research. This section summarizes the key takeaways that emerged from the discussions.

Q1: WHICH TASCK ISSUES SHOULD USAID PRIORITIZE LEARNING MORE ABOUT?

Workshop participants recommended that USAID learn more about the following topics:

- **Interagency approach**, and how USAID can better work with other USG actors such as the U.S. Department of Defense, Department of State/INL, and Department of the Treasury that are involved in anti-corruption and money-laundering efforts in SSA. An interagency approach is also necessary given the diplomatic sensitivity required in addressing anti-corruption issues.
- **Illicit finance** and other capital flows, “follow-the-money” approaches, and examining opportunities to intervene in money-laundering where actors may be more vulnerable to USAID interventions. A participant noted that natural resources is the fourth largest form of illicit flows after drugs, weapons, and trafficking-in-persons, and in some polities in which USAID works it is the largest illicit flow.
- **Unintended consequences of USAID assistance** and how the Agency may inadvertently be contributing to TASCK.
- **Actors** engaged in kleptocracy and systemic corruption (including political elites, third party enablers, etc.), the **incentives** causing corrupt behaviors, and **how USAID can disrupt or otherwise address these incentives** to dissuade engagement in corrupt behaviors (such as through professional associations or implementing stricter standards) given that the Agency has limited resources.
- **Public accountability systems and procurement**, including who to target and how to best support them. This includes civil society organizations, indigenous groups, journalists, transparency-focused organizations, public financial institutions, supreme audit institutions (SAIs), and others. USAID programming must also pair any intervention to support civil society with avenues for ensuring protection and duty-of-care. It is also important to go beyond engaging just civil society and start partnering with institutions that impact the experiences of citizens.
- **Strategic corruption**, the modalities used by USG’s political adversaries who tolerate and/or embrace corruption (e.g., election interference) to advance their foreign policy interests, and how USAID could exploit these malicious actors’ vulnerabilities.
- **Disinformation campaigns** and how they corrupt democratic systems and impede development outcomes in certain sectors.

Q2: WHICH SECTORS SHOULD BE PRIORITIZED FOR PHASE II RESEARCH?

The study team asked participants to consider in which sectors they felt USAID could make the greatest impact with regards to TASCK, and where they saw entry points to expand USAID’s anti-corruption programming. Of the sectoral areas presented for prioritization, participants were most interested in

further research in the areas of security/conflict, DRG/elections, and environment (extractives and other natural resources). Specific commentary justifying the prioritization of these areas included:

Security/Conflict

- Being able to demonstrate the link between conflict and corruption would be useful.
- Security and conflict are multisectoral, and it would be helpful to know how corruption intersects with other security and conflict issues.
- There are links to transnational and strategic corruption within the security sector and corruption is more prevalent in insecure environments. However, a larger evidence base is needed to understand the dynamics.
- There are political calculations to cut corners and seek quick results. Research could explore linkages between security/governance and public sector reform, citizen oversight, policing unit cohesion, sense of duty, and organizational cultures to improve people's experiences with security services.
- Not all actors are interested in peace and stability because it does not serve their economic interests, but we do not have the evidence base for this readily available. The research can look at this angle.

DRG/Elections

- DRG/elections is an area in which strategic corruption occurs (e.g., electoral interference) and fuels kleptocracy, and about which USAID has limited knowledge.
- Strong institutions and governance are important in that they deter and prevent corruption.

Environment/Extractives and Natural Resources

- Unlike other sectors, negative effects within the environmental sector cannot be regained. More urgency is needed.
- Natural resources is where much of corruption occurs in SSA.
- Given that USG interest in extractives is increasing, USAID would benefit from tackling every aspect that makes working in extractive risky and questionable.
- Extractives is a growing sector (e.g., battery production, electronic chips) in which Russia, China, and kleptocrats are capitalizing.
- Natural resources (as opposed to extractives) are less studied than extractives and is where there is a confluence of TASCK issues.
- Licensing/tender transparency for all types of natural resource extraction (e.g. timber, hunting) is important.
- Examining the response of Ministries of Finance to the loss of natural resource could be a currently underused avenue for anti-corruption.

