

"For the love of money is the root of all kinds of evil..." 1 Tim 6:10

KLEPTOCRACY

Exploitation of Nations



AUTHOR: Dr. Dominic F Dixon

Core Diplomatic Practice, EDDP

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RELEVANCE to Diplomatic Practice:

United Nations convention against corruption

World Bank's agenda on good governance

United Nations, Sustainable Development Goals

DATA MINING:

World Bank

UNODC's Asset Recovery Initiative (StAR)

Corruption steals from the poor. It steals the promise of a brighter future.

—Jim Yong Kim, President of the World Bank Group

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My heart felt gratitude to the diplomats from around the world who were my batch mates and are now my friends.

To the many friends who had supported me during this journey.

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Thanks to my critics, you are the unpaid guardians of my soul!

Dr. Dominic F Dixon
United Nations Office at Vienna
Vienna, Austria

Kleptocracies

DEFINITION:

plural

: Government by those who seek chiefly status and personal gain at the expense of the governed; *also*: a particular government of this kind.

Kleptocrat

klep-tə-krat\ *noun*

kleptocratic

klep-tə-'kra-tik\ *adjective*

Source: "Kleptocracy." *Merriam-Webster.com*. Merriam-Webster, n.d. Web. 28 Apr. 2017.

Kleptocracy (from Ancient Greek κλέπτης (kléptēs, “thief”), κλέπτω (kléptō, “steal”), from Proto-Indo-European *klep- (“to steal”); and from the Ancient Greek suffix -κρατία (-kratía), from κράτος (krátos, “power, rule”; *klépto-* thieves + *-kratos* rule, literally “rule by thieves”) [1][2] is a government with corrupt leaders (kleptocrats) that use their power to exploit the people and natural resources of their own territory in order to extend their personal wealth and political power. Typically this system involves an obsession with television ratings over state concerns and embezzlement funds at the expense of the wider population. [3] [4]

Scope of Paper & Introduction

This paper is aimed at drawing attention to anti-corruption activists and advocacies against corruption; and to postulate an international perspective of the innumerable forms of modus operandi envisaged by Kleptocrats. Research and cases studies have been derived from dozens of publications, interviewing of bureaucrats and diplomats, political ministers and investigative journalists.

In the classical sense, corrupt rulers or kleptocrats, (ab)use their power to exploit their nation's resources for personal gain, ambition and political supremacy.

There are varied aspects of corruption such as money laundering, fraud, electoral crimes, embezzlement and the list goes on. A society does not diminish or become corrupt overnight, it happens progressively.

Therefore, I wish to reiterate that scholarship, emphasis needs to be on 'individual corruption' to begin with. For instance, a nation may be corrupt because of its leaders and their connivance with the underworld. For instance, Mohammed Suharto, President of Indonesia (1967-1998) had embezzled an estimated \$15-35 billion and Arnold Aleman, President of Nicaragua (1997-2002) who embezzled an estimated \$100 million.

While almost all countries are subject to corruption, not all states are kleptocratic or are "ruled by thieves," which however are of a lower margin. The true sense of understanding kleptocracy would be; when the influential in connivance with the political class, systematically loot from public funds on unimaginable scales, to the extent of influencing the political class to make such a loot, "legal" through the passing of a bill or a law. Having stated the above, we must understand that while poor or third world nations according to the UNDP's Multidimensional Poverty Index (MPI) are more prone to kleptocracy, nothing can be farther from the truth that all

kleptocracy is rather a world-wide-web of the powerful and wealthy, mainly by means of money laundering through ghost transactions and proxy organizations.

Kofi A. Annan, UN Secretary-General in his foreword on the UNITED NATIONS CONVENTION AGAINST CORRUPTION, stated this:

Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish. This evil phenomenon is found in all countries—big and small, rich and poor—but it is in the developing world that its effects are most destructive. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a Government's ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment. Corruption is a key element in economic underperformance and a major obstacle to poverty alleviation and development. [5]

According to the United Nations Office on Drugs and Crime (UNODC), the estimated amount of money laundered globally in one year is 2 - 5% of global GDP, or \$800 billion - \$2 trillion in current US dollars. [6]

José Ugaz, Chair of Transparency International states that "In countries with populist or autocratic leaders, we often see democracies in decline and a disturbing pattern of attempts to crack down on civil society, limit press freedom, and weaken the independence of the judiciary," "Instead of tackling crony capitalism, those leaders usually install even worse forms of corrupt systems," Ugaz added. [7]

