

## GENERAL INFORMATION

**Title of consultancy:** Research consultant to produce an analysis of the interlinkages between inequality, anti-corruption, fiscal and financial transparency

**Application closing date:** 3 February 2023

**Consultancy start and end date:** 20 February 2023 - 31 March 2023 (tentative)

**Estimated completion time:** 15 working days

**Location:** Home-based

## BACKGROUND

Transparency International (TI) is the global civil society organisation leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it.

For the next three years, TI will be leading on the *Anticorruption for the many, not for the few (AC4ALL)* Project, whose aim is to apply anticorruption efforts to reduce inequality through fiscal and budgetary reforms and practices particularly in Mexico but also beyond. The project is implemented jointly by Transparency International Secretariat (TI-S) and TI Mexico with funding from the European Commission (EC).

TI is looking for an experienced researcher to produce an analysis of the *interlinkages between inequality, anti-corruption, fiscal and financial transparency, showcasing examples of good practices and experiences in this regard*. The key question the analysis should attempt to respond to is *how anti-corruption measures can support an increase in public revenue and improvements in public spending in a way that leads to a reduction of inequality* (see **i.** in Figure 1 below).

One of the premises of this project is that high levels of inequality persist in Mexico due to its consistent failure to implement effective and sustainable fiscal and budgetary reforms. There is a need not only to *collect more but also to spend better*. That is, to efficiently reduce inequalities, reforms should be put in place to increase the amount of public resources available to authorities and to ensure these revenues are allocated and spent to the benefit of all rather than the few, considering also the needs of those most left behind (see **iii.** in Figure 1 below).

Figure 1



Public revenues and public spending are in turn intrinsically linked to and negatively affected by corruption. Perhaps most intuitively, corruption schemes drain public resources that could otherwise be used for social development and inequality mitigation. Corruption also leads to an unequal distribution of power in society which, in turn, translates into an unequal distribution of wealth and opportunities, affecting how reforms are designed and implemented. It may in this sense affect the adequate and fair allocation of resources, favouring specific interest groups or sectors, which perpetuates inequality. Moreover, corruption and inefficiency also have a detrimental impact on citizens' overall trust in the tax system and public spending, leading to a negative sentiment towards the payment of taxes, hence lower public revenues.<sup>1</sup> Rallying efforts to curb corruption and prevent public resources from being captured by the interests of a few privileged actors would then lead to better design and implementation of fiscal and budgetary policies (see ii. in Figure 1 above).

Beyond these issues that pertain to the national level, there is also a cross-border element to this discussion, namely the exploitation of the international financial market by criminals for illicit purposes. Proceeds of corruption often end up in offshore jurisdictions hidden behind layers of anonymous companies, making it difficult for authorities to detect and recover stolen funds. Corporations and the wealthy have also been abusing offshore financial services to avoid or evade taxes and launder money, causing a significant reduction in the amount of funds mobilised inside of the country.<sup>2</sup> Fighting illicit financial flows (IFFs) would increase the state revenues by helping curb tax avoidance and tax evasion, as well as working as a disincentive for the corrupt to engage in illicit activity, by dismantling the mechanisms that allow them to enjoy the proceeds or crime.<sup>3</sup>

In light of the above, the consultant should provide:

- A) A conceptual analysis confirming or rejecting as well as expanding the rationale linking corruption, inequality, fiscal and budgetary policy summarised above.
- B) A set of case studies on how anti-corruption efforts at the national level in different countries have been able to contribute to inequality reduction by helping increase revenues and improve public spending.
- C) A comparative analysis of the key high-level commitments and milestones linking illicit financial flows and sustainable development/ inequality mitigation in Africa, Latin America, and Asia.

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<sup>1</sup> According to an Oxfam Mexico 2019 survey, 80% of the population believe that large firms and politicians are the ones who evade more taxes, 38% of the respondents agree that the government is so corrupt that it is justified to evade taxes and 43% of them do not believe that their taxes contribute to provide better public services. Also, 37% of the respondents will be willing to pay more taxes if they were directed to universal public services. Source: Oxfam Mexico and Lexia (2019) *Encuesta de Percepciones sobre Justicia Tributaria*.