Commentary for other areas that received less interest included:

Health

- There is large investment in this sector from USAID and other donors, and thus a need to understand how aid contributes to corruption.
- There are significant resource implications for USAID within health and could allow for interdisciplinary work.

Infrastructure

- This sector is one of the greatest areas of strategic corruption.
- There are huge financial incentives in this sector.

Environment/Land

- There is corrupt land titling by political and urban elites.

Other

- It would be of interest to understand public administration incentives for civil servants, including how promotions are considered and how pay is provided (e.g., through electronic funds transfer [EFT]).

Q3: IN WHICH GEOGRAPHIES ARE THERE WINDOWS OF OPPORTUNITY FOR USAID PROGRAMMING?

The study team asked participants to consider in which countries or geographic jurisdictions they felt USAID could make the greatest impact with regards to TASCK, and where they saw entry points to expand USAID's anti-corruption programming. Workshop participants noted the following geographic considerations:

- **Private military contractors.** Participants saw an opportunity to learn more about geographies where the Russian PMC, the Wagner Group, and other PMCs are accepted and funded (e.g., Mali, Sudan, CAR, Burkina Faso).
- **Borderline countries.** Research could focus on countries where corruption is on the rise but not yet egregious, or where there are competitive elections, as there may be more opportunities in these countries to test anti-corruption approaches and achieve results (e.g., intervening in the lead up to elections).
- **Regional bodies.** Participants noted an interest in researching how to best engage regional bodies and institutions (e.g., African Union, Regional Economic Communities) who may have more legitimacy and influence to convene corrupt leaders and engaged on tougher political topics that challenge sovereignty.
- **Sectoral focus.** It was recommended that geography follow the sectoral selection. For example, if health was chosen for further research, focusing on countries with large health portfolios.

ANNEX A. BIBLIOGRAPHY

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ANNEX B: CONSULTATIVE INTERVIEW GUIDE

Interview Question	RQ
<p>1. What effects has the increasingly transnational nature of corruption had on the types of corruption issues observed in countries in sub-Saharan Africa?</p> <p>Probe(s):</p> <ol style="list-style-type: none"> Any recent trends you would highlight? Notable cases which are illustrative of trends How do kleptocrats operate outside the borders of their country and/or engage external actors to perpetuate the kleptocracy? (Strategic corruption – define as per strategy) – How, if at all, have you observed any deliberate actions by foreign governments to employ corruption as a tool of foreign policy? 	1, 2
<p>2. In which countries and/or regions in sub-Saharan Africa is transnational corruption most problematic?</p> <ol style="list-style-type: none"> Which countries are targets for corruption from external actors? Which countries “export” their corrupt proceeds? What are the destination countries for capital? Which international countries are playing an enabling role and in what ways? Any new trends to highlight? Further probe(s) on African geographies: Why is this issue more problematic in some geographies rather than others? Where do “windows of opportunity” exist for addressing these forms of corruption in sub-Saharan Africa? Which geographies are affected by the problem but have not received a lot of attention? 	1, 2
<p>3. What are the conditions needed within African countries, which would allow this form of corruption to occur?</p> <p>[Interviewer to probe around different actors (e.g., organized crime, government officials, civil society, private sector, international actors), systems, processes, resources, histories/legacies, etc. influence corruption]</p> <p>Probe(s):</p> <ol style="list-style-type: none"> What role do public officials/civil society/private sector play in encouraging corruption? What systems/laws/processes/dynamics/networks encourage corruption? How does the availability of valuable natural resources encourage corruption? What role do transnational criminal organizations play? What are some modern (e.g., use of cryptocurrency) vs. historical manifestations of corruption? 	1, 2

