



COMBATING TRANSNATIONAL CORRUPTION GRAND CHALLENGE

PARTNERSHIP OUTREACH

ABOUT GRAND CHALLENGES

USAID's Grand Challenges for Development initiative was launched in 2011 to provide a model to mobilize a diverse range of stakeholders, including governments, companies, and foundations to bring in new voices to solve development problems and to both source and scale new innovations, solutions, and ideas. These stakeholders range from small and medium enterprises to multinational corporations, and include women-, youth-, minority- and locally-owned and serving businesses and organizations.

Since the Grand Challenge program's inception, USAID has invested \$138 million and launched eleven Grand Challenges around critical development challenges from powering agriculture to fighting Ebola. These programs - which have leveraged \$396 million in partner funding and an additional \$972 million in funding from external investors - have resulted in 786 innovations and solutions from at least 84 countries. With the focus on utilizing a range of instruments to develop, test, and scale-up solutions, Grand Challenges provide an ideal format for engaging a diverse range of stakeholders in tackling thorny problems like transnational corruption, for which there are no easy answers.

ABOUT THE COMBATING TRANSNATIONAL CORRUPTION CHALLENGE

THE PROBLEM. Corrupt actors siphon off critical resources that should be used to lift people out of poverty and deliver much-needed social services -- exacerbating inequality, stunting development, and eroding faith in democracy itself. Data from 178 countries indicates that more than 140,000 child deaths per year are attributable to corruption¹ and during the COVID-19 pandemic, procurement scandals led to life-altering delays in supplies and vaccines, especially for already-vulnerable populations.² Corruption also increases the transaction costs of shifting to low-carbon energy alternatives³ while compounding environmental degradation, pollution, and biodiversity loss.

While systemic corruption remains a pervasive challenge in countries around the world, it is also a growing global phenomenon beyond the purview of individual countries or communities. As President Biden said, corruption is "nothing less than a national security threat in the 21st century."⁴ Enabled by facilitators in key sectors and industries, corrupt actors launder their ill-gotten gains across borders and around the globe - robbing communities and individuals of services, rights, and dignity. For example, Equatorial Guinea's now-Vice President, Teodorin Nguema Obiang Mangu, amassed more than

¹ Hanf et al. 2011, cited in [Transparency International 2019](#)

² [New York Times 2021](#)

³ [Allianz 2020](#)

⁴ [Remarks by President Biden before the 76th Session of the United Nations General Assembly](#)



\$300 million worth of assets through corruption and money laundering. Now, less than 10% of those resources, seized by the United States, France, and Switzerland, are being used to provide 1.2 million doses of COVID-19 vaccines and medical supplies for the people of Equatorial Guinea. This type of transnational corruption siphons wealth and resources away from developing countries, contributes to increased income inequality, and erodes faith in democracy, disproportionately affecting populations that are already vulnerable.

Corrupt actors co-opt and misuse otherwise legitimate trade and commercial flows, including arms, cigarettes, health commodities, and natural resources. Illicit finance and the trafficking of commodities are often facilitated by enablers, including professional service providers in the financial, legal, real estate, construction, and transportation/logistics industries. However, with their specialized knowledge and networks, actors in these high-risk industries also have a unique ability to prevent and detect corruption risks.

National and local-level corruption generate the resources that feed into and fuel transnational corruption, which has profound negative impacts on people and institutions at the local and national levels. Corruption can undermine government legitimacy by eroding communities' trust in government (especially where there is government complicity) and government effectiveness by siphoning off and laundering public funds into foreign accounts. This erosion of government legitimacy and/or effectiveness may incentivize communities to look for other entities that can deliver goods and services, including non-state armed groups.

Disadvantaged and vulnerable populations, who often rely on public goods and services because they cannot afford private alternatives, are disproportionately affected by the poor infrastructure and shoddy public service offerings that often result from corruption. Meanwhile, illicit trafficking of wildlife, timber, minerals, and other natural resources degrade the environment and can accelerate climate change, contribute to human rights and labor abuses, deplete national reserves of valuable minerals and other assets, and undermine the ability of indigenous peoples and other local stakeholders to participate in decision-making around how land and natural resources are used.