ESTIMATES OF FUNDS EMBEZZLED FROM 9 COUNTRIES

Political leader	Country	Stolen assets (\$billion)	Average annual GDP (\$billion)	Annual theft as percent of average nominal GDP	
				Lower bound	Upper bound
Mohamed Suharto (1967-98)	Indonesia	15 to 35	86.6	0.6	1.3
Ferdinand Marcos (1972-86)	Philippines	5 to 10	23.9	1.5	4.5
Mobutu Sese Seko (1965-97)	Zaire	5	8.8	1.8	1.8
Sani Abacha (1993-98)	Nigeria	2 to 5	27.1	1.5	3.7
Slobodan Milosevic (1989-2000)	Serbia/Yugoslavia	1	12.7	0.7	0.7
Jean-Claude Duvalier (1971-86)	Haiti	0.3 to 0.8	1.2	1.7	4.5
Alberto Fujimori (1990-2000)	Peru	0.6	44.5	0.1	0.1
Pavlo Lazarenko (1996-97)	Ukraine	0.114 to 0.2	46.7	0.2	0.4
Arnoldo Alemán (1997-2002)	Nicaragua	0.1	3.4	0.6	0.6
Joseph Estrada (1998-2001)	Philippines	0.07 to 0.08	77.6	0.04	0.04
Average % of GDP				0.9	1.8

Source: TI (2004) for first three columns; World Bank staff for the rest.

Note: The GDP calculations for Indonesia cover 1970–98, and for Zaire, 1970–97.

The 10 Most Corrupt World Leaders of Recent History

Proof that corruption is truly a global issue, the list de-bunks the myth that cases of *grand corruption* (and kleptocratic regimes responsible for it), are limited to certain parts of the world. Of the ten world leaders who made the list: three are from Africa, three from the America's, two from Asia, and two are from Europe. [8]

Integritas360 [*Latin: in'te.gri.tas:s*], a global corporate and social enterprise committed to advancing integrity and raising ethical practices in global development, has done a detailed study on The 10 Most Corrupt World Leaders of Recent History.

10. Arnoldo Aleman, President of Nicaragua (1997 – 2002)
Amount Embezzled: \$100 million | Years in Office: 5

9. Pavlo Lazarenko, Prime Minister of Ukraine (1996 – 1997)
Amount Embezzled: \$114 million to \$200 million | Years in Office: 1

8. Alberto Fujimori, President of Peru (1990 – 2000)
Amount Embezzled: \$600 million | Years in Office: 10

7. Jean-Claude Duvalier, President of Haiti (1971 – 1986)
Amount Embezzled: \$300 million to \$800 million | Years in Office: 15
6. Slobodan Milosevic, President of Serbia/Yugoslavia (1989 – 2000)
Amount Embezzled: \$1 billion | Years in Office: 11
5. Zine Al-Abidine Ben Ali, President of Tunisia (1987 to 2011)
Amount Embezzled: \$1.0 billion to \$2.6 billion | Years in Office: 23
4. Sani Abacha, President of Nigeria (1993 – 1998)
Amount Embezzled: \$2 billion to \$5 billion | Years in Office: 5
3. Mobutu Sese Seko, President of Zaire now Democratic Republic of the Congo (DRC) (1965 – 1997)
Amount Embezzled: \$4 to \$5 billion | Years in Office: 32
2. Ferdinand Marcos, President of the Philippines (1965 – 1986)
Amount Embezzled: \$5 billion to \$10 billion | Years in Office: 21
1. Mohamed Suharto, President of Indonesia (1967 – 1998)
Amount Embezzled: \$15 billion to \$35 billion | Years in Office: 31

For a detailed analysis of this report, please refer to this link:
<http://integritas360.org/2016/07/10-most-corrupt-world-leaders/>

SYNOPSIS OF COUNTRY CASE STUDIES

NIGERIA: General Sani Abacha, who had governed Nigeria for five years from 1993 to 1998, died on June 8, 1998 of a reported heart attack. He is estimated to have looted from \$3 billion to \$5 billion over the five years of his rule. His death prompted the opening of investigations, first by General Abdusalami Abubakar and then by President Olusegun Obasanjo, into Abacha's criminal dealings, culminating in campaigns to recover the assets stolen by him and his associates and hidden both within and especially outside the country.

Abacha is alleged to have used four methods for plundering public assets: outright theft from the public treasury through the central bank; inflation of the value of public contracts; extortion of bribes from contractors; and fraudulent transactions. The corruptly acquired proceeds were laundered through a complex web of banks and

front companies in several countries and localities, but principally Nigeria, the UK, Switzerland, Luxembourg, Liechtenstein, Jersey, and the Bahamas. [8a]

Source: 20. Based on a case study by Ngozi Okonjo-Iweala, commissioned as an analytical background paper in support of the StAR Initiative.

PERU: During the 10 years President Alberto Fujimori was in office (1990–2000), the intelligence police chief, Vladimiro Montesinos, methodically bribed judges, politicians, and the news media. On September 14 2000, cable Channel N broadcast a video showing Montesinos bribing Congressman Alex Kuori with \$15,000. This event was followed by investigations that led to Fujimori’s resignation and uncovered a network of corruption that had taken control of the country, undermining the institutional governance systems that existed in the country (the Constitution, elections, rule of law, free press, independent judiciary). During Fujimori’s administration, more than \$2 billion was allegedly stolen from the state. After his resignation, the interim government led by President Valentín Paniagua redesigned the legal and institutional framework. A new Anti-corruption System was put in place, which included the creation of prosecution agencies and anti-corruption courts, as well as a series of innovations to the judicial system: the establishment of a negotiated justice system (plea bargaining), special criminal proceedings, and procedural instruments.