<p>4. What hinders the corruption/capture from occurring?</p> <p>[Similar notes/probes as above]</p>	<p>1, 2</p>
<p>5. What development sectors are most prone to these forms of corruption?</p> <p>Probe(s):</p> <ol style="list-style-type: none"> a. Why is transnational corruption more problematic in some sectors rather than others? b. Are there illustrative cases you can point to? <p>[Interviewer to keep in mind the following USAID development sectors and probe as needed:</p> <ul style="list-style-type: none"> • Agriculture and food security • Nutrition • Conflict Prevention/Stabilization • DRG • Economic Growth • Education • Environment/Energy/Infrastructure • Gender Equality • Health • Humanitarian Assistance • Innovation/Tech/Research] 	<p>3</p>
<p>6. What are the social, economic, political impacts of these forms of corruption?</p> <p>Probe(s):</p> <ol style="list-style-type: none"> a. How, if at all, do they affect the quality of governance? b. How, if at all, do they affect the integrity of electoral systems? c. How, if at all, do they affect men, women, boys, and girls differently? d. How, if at all, do they affect social inclusion and differentially impact marginalized communities? e. How, if at all, do they affect the delivery of goods and services? f. How, if at all, do they affect the environment? 	<p>4</p>

<p>7. What anti-corruption or other programmatic approaches have been effective/ineffective for addressing transnational corruption?</p> <p>[Interviewer to probe about what has been tried, what has been useful, what could be useful, and is known to not be useful, etc.]</p> <p>Probe(s):</p> <ol style="list-style-type: none"> a. How, if at all, are USAID and other donors addressing corruption in [name geographies discussed to date in interview]? b. How, if at all, do these anti-corruption efforts impact transnational corruption? c. How, if at all, do these anti-corruption efforts address the differential experiences of marginalized communities? d. What are promising and/or viable approaches to tackling anti-corruption? In what circumstances have they been effective/ineffective? e. In which jurisdictions in sub-Saharan Africa do you think there are opportunities to address transnational corruption? f. Are there any gaps you see in approaches to tackle international dimensions to the problem? 	5
<p>8. What role can USAID and similar development agencies play in addressing these forms of corruption?</p>	5

ANNEX C. CO-CREATION WORKSHOP PRESENTATION



Transnational Corruption, Strategic Corruption, and Kleptocracy (TASCK)

Strategic New Directions for Anti-Corruption Efforts: Co-Creation Workshop

February 8, 2023
9:00-11:00 ET

INTRODUCTIONS

- Social Impact team
- USAID team
- **PARTICIPANTS:** Please write your name and office affiliation/title in the chat



— OPENING REMARKS



3

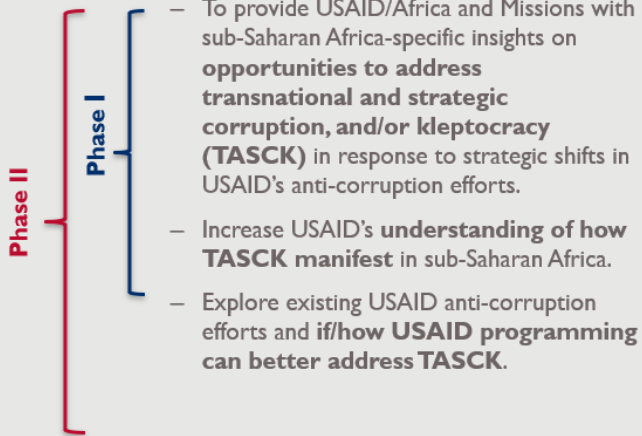
AGENDA

- Opening remarks and introductions (5 mins)
- Research study background (5 mins)
- Preliminary findings and Q&A (30 mins)
- Discussion (80 mins)

4

RESEARCH PURPOSE AND QUESTIONS

• Study Purpose



- To provide USAID/Africa and Missions with sub-Saharan Africa-specific insights on **opportunities to address transnational and strategic corruption, and/or kleptocracy (TASCK)** in response to strategic shifts in USAID’s anti-corruption efforts.
- Increase USAID’s **understanding of how TASCK manifest** in sub-Saharan Africa.
- Explore existing USAID anti-corruption efforts and **if/how USAID programming can better address TASCK.**

• Research Questions

- How does transnational corruption **manifest** in sub-Saharan Africa?
- In which **sectors** are transnational corruption most prevalent?
- In what “**priority geographies**” is transnational corruption most prevalent?