THE APPROACH. In support of the Biden-Harris Administration's elevation of corruption to a national security priority and call to meet the significant and evolving challenge of corruption, USAID is developing a suite of bold new programming to transform the fight against corruption. The **Combating Transnational Corruption Grand Challenge** will complement these efforts through an **"all hands on deck" approach as clever, nimble, and globally networked as transnational corruption itself.** The **Grand Challenge** will mobilize a wide range of partners, including businesses, associations and alliances, technologists and innovators, philanthropists, other governments and donors, civil society organizations, and media in the fight against globalized corruption. Brought together and incentivized by the Grand Challenge, these stakeholders will work collaboratively to build coalitions, tools, and approaches that will help to curb corruption across high-risk supply chains, as well as illicit finance and the trafficking of commodities.

In addition to the **Grand Challenge**, USAID has launched an Anti-Corruption Response Fund to respond to both windows of opportunity for reform and situations of heightened corruption risk. Under two new programs - the *Empowering Anti-Corruption Change Agents Program* and the *Global Accountability*



Program - the Agency is redoubling our efforts to bolster civil society and media watchdogs and build government accountability and oversight.

THE GRAND CHALLENGE. The five-year Grand Challenge provides an overarching umbrella for engaging a diverse range of stakeholders to combat transnational corruption. Fundamental to the Grand Challenge is the ability to utilize a range of instruments to develop, test, and accelerate solutions, including pay-for-results prize competitions or challenge calls to source and pilot technologies and other innovations that reduce corruption risks and detect and disrupt illicit finance and trafficking of commodities; mentorship between large and small businesses on aspects of business integrity; partnership brokering and matchmaking to connect partners from across sectors and regions; and capacity-building activities. The Grand Challenge will develop a broad cohort of partners from across the globe, leveraging their strengths and networks to combat corruption across high-risk supply chains, illicit finance, and trafficking of commodities (and related kleptocracy, organized crime, and strategic corruption).

The [Grand Challenge](#) model mobilizes problem solvers and sources solutions from innovators across the globe, making it uniquely suited to detecting and disrupting cross-border illicit finance and trafficking of commodities while also addressing the national-level weaknesses that fuel transnational corruption. The novel anti-corruption tools and approaches sourced by the Grand Challenge can be taken up by USAID Missions and Bureaus, broadening the Agency's toolkit of solutions to mitigate transnational corruption at the national, regional, and global levels. The other components of USAID's ***Transforming the Fight Against Corruption Initiative (TFAC)***, will likewise leverage and apply the solutions from the Grand Challenge to empower civil society to deter, expose, and punish those engaged in corruption; and work with local, national, and regional government entities to strengthen the anti-corruption ecosystem within priority countries and regions. The Grand Challenge, and the broader TFAC will contribute to USAID's mission of supporting more stable, resilient, and democratic societies.

OBJECTIVES

The Combating Transnational Corruption Grand Challenge will leverage innovation and collaboration to prevent corrupt actors from siphoning off critical resources that should be used for the public good. It will do so by:

- **Harnessing** the power of novel approaches, tools, and technologies to detect and disrupt illicit finance, trafficking of high-value commodities, and corruption in global supply chains;
- **Mobilizing** the private sector to promote integrity and strengthen anti-corruption practices and norms, especially in high-risk industries;
- **Partnering** with local solvers to address the unique challenges of transnational corruption and protect public resources from theft and diversion; and
- **Building** diverse networks across borders and sectors to foster collective action against transnational corruption.



PARTNERSHIPS

As a Grand Challenge partner, your organization can contribute to the design and implementation of the Grand Challenge in many different capacities, including (but not limited to) funding a call for innovations, hosting an event, providing mentorship to innovators, or promoting the Grand Challenge within your networks. Reach out to USAID at challengecorruption@usaid.gov to learn more about how your organization can get involved.