The main source of theft by Montesinos and his cronies was through the extortion of bribes in awarding national defense procurement contracts. These bribes were hidden from the public based on a legal provision that allowed the executive to deny disclosure of the bidding process on the grounds of “national security.” For laundering their proceeds, Montesinos and his cronies used shell companies based in tax haven jurisdictions that were managed by trustees. [8b]

THE PHILIPPINES: Ferdinand Marcos started accumulating his ill-gotten wealth in 1965, when he was first elected president. He was reelected four years later but declared Martial Law in September 1972, before his second term was completed. The Martial Law regime continued until February 1986, when Marcos was toppled by

the so-called peaceful “People Power Revolution”. He is estimated to have siphoned off between \$5 and \$10 billion. This ill-gotten wealth was accumulated through six channels: outright takeover of large private enterprises; creation of state-owned monopolies in vital sectors of the economy; awarding government loans to private individuals acting as fronts for Marcos or his cronies; direct raiding of the public treasury and government financial institutions; kickbacks and commissions from firms working in the Philippines; and skimming off foreign aid and other forms of international assistance. The proceeds of corruption were laundered through the use of shell corporations, which invested the funds in real estate inside the United States, or by depositing the funds in various domestic and offshore banks under pseudonyms, in numbered accounts or accounts with code names.

The asset recovery efforts of the Philippines extended over 18 years before achieving some success. [8c]

The Kleptocratic Experience:

In this section we briefly discuss two classic kleptocracies. The rule of Mobutu Sese Seko in the Democratic Republic of the Congo from 1965 to 1997 and the rule of Rafael Trujillo in the Dominican Republic from 1930 to 1961. Our discussion emphasizes several characteristic features of these regimes. First, both rulers were true kleptocrats in that their prime aim was to accumulate personal wealth for themselves and their families. Second, neither regime, despite their longevity, had an extensive base of support in society.

Third, each 168 Journal of the European Economic Association ruler maintained control of power by manipulating people and groups along the lines of divide-and-rule. Finally, the grip on power of both rulers was greatly facilitated by the nature of society, natural resource rents, and foreign aid. [9]

2.1. Mobutu Sese Seko and Le Mal Zairois Joseph Mobutu seized power in the

Congo, which became independent from Belgium in 1960, in a military coup in 1965 and quickly established himself as a dictator at the head of a one-party state, the MPR (Mouvement Populaire de la Révolution). There is no doubt that the aim of Mobutu was to use the state for the enrichment of himself and his family. He was a true kleptocrat. In the 1970s, 15–20% of the operating budget of the state went directly to Mobutu. In 1977 Mobutu's family took \$71 million from the National Bank for personal use and by the early 1980s his personal fortune was estimated at \$5 billion (Leslie 1987, p. 72). Turner and Young (1985, pp. 178 –183) devote six pages to listing Mobutu's assets and wealth.

2.2. The Dominican Republic under Rafael Trujillo The Dominican Republic, the eastern half of the island of Hispaniola, became independent from Spain in 1821. However, in 1822 it was invaded by Haiti, and regained its freedom only in 1844 after a war of independence. The Haitian occupation destroyed the traditional ruling elite of large landowners who fled the country never to return. In the subsequent decades, the country was plagued by serious political instability and a series of dictatorships. In 1916 the United States took over the country (previously, they had controlled the customs since 1906 to recover delinquent loans), an occupation that lasted until 1924. During this period the country was run by a military governor. To establish control of the country, the United States trained a domestic constabulary, which became the Nation Army after 1924. Trujillo became the head of this constabulary in 1928 and in 1930 used it as a power base to help a coup against the government, after which he had himself elected President in a fraudulent election. Throughout his rule Trujillo carried out the facade of elections, regularly being reelected by 100% of the vote and even on two instances, from 1938 to 1942 and from 1952 to 1961, stepping down from the Presidency and controlling power from behind the scenes. As with Mobutu, there is no doubt about the kleptocratic tendencies of Trujillo. Indeed, relative to the size of the economy, Trujillo's regime was probably the most successful case of kleptocratic accumulation in history. By the end of his regime, the fortune of the Trujillo family was equal to about 100% of GDP at current prices and the family, "controlled almost 80% of the country's industrial production. About 60%

of the country's labor force depended on him directly or indirectly, with 45% employed in his firms and another 15% working for the state" (Moya Pons 1995, p. 398). Trujillo used many tools to maintain power. He used coercion and force against potential rivals, and murdered and tortured many opponents. But as in the Congo, divide-and-rule was a key strategy. As a result, Hartlyn (1998) explains that "Trujillo eventually became the single dominant force in the country by combining abuse of state power, threats and co-optation. Although certain of the country's economic elite maintained some individual autonomy there was no possibility for independent organization" (pp. 99 –100). [10]

CORPORATE VEHICLE:

In this money-crazed world that we live in, like it has been stated, 'there are many ways to skin a dog,' there are many ways to launder money.