5

PHASE I METHODS & WORKSHOP OBJECTIVES

- **Literature Review (40 documents)**
- **9 Consultative Interviews**
- **Co-Creation Workshop**
 - To report out on key findings from a literature review and consultative interviews
 - To determine areas to focus research on transnational corruption, strategic corruption, and kleptocracy for Phase II

6

LITERATURE REVIEW AND CONSULTATIVE INTERVIEWS: KEY FINDINGS



7

SCENE SETTING

- The U.S. Strategy on Countering Corruption (Dec 21) has a strong focus on the transnational dimensions of corruption and fighting kleptocracy.
- USAID definition: 'corruption is the abuse of entrusted power or influence for personal or political gain'.
- These forms of corruption share some common characteristics:
 - The perpetrators are often business and political elites
 - Corruption schemes transcend national borders
 - These are systemic issues and not isolated cases
 - The economic, political, and social harms are significant
- Transnational corruption is not a new phenomenon but attention to the issues has increased significantly in the last decade.
- Sub-Saharan Africa (SSA) has been described as a region which has been disproportionately adversely affected by its connections to the offshore world. However, these issues remain under-researched.

8

RESEARCH CHALLENGES

- Corrupt transactions are difficult to measure and monitor.
 - Sources of external funds for corrupt exchanges are opaque (e.g., terms and conditions on loans; in-kind exchanges, such as military assistance in exchange for access to natural resources)
- Commonly used cross-national indices of corruption are based on perceptions and do not always disaggregate the various types of corruption.
- Data on illicit finance remains highly deficient (i.e., poor accounting, weak data collection capacity, and misclassification).
- The current literature is concentrated in a limited number of countries and sectors.



This research provides an opportunity to fill data gaps and provide needed context to missions and other anti-corruption actors.

9

LINKING THE TRANSNATIONAL TO THE NATIONAL CONTEXT:

How does transnational corruption manifest in sub-Saharan Africa?

- Corruption manifests itself differently in jurisdictions depending on political economy conditions. One analytical frame is to look at where rents are available and the processes through which control over these rents is established and maintained.

Corruption is a process that plays out in different phases and in key arenas:	Important enabling conditions include:
<ul style="list-style-type: none"> • The formation of law and policy (e.g., establish political control over parliament, military and security services, state-owned enterprises) • The implementation of policy by government bodies (e.g., public procurement, appointments of allies to important positions) • Disabling and undermining accountability institutions (e.g., anti-corruption agencies, the courts, public audit bodies) 	<ul style="list-style-type: none"> • The easy availability of rents • Suppressed political opposition, civil society, and media • Access to transnational networks

- Once a locus of corruption is identified, the transnational elements can be disentangled and analyzed.

10

INTERNATIONAL DIMENSIONS:

How does transnational corruption manifest in sub-Saharan Africa?

- An industry has developed to facilitate transnational corruption and sustain kleptocracies.
 - Comprised of diverse actors (e.g., accountants, banks, company service providers, lawyers, firms, management consultants, government officials)
 - Located offshore and onshore, including in intermediary jurisdictions (BVI, Mauritius, Seychelles) and OECD countries

Key Roles of International Actors

- Direct participation and co-construction of corrupt schemes
- Enabling illicit finance
- Service provision (e.g., accounting, consulting, reputation management)
- Turning a blind eye (e.g., failing to investigate divergence of development assistance)

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INTERNATIONAL DIMENSIONS:

How does transnational corruption manifest in sub-Saharan Africa?

- Different corruption schemes are often organized around the same networks and routes.
- Transnational ties are often based around historical linkages that still play out today (e.g., Angola and Portugal and Russia; Nigeria and the Arab world and the UK).
- Tightened regulation in some jurisdictions will likely mean changing patterns to corrupt schemes and international flows of corrupt funds.

12

INTERNATIONAL DIMENSIONS:

How does transnational corruption manifest in sub-Saharan Africa?

