



## Corruption

# 3 insights on the future of corruption



Written by

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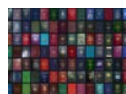
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Anyone who sees corruption merely as one of the costs of doing business is unwilling to acknowledge a more difficult truth: corruption drives inequality, punishing those who are already the most vulnerable.

In many parts of the world, corruption remains an intractable and sizeable problem that is thwarting the growth and potential of the next generation. Here we identify three horizons – the now, the near, and the far – that have the potential to radically change the impact of corruption on our society.

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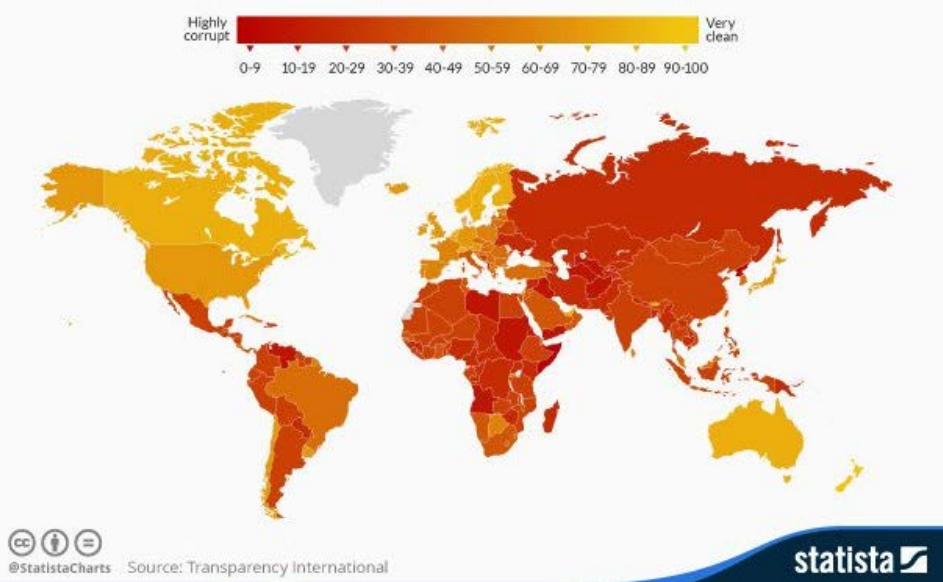
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In the 'now', or immediate term, we must target our anti-corruption efforts where we know the risks are highest, particularly when it comes to development funding. The sectors with the greatest influx of money should come under a higher level of scrutiny: extractives and energy, infrastructure, and health.

Non-renewable mineral resources play a dominant role in 81 countries, which collectively account for a quarter of world GDP. According to the World Health Organization, the global pharmaceuticals market is worth \$300 billion a year. *The Economist* reported last year that infrastructure spending currently amounts to \$2.7 trillion a year. Lending institutions like the World Bank Group have heightened risk mitigation measures for certain projects which would be best complemented by initiatives that cut across firms working in different sectors.

Concurrently, a number of forward-thinking executives from the private sector are endorsing the idea of formal "safe harbour" principles. Under such principles, national authorities agree that if companies apply best practice and follow the legal framework, companies would have some assurance of accommodation should issues arise.

In the near term, we need to do more to quantify the true cost of

corruption. For more than a decade, the most oft-quoted statistic is that \$1 trillion in bribes is paid annually. The number is staggering, and yet it is no longer shocking. Worse, because the figure is global, it allows individual countries to dance around the problem.

Each year the results of [Transparency International's Corruption Perceptions Index](#) are met with mixed interest. Some take issue with attempting to measure an intangible perception, but the results are an excellent reminder to the world that corruption is indeed a problem, generating necessary dialogue about the true impact of corruption. More concrete indicators of the financial implications of corruption, coupled with more direct measurement of the impact of corruption on young people and the next generation (similar to the [efforts](#) undertaken by the World Economic Forum and the [Partnering Against Corruption Initiative](#) last year) can help in holding policymakers more accountable for their efforts in tackling corruption, not to mention we should rightly celebrate those who are taking positive steps.

The farther horizon we identified may, in fact, not be as remote. Erik Brynjolfsson, Director of Massachusetts Institute of Technology Initiative on the Digital Economy, said: "Now comes the second machine age. Computers and other digital advances are doing for mental power – the ability to use our brains to understand and shape our environments – what the steam engine and its descendants did for muscle power." Technological advances are impacting our daily lives, enabling more efficient business processes, allowing many countries to leapfrog and accelerate their development and lifting people out of poverty.

In the developed economies, big data and artificial intelligence (AI) processes are creating new industries and solutions that are revolutionizing our lives. According to World Economic Forum's [recent report](#) on Technology Tipping Points and Societal Impact, by 2026, we will see the first AI machine on a corporate board of directors. These developments can have a tremendous implication for the transparency agenda. Access to data can create a much more sophisticated manifestation of illicit financial flows or tax

evasion schemes. The growing sophistication of the machines can ultimately enable a system of corruption that can perpetuate itself without human assistance.

Through the Sustainable Development Goals, the world has committed to substantially reduce corruption and bribery in all its forms. We must rise to the occasion by having a better understanding of the multidimensional nature of the problem and the innovative tools to address it.

The [Summit on the Global Agenda 2015](#) takes place in Abu Dhabi from 25-27 October.

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*Image: Venezuelan bolivar banknotes and a U.S. dollar banknote, folded as boats, are seen in Caracas July 10, 2015.  
REUTERS/Marco Bello*

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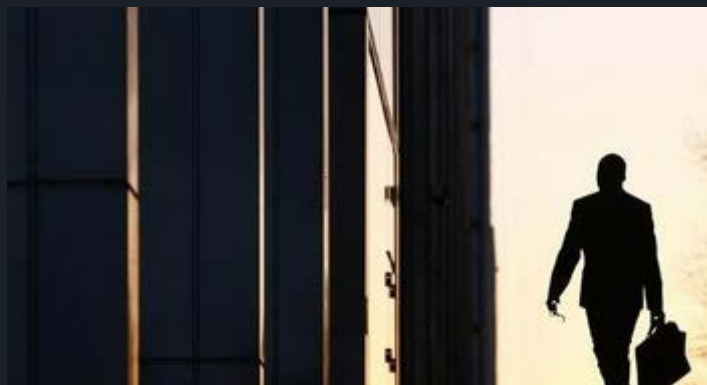
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