Suppose you want to give someone some money, and because it is for an illegal purpose, you do not want anyone else to know about it. What would you do? You could hand it over in cash—but that might be difficult if it were a large sum of money or if the recipient lived a long way away. Alternatively, you could transfer funds from your bank account to the recipient's—but then your respective banks would know about it. And they might tell the police, or at least they might offer information if the police came knocking. So your ideal solution would involve a bank account that you control, but that no one can link to you—or at least only with the greatest difficulty.

That, in a nutshell, is the starting point for this study: people who are trying to find ways of sending or receiving funds or assets while concealing their involvement. The funds in question derive from bribery, embezzlement of public funds, or other forms of corruption. In the past, people hid their involvement with funds through anonymous bank accounts or accounts in fictitious names. This option, however, is becoming increasingly less available. So now the preferred method is to use a legal entity or arrangement, known (in the terminology of the Organisation for Economic Co-

operation and Development [OECD]) as a “corporate vehicle.” This term is mainly used to refer to companies (or corporations), foundations and trusts, and national variations of these. As emerged from our research, corrupt officials do not normally establish a corporate vehicle on their own, but rather have others do it for them. Moreover, in many cases, not just one corporate vehicle is involved but a whole web of vehicles that are linked together across several different jurisdictions. [11]

In 2002, the government of Kenya invited bids to replace its passport printing system. Despite receiving a bid for €6 million from a French firm, the Kenyan government signed a contract for five times that amount (€31.89 million) with Anglo-Leasing and Finance Ltd., an unknown U.K. shell company, whose registered address was a post office box in Liverpool. The Kenyan government’s decision was taken despite the fact that Anglo- Leasing proposed to subcontract the actual work to the French company. Material leaked to the press by whistle-blowers suggested that corrupt senior politicians planned to pocket the excess funds from the deal. Attempts to investigate these allegations were frustrated, however, when it proved impossible to find out who really controlled Anglo-Leasing.

In March 2010, Daimler AG and three of its subsidiaries resolved charges related to a Foreign Corrupt Practices Act (FCPA) investigation in the U.S. In part, Daimler AG’s Russian subsidiary, DaimlerChrysler Automotive Russia SAO (DCAR), which is now known as Mercedes-Benz Russia SAO, pleaded guilty to one count of conspiracy to bribe foreign officials and one count of bribery of foreign officials. The Statement of Facts agreed to by Daimler as part of the Deferred Prosecution Agreement in *US v. Daimler AG* noted that “DCAR and DAIMLER made over €3 million [US\$4,057,500] in improper payments to Russian government officials employed at their Russian governmental customers, their designees or third-party shell companies that provided no legitimate services to DAIMLER or DCAR with the understanding that the funds would be passed on, in whole or in part, to Russian government officials.” The Statement of Facts details 25 sets of improper payments involving (in addition to cash payments) payments to bank accounts held in Latvia, Switzerland, the United States and unnamed jurisdictions; the accounts were held in the name of some of the

27 involved companies (16 named and 11 unnamed) registered or having addresses in 7 different jurisdictions: the Bahamas; Costa Rica; Cyprus; Ireland; Seychelles; United Kingdom; and in United States in California, Delaware and Florida.

Both the Anglo-Leasing and Daimler AG scandals described above graphically illustrate the central role played by corporate vehicles (companies, trusts, foundations, and others) in concealing the abuse of public trust for private financial gain. In neither case has any individual or company been convicted of a corruption offense, despite the millions—even billions—of dollars of illicit payments allegedly involved. [12]

India found itself in the center of such protests in 2010-2011 over the scam in 2G spectrum allocation to telecom companies. By magnitude of loss to exchequer – over US\$ 40 billion – this scam was reported to be the biggest in democratic India. The scam blurred the ethical lines between corporate houses, corporate lobbyists, journalists, bureaucrats, and politicians. In a nutshell, it showed up one of the worst sides of contemporary capitalism. The 2G scam went a long way to show how the Indian economy, one of the fastest growing in the world, is dominated by a small set of tightly connected power players. Industry observers felt that if not checked soon, the deep-rooted problem of crony capitalism in the country could adversely affect India's growth and development. They wondered how the accountability could be fixed and the unholy nexus broken. [13]

[India's capital,] Delhi is a kleptocratic den with loots and scams galore—Commonwealth Games, ISRO Antrix- Devas deal, 2G Spectrum, Godavari basin gas, National Spot Exchange, imported nuclear deals, thorium and mining loot, Air-India mega purchase to name a few and the biggest of them so far, Coalgate, where crucial files have gone missing. These notwithstanding, defence purchase scams that vitally affect the nation's security, takes the cake. Here, even the Comptroller & Auditor General of India, the most important officer under the Constitution, has been brought into the kleptocratic network. This IAS officer has served in the Ministry of Defence (2003-2013) the joint secretary, the additional secretary, the Director-

General of Acquisitions, officer on special duty and, finally, the Secretary to the Ministry of Defence, when he was seamlessly shifted as CAG as if it was just another routine bureaucratic transfer.