- Strategic Corruption: Use of corruption to achieve a key policy objective
 - Foreign states using corruption (directly or through intermediaries) to achieve their own objectives is different from domestic actors requesting assistance through corrupt exchanges.
 - Need to distinguish commercial corruption to gain firm-specific benefits from state-sanctioned corruption to gain strategic advantages (e.g., control of scarce resources, diplomatic support, achieve undue influence).
 - Key issues to ascertain are the (i) objectives of these deals and (ii) centrality of corruption to them.

Examples May Include

- Mining (China and Russia)
- Efforts to gain more influence over regional and international issues and/or organizations (China and Russia)
- Arms deals (Russia is Africa's largest weapons supplier)
- Private military contractors (mainly Russia)
- Opaque assistance to politicians, political parties, media, and/or political processes (Russia)

13

KLEPTOCRACIES

In which sectors and geographies are transnational corruption most prevalent?

- Kleptocracies and transnational networks are mainly in Central Africa stretching to parts of East Africa (e.g., Kenya, Somalia, South Sudan, Uganda), West Africa, and the Sahel.
- Kleptocracy is neither an internally homogeneous nor a binary term:
 - Some kleptocracies have competitive elections (e.g., Nigeria), others are authoritarian (e.g., Zimbabwe), and some lack effective central governments (e.g., CAR).
 - The defining feature of a kleptocracy is deliberate and systemic corruption perpetrated by elites with impunity which causes widespread economic, political, and social damage.
 - Borderline kleptocracies (e.g., Kenya and Malawi) are subjective classifications.
- There is strong overlap between fragility and corruption.

Key Warning Signs of Borderline Kleptocracies

- Deliberate attempts to weaken institutions capable of holding corrupt actors accountable;
- Loss of state capacity to assert authority; and/or
- Growing disregard of the judiciary and anti-corruption agencies with impunity.

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CORRUPTION WITHIN DEVELOPMENT SECTORS:

In which sectors and geographies are transnational corruption most prevalent?

Sector	Description	Impacted Geographies	Transnational Element
Environment/ Extractives	Illicit trade of natural resources (e.g., minerals, ores, wildlife, timber); gaining control over rare minerals can be source of strategic corruption	Cameroon, CAR, DRC, Madagascar, Mozambique, South Sudan	Buyers mainly in Asia and the Middle East
Infrastructure	Large infrastructure investments offer a wide range of opportunities for corrupt exchanges	Angola, Kenya, Nigeria, Zambia	China, private banks, construction firms
Global Health	Highest share of counterfeit pharmaceuticals in the world; drug diversion is common	Angola, Chad, Ethiopia, Madagascar, Mali, Niger, Uganda	Mainly imported from China and India
Energy	Corruption undermines access to and investment in affordable and reliable electricity	Ghana, Nigeria, Sierra Leone, South Africa	External advisors, offshore plants, purchasing agreements
Security/ Conflict Prevention	Illicit arms trade fuels fragility; corruption undermines security; opaque use of private military contractors can be source of strategic corruption	CAR, Chad, DRC, Mali, Niger, Nigeria, Somalia, South Africa, South Sudan, Sudan	Substantial intra-Africa illicit arms trade; Russian private military contractors
Agriculture/ Food Security	Opaque land acquisition processes; high correlation between corruption and property rights; lack of community consultation	Ethiopia, Ghana, Mozambique, Tanzania, Senegal, Zambia	Foreign investors interested in commercial farming and natural resource extraction
DRG/Elections	Opaque foreign support for political parties; can be source of strategic corruption	CAR, Madagascar, Mozambique, Zimbabwe	Russia appears to be active in this area

KEY TAKEAWAYS

- Kleptocracy and transnational corruption is problematic in many sectors where USAID operates, including Agriculture and Food Security; DRG; Environment, Energy, and Infrastructure; Conflict Prevention and Stabilization; and Global Health.
- State actors are central to kleptocratic and transnational corruption networks in SSA.
- Data gaps; measurement challenges; and deliberate actions to conceal corrupt and illicit activities impede our capacity to grasp the magnitude of kleptocracy, transnational corruption, and strategic corruption, and nuances in their manifestations across countries.
- Kleptocracies are not internally homogeneous in SSA; their main commonalities are (i) near total impunity for kleptocrats and (ii) fragility.
- Kleptocrats in SSA engage in a range of illicit activities and exist within larger and diverse transnational corrupt networks, including strategic corruption.