During his long tenure in the ministry, he has been closely associated with many policy/ purchase/ acquisition decisions and deals spanning the Army, Navy and Air Force. Most of these have become stinking scams due to wheeling and dealing and huge kickbacks. They are either under the CBI scanner or CAG scrutiny. Now that he is CAG, he can cover up anything & everything under the kleptocratic pact! [14]

MONEY LAUNDERING PROCESS

Money laundering is a diverse activity that can range from simple wire transactions to complex mechanisms that rely on shell banks, undisclosed trusts, and hedge funds, often set up with advisers from developed countries. The money laundering process is usually described as involving three main stages: placement, layering, and integration.

Placement is the process of separating the illicit funds from their illegal source and placing them into one or more financial institutions, domestically or internationally.

Layering is the process of separating criminal proceeds from their source by using layers of financial transactions designed to hide the audit trail and provide anonymity.

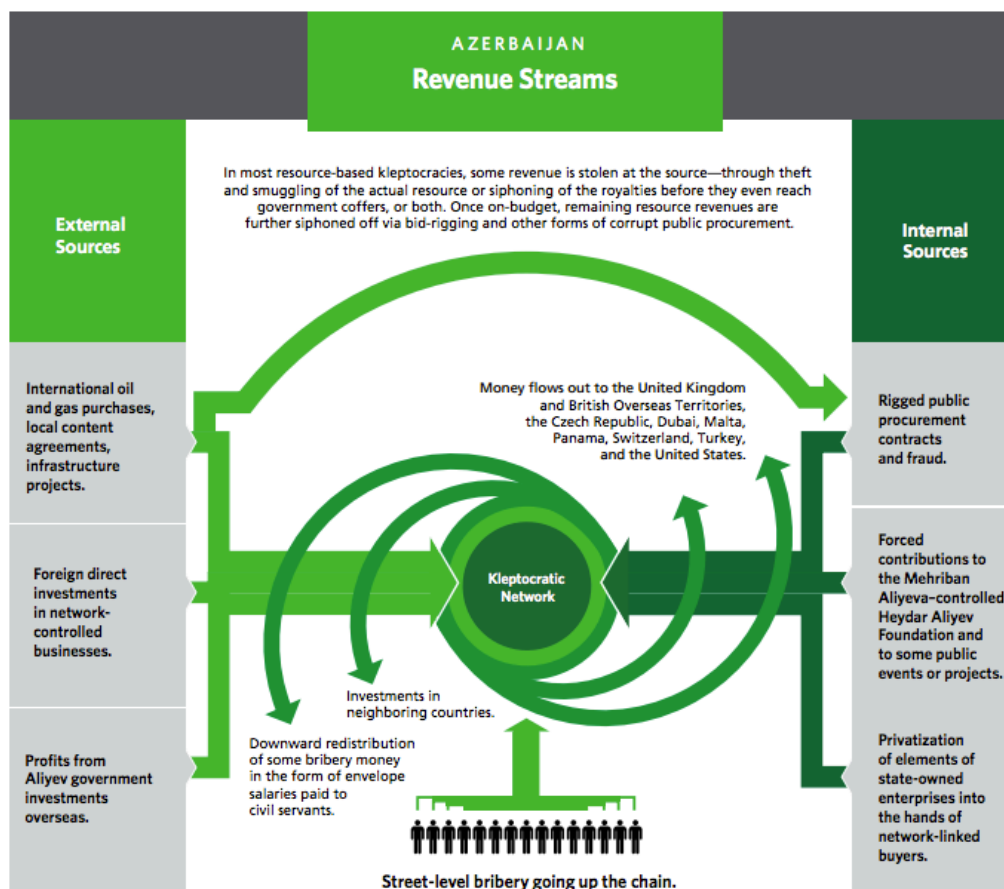
Integration schemes place the laundered proceeds back into the legitimate economy in such a way that they appear to be normal business funds. [15]



Source: Levi, Dakolias, and Greenberg (2007, Part III).

AZERBAIJAN - What are the illicit funds used for?

Are they invested in local property? Real estate overseas? Businesses, which in turn are incorporated into the network? Is the money deposited in bank accounts overseas? Is it spent on lavish consumption? How much is directed back downward within the country, either as payments for the loyalty of network members who lack their own direct access to revenue streams or to finance electoral campaigns (often including vote-rigging or vote-buying)? Real estate purchases are one of the most common uses for the excess cash kleptocratic practices generate. When such purchases are made in luxury cities and neighborhoods, such as Hampstead or Hyde Park in London, or the Time Warner Center in New York, the purchases double as stature enhancement or image laundering for the corrupt buyer—indeed that’s the point. [16]



Ideally, a more developed version of [the above] figure would indicate at least an order of magnitude of the amounts of money generated for the benefit of network members of these various revenue streams. The clandestine—and sometimes hard to define—nature of corrupt practices makes such a task difficult.

Compounding it is the overlap between the origin of some of the external revenue streams (listed on the left) and the means by which they are secured (for example, public procurement fraud, listed on the right).

Answers to the lifestyle questions above may in turn provide insight on a topic particularly relevant to would-be reformers, both inside and outside the country: the key vulnerabilities that potentially weaken the networks or render them more brittle than they might seem. These vulnerabilities are often tied to the aspirations of network members, their habits, or internal contradictions in the structures' cultures, practices, or personnel. Ascertaining just what these vulnerabilities might be often requires the imaginative powers of a devilish mind.

Most people and institutions that interact with governments like those of Azerbaijan, Kyrgyzstan, and Moldova do so without a nuanced understanding of the dynamics of the corruption that is legendary in each country. Or, where they do have some insight, it is into a small, disconnected piece of the overall picture. Civil society organizations may know about the bribes that have to be paid to get an electricity meter installed, for example, or may have discovered the identities of all the officials who secured the services of a single Washington lobbyist. Investigating a case under her country's anti-bribery legislation, an international prosecutor may have worked her way back from an offending company to the three foreign officials who were paid off. Aid agencies may do corruption risk assessments to reduce the likelihood that their programs will be subject to fraud or waste. But corruption cannot be reduced to bribery alone. It frequently constitutes a robust and sophisticated operating principle shaping most aspects of a government's structure and practices. [17]

KLEPTOCRACY and the Arab Spring

Every government that faced significant mass protests during the 2011 Arab Spring, from Tunisia, to Egypt, Syria, Bahrain, and Yemen, perpetrated acute corruption on behalf of narrow cliques that included top government officials and their close relatives. [18]

The overthrow of such long standing dictatorships was the primary aim of the millions of protestors who took to the streets during the uprisings. The immolation of fruit seller Mohamed Bouazizi in Tunisia acted as the trigger. Within months, four of the region's most entrenched dictators – Zine El Abidine Ben-Ali in Tunisia, Hosni Mubarak in Egypt, Muammar Gaddafi in Libya, and Ali Abdullah Saleh in Yemen – had been forced from power. In Bahrain widespread peaceful protests were suppressed by the authorities with the help of Saudi Arabia, while in Syria a bloody civil war erupted in response to Bashar al-Assad's brutal crackdown on peaceful protests there.

The region's kleptocracies were decades in the making. Following independence, the Arab states developed similar autocratic systems of government, comprising a President for life backed the army, police and other internal security organisations. During the 1990s in particular, the nature of the regimes changed as globalisation provided enormous opportunities for the ruling elites to enrich themselves through the privatisation of state companies and the attraction of foreign capital. This placed vast wealth in the hands of the presidents, their families and a small number of oligarchs close to the president.

Tunisian's experience of the everyday reality of police shakedowns and brutality meant that when Mohamed Bouazizi committed his desperate act, the act of a poor fruit seller who did not have the money to bribe the police who were harassing him, the populations' fury was enough to sweep Ben Ali's kleptocracy from power and provide the spark for the Arab Spring. [19]

Such a shattering episode led by youth movements revolting against injustices through kleptocracy and corruption, spread through about fifteen countries in the Middle East and North Africa (MENA).

What were the Arab Spring protesters revolting against?

Kleptocracy backed by state violence. If there is one common element to the uprisings across the Arab world in 2011, it is that they were revolts against kleptocracy backed by the means of state violence. The masses who rose up in the Arab Spring were a diverse lot: they ranged from upper-middleclass university-educated youth to farmers, laborers, and street vendors like Tunisia's Mohamed Bouazizi; from Islamists to socialists to liberals; from Shia to Sunni to Christians to atheists. But what these people had in common was that they were fed up with regimes that funnel good jobs, unearned wealth, and political advantage to relatively small elites close to the government clique-- while using the suppression of dissent, torture, disappearances, executions, intimidation, rigged elections, and control of the media to enforce these arrangements. [20]

KLEPTOCRACY and CLIMATE CHANGE

"A selfish and boundless thirst for power and material prosperity leads both to the misuse of available natural resources and to the exclusion of the weak and disadvantaged,"

Pope Francis at the UN General Assembly, 25 September, 2015.

Climate change, like corruption, is a matter of life or death.

The evidence is hard and clear. 2016 was the hottest year ever on record, extreme "once in a generation" weather events are becoming more regular, and fragile ecosystems such as the Great Barrier Reef are dying. Climate change is no longer a future threat; it is here.

As part of the negotiations leading to the Paris Agreement, world leaders agreed to mobilise US \$100 billion in climate finance by 2020, and the same amount each year thereafter. How these funds are spent could save the lives of millions now, and ensure billions in the future are set on a safe path.

The Paris Agreement has come too late to stop the early impact of climate change. Even now the world's ability to meet the Agreement's targets depend on a real surge of political will, which is shockingly absent from the current US Administration.

Climate finance is money invested to help countries prevent climate change and adapt to its worst effects. This money is pledged by rich, carbon-emitting countries (who have the greater share of responsibility in causing climate change) to poorer, climate-vulnerable countries.