16

QUESTIONS



17

KEY DEFINITIONS

- **Grand corruption:** When political elites steal large sums of public funds or otherwise abuse power for personal or political advantage.
- **Administrative corruption:** The abuse of entrusted power for private gain—usually by low to mid-level government officials—in interactions with citizens and the private sector, including to skirt official regulations and extort citizens in exchange for basic services.
- **Kleptocracy:** A government controlled by officials who use political power to appropriate the wealth of their nation. Can include state capture.
- **State capture:** When private entities improperly and corruptly influence a country's decision-making process for their own benefit.
- **Strategic corruption:** When a government weaponizes corrupt practices as a tenet of its foreign policy.
- **Transnational corruption:** Corruption that crosses borders, involves global networks, and employs sophisticated schemes to siphon off the wealth of a country from its rightful owners.

Source: USAID Anti-Corruption Policy, 2022

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DISCUSSION

Objective: To determine areas to focus research on transnational corruption, strategic corruption, and kleptocracy for Phase II

Where and how do we focus USAID's efforts?

- Phase II will explore existing USAID anti-corruption efforts and if/how USAID programming can better address transnational corruption, strategic corruption, and kleptocracy.

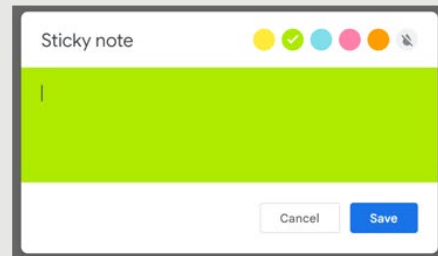
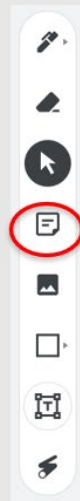


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Using Google Jamboard

<https://jamboard.google.com/d/1iKfBCRZ0MPILYiuYR9vmUQNAOvYsU2Rr4SxpYUZcD0/viewer?f=0>

- **Add your stickies** (5 mins)
- **Review other stickies** (3 mins)
- **Discuss** (15-20 mins)



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QUESTION 1:

Which transnational corruption, strategic corruption, and kleptocracy issues/trends should USAID prioritize learning more about?

Think about:

- Which trends impact USAID's work the most?
- Where do we need to understand the issues more?

Slide 1:

<https://jamboard.google.com/d/1iKfBCRZ0MPILYiuYR9vmUQNAOvYsU2Rr4SxpYUZcD0/viewer?f=0>

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QUESTION 2:

Which sectors should be prioritized for Phase II research?

Think about:

- Where can USAID make the greatest impact?
- Where do you see entry points for USAID programming?
- Where does USAID currently have anti-corruption programming that can be expanded upon?

Slides 2-3:

<https://jamboard.google.com/d/1iKfBCRZ0MPILYiuYR9vmUQNAOvYsU2Rr4SxpYUZcD0/viewer?f=1>

22

QUESTION 3:

In which geographies do you see windows of opportunity for USAID programming?

Think about:

- Where can USAID make the greatest impact?
- Where do you see entry points for USAID programming?
- Where does USAID currently have anti-corruption programming that can be expanded upon?

Slide 4:

<https://jamboard.google.com/d/1iKfBCRZ0MPILYiuYR9vmUQNAOvYsU2Rr4SxpYUZcD0/viewer?f=3>

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QUESTION 4:

What did we miss?

Think about:

- What should the research team be thinking about as we embark on Phase II?
- Who should we talk to?
- What resources do you suggest we review?

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NEXT STEPS

- Refine research questions and thematic foci
- Conduct further data collection and analysis
- Further workshops to validate in-depth findings
- Final report

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ANNEX D. CO-CREATION WORKSHOP PARTICIPANTS

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