This money falls into two categories: (1) Mitigation finance: that's money to stop climate change getting worse overall (for example, renewable energy, clean transport, carbon markets or reforestation projects). (2) Adaptation finance: that's money to help countries and communities already suffering (for example, build flood defenses, irrigation systems or emergency shelters).

Around the world, journalists and civil society have a huge part to play in sounding the alarm. This is where we come in. There's a lot we can do and are doing to protect the money and make sure communities on the frontline of climate change have their say in the process and the money is used wisely.

Transparency International chapters around the world are monitoring climate finance as it enters and is distributed throughout their countries.

Transparency International Bangladesh visited a cyclone shelter site and discovered homes built without walls.

In the Maldives, the lowest-lying nation in the world, millions of dollars have vanished from a tsunami relief fund. People are now trying to find out where it went.

Jose Ugaz is chair of Transparency International stated this: As a prosecutor who pursued grand corruption in Peru, I have experienced first-hand the intimidation tactics used to try to silence people fighting for justice. I also know that justice is essential for a society to function. Yet 85% of Peruvians think their judiciary is corrupt. A system that lets the powerful get away with corruption will struggle to implement the climate goals that will protect the livelihoods of families like the Huilcas.

The solution to corruption is also part of the answer to climate change: rule of law and accountability. That is a global struggle.

For the delegates of the UN climate conference in Lima, the message is clear: If we want to tackle climate change, we must fight corruption. There can be no climate justice without justice. [21]

The features of corrupt behaviour may seem intuitively straightforward. In practice, however, attempts to exhaustively define corruption invariably encounter legal, criminological, and, in many countries, political problems (Foster et al., 2012; Heinrich and Hodess, 2012; Sampford et al., 2006; Sequeira, 2011).

Conceived in the years preceding the signature of the Kyoto Protocol of 1997 as means to achieve the goals outlined in the United Nations Framework Convention on Climate Change of 1992 (UNFCCC), these markets currently mobilise approximately US\$167 billion (Kossoy and Guignon, 2012). Emissions trading systems are often hailed as a powerful and cost-efficient approach to dealing with the multi-faceted challenges posed by climate change (Kossoy and Guignon, 2012). The UNFCCC estimates that these systems will contribute a significant portion of the funds necessary for climate change mitigation (UNFCCC, 2007). The Organization for Economic Co-operation and Development (OECD) member countries have already pledged up to US\$100 billion by 2020 and agreed to contribute up to US\$30 billion in 'fast-track finance' between 2010 and 2012 for the funding of adaptation and mitigation actions (UNEP, 2008; Nakhooda et al., 2012; UNFCCC, March 2013 Monica McGivern /Foter.com / CC BY-ND 2 2007). Much of these financial resources are expected to be mobilised through the implementation and expansion of emissions trading mechanisms. Corruption impacts the success of emissions trading schemes by reducing the overall reliability and effectiveness of GHG markets.

For the first time, the participants in the 2012 United Nations Conference on Sustainable Development (or the Rio+20 Conference) explicitly recognised that

corruption is an impediment to effective environmental stewardship: paragraph 266 of the Outcome Declaration – The Future We Want – proclaimed that corruption must be addressed for the successful allocation and effectiveness of international aid. [22]

Climate change and corruption share many symptoms. They hit the poorest first and worst. They are caused by powerful individuals or entities seeking short term gain. In the long term, they put livelihoods at risk and threaten entire economies. They thrive on the flaws of national governments: you need strong global cooperation to stop them.” – Vania Montalvo, Transparencia Mexicana

CONSEQUENCES: POVERTY

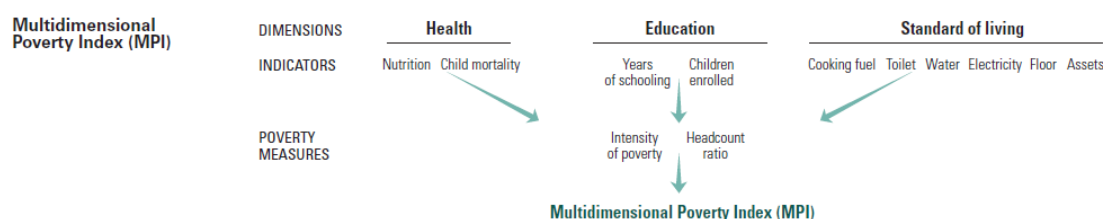
Over \$21 billion worth of black money was illegally taken out of India in 2014, according to the latest report by the international watchdog Global Financial Integrity (GFI), released on Monday.

This illicit outflow was nearly 19% more than that recorded the previous year.

GFI has, for the first time, given information on the equally damaging inflow of illegal funds in this report, with India being the destination of a staggering \$101 billion in 2014, up nearly 11% over the previous year.

Globally, the report estimates that between \$620 and \$970 billion was drained out of the developing world, primarily through trade fraud. Illicit inflows are estimated at a mind boggling \$1.4-2.5 trillion. Combined, illicit outflows and inflows accounted for 14-24% of total developing country trade over 2005-2014. [23]

Like development, poverty is multidimensional: According to the MPI report, there is an estimated 1.5 billion people in the 102 developing countries currently covered by the MPI—about 29 percent of their population — live in multidimensional poverty — that is, with at least 33 percent of the indicators reflecting acute deprivation in health, education and standard of living. And close to 900 million people are at risk (vulnerable) to fall into poverty if setbacks occur – financial, natural or otherwise. [24]



Good governance is important for countries at all stages of development. . . . Our approach is to concentrate on those aspects of good governance that are most closely related to our surveillance over macroeconomic policies—namely, the transparency of government accounts, the effectiveness of public resource management, and the stability and transparency of the economic and regulatory environment for private sector activity.

When institutions are strong, politicians vie for the support and endorsement of interest groups; when institutions are weak, politicians create and control interest groups. When institutions are strong, citizens demand rights; when institutions are weak, citizens beg for favors. [25]

Michel Camdessus IMF MANAGING DIRECTOR

Address to the United Nations Economic and Social Council, July 2, 1997

Stolen asset: recovery, recovery of foreign bribes and quantification

RECOVERY: ACTION PLAN (StAR)

Political will, legal reform, and enhancement of investigative capacity are needed in developed countries, not just the developing countries. The former should see stolen asset recovery as a development issue (because it is a signal against corruption while also providing a source of development funds).

Time is of the essence. For most developing countries, prolonging the process of asset recovery will take a toll on credibility and give kleptocrats an excuse to claim victimization. A prompt, proactive response is needed from countries where stolen assets are stashed. A global partnership must be formed to ensure that new financial havens do not replace the existing ones and that developing countries receive the legal support they need. Civil society and the media in developing countries should be brought into the process of monitoring the use of recovered assets, where feasible.

At the simplest level, there are two ways to help developing countries recover stolen assets. One is to lower the hurdles they face when seeking the return of assets located in other jurisdictions. The second is to strengthen laws and institutions governing asset recovery in these countries. Thus actions can be grouped under two headings: reducing barriers in developed countries to recover stolen assets; and strengthening the ability of developing countries to recover them. In addition, to ensure transparency, monitoring the use of recovered assets on a voluntary basis, with the agreement of all the countries concerned, is likely to be needed. Table 3 presents a matrix of recommended relevant actions under the two headings that could be taken by developed (G-8 and OECD) and developing countries, other stakeholders, and UNODC and the WBG. It reflects feedback from various consultations and the challenges emerging from the country case studies outlined above. [26]

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Profile: Dr. Dominic F Dixon



STATION: Vienna, Austria | Bangalore, India

Present Responsibilities:
**Head – Research & Development/
Academia, international Law & Justice**

CIFAL Bengaluru | United Nations Institute for
Training and Research – UNITAR

BRIEF: A decade of international experience in Social Justice, International Law & Humanitarian work. Expertise in Advocacy & external relations, with activism in governmental advisory for foreign and public policy, in sectors of the United Nations, International Organizations to the UN, NGO, Private & Public. With proficiency in drafting of resolutions, organizational constitutions, reporting, case studies and research.

Dr. Dixon has conducted extensive research studies in Psychology of Emotions and earned his doctorate in Counselling Psychology, and furthered research studies in Philosophy of Ethics at Oxford University, UK, Justice and Religion at Harvard University, US. He has also studied International Law & International Human Rights at Université Catholique de Louvain, Belgium, and Solving Public Policy Problems from the University of California, Berkley.

One of his flagship courses was his training in Executive Diploma in Diplomatic practice at the United Nations HQs in Vienna-Austria and Geneva-Switzerland, along with fifteen other diplomats from various countries who are career diplomats to the UN and to their respective Embassies. He authored this explosive research paper as part of the Diplomatic programme.

Presentations & Research:

- Paper to President Barack Obama on Pro-Life
- Research to the Prime Minister Narendra Modi (Pornography & its devastating consequences of the Youth & Women in the nation of India)
- Research to Prime Minister Manmohan Singh (Youth behavioural)
- Research to President Prathibha Patil (Adolescent Sociology & Psychology)
- Research to Governor of Karnataka, Hans Raj Bharwadwaj
- Research to Governor of Tamilnadu, Dr. K. Rosaiah
- Research to Chief Minister of Karnataka, BS Yeddurappa
- Presentation to Cyber Crime, Interpol on legal processes
- Research on the Juvenile Justice System in Bangalore

Academic Authorship:

- Author of seven books, 5 on youth in conflict
- Paper on Communal harmony and understanding of ideologies
- Authored text books on Psychology & Emotions
- Author of six Audio volumes on Holistic Counselling
- Research to University of Oxford, Utilitarianism & Human Rights
- Research to University of Oxford, Moral Absolutisms

Interviewed in over 36 countries & over 100 Provinces for Advocacy:

CNN, Headlines Today, US Politics, Agence France Presse, Khaleej Times Dubai, Times Now, NDTV, Yahoo, India Today, Family Mantra, Charis Times, Times of India, Saudi, News 9 and others.

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CONTACT:

dom@dominicedixon.net

Website: www.dominicedixon.net