<sup>2</sup> Conservative estimates based on the work of Zucman et al. show that in the case of Mexico, the wealth held in tax havens is the equivalent of almost 10% of the country's GDP. Source: <https://www.imf.org/external/pubs/ft/fandd/2019/09/pdf/offshore-tax-havens-and-inequality-picture.pdf>

<sup>3</sup> For a brief overview of the interlinkages between social development, corruption and illicit financial flows, see "Domestic Public Resources" section in United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2020. (New York: United Nations, 2020), available from: <https://developmentfinance.un.org/fsdr2020>.

## OBJECTIVES

The main objective of this exercise is to increase TI's knowledge on the interlinkages between corruption, inequality, fiscal and budgetary policy. The analysis will be used to fine tune the activities under the AC4ALL project in the coming years and support advocacy efforts nationally and globally. Case studies will help TI's national chapter in Mexico to design anti-corruption strategies and initiatives aimed at curbing inequality in the country.

## SCOPE OF THE EXERCISE

The paper should cover the following elements:

- Review of academic and grey literature conceptually connecting corruption and inequality (i.), which should focus on discussions related to fiscal and budgetary design and implementation (ii. and iii.)
- Review of academic and grey literature on how anti-corruption efforts at the national level may contribute to inequality reduction and the types of civic engagement that may take place for this purpose. The analysis should stress the conditions under which anti-corruption efforts are able to contribute to inequality reduction.
- Case studies on how anti-corruption were applied in efforts to raise states' revenues, improve financial transparency and the allocation and spending of public sources, highlighting the impact it had on income and wealth inequality.
- A comparative analysis of the key high-level commitments and milestones linking illicit financial flows and sustainable development/ inequality mitigation in Africa, Latin America, and Asia. The aim of this exercise is to showcase the different levels of prominence of IFFs in the sustainable development and inequality debate in these different regions. One example of a commitment linking IFFs and social development would be the [Agenda 2063: The Africa We Want](#), whereby parties commit to reverse the illicit flows of capital from the continent, in order, amongst other things, to enhance domestic saving and promote development.

## DATA COLLECTION METHODS

The researcher will collect data for this assignment through desk-review of primary and secondary sources including academic and grey literature, as well as any other reputable sources relevant to the topic. In accordance with TI policy, all research should clearly indicate and acknowledge all sources used and the reader should be able to trace the source of information in footnotes and bibliography.

## EXPECTED DELIVERABLES AND TIMELINE

The selected consultant will be expected to conduct research and compile the overview with the guidance of Transparency International. The expected deliverables are:

- A detailed draft outline for comments by TI. This should include initial insights about each of the items under "scope of the exercise" above and the overall structure of the paper
- A full draft paper including any annexes for review and comments by TI. As a guiding reference, the full draft should be between 20-25 pages excluding annexes and bibliography

- A final draft of the report with all comments fully addressed to the satisfaction of TI
- The consultant should be available for calls to discuss the task

The indicative estimated time to complete this assignment is 15 working days from 15 February to 31 March 2023. Please note that this timeline is tentative and can be slightly revised once a research consultant has been selected and a research plan has been drawn up.

The selected consultant has the sole responsibility to conduct the research and meet all deliverables in accordance with the agreed methodology and timeline. The consultant is also expected to work in close collaboration with TI experts throughout the process. TI retains the sole rights with respect to all distribution, dissemination and publication of the deliverables.

## SELECTION CRITERIA

A suitable candidate should have the following qualifications:

- An advanced university degree in a relevant academic field (law, economics, political science, sociology or other related fields)
- Substantive and demonstrable expertise on anti-corruption, inequality, illicit financial flows, fiscal and budgetary policy, which may include through publication of reports or papers relevant to these topics
- Excellent drafting and report writing skills
- High attention to detail
- Fluency in written and spoken English
- Value for money

## REMUNERATION AND COSTS

The consultant should provide their estimated total fee as a lump sum or as standard daily or hourly rates as **gross inclusive of taxes and other charges**.

## CONTACT INFORMATION

In order to be considered, applicants must provide the following documents in English:

- An up-to-date CV and cover letter
- An indicative budget
- A writing sample

Please indicate “Research consultant: interlinkages AC and inequality” in the subject line of your email application. Applications should be sent in English by email to [AC4ALLconsultancy@transparency.org](mailto:AC4ALLconsultancy@transparency.org) by 23:59 CET of 3 February 2023.

Please note that only shortlisted applicants will be contacted.

Transparency International Secretariat is committed to creating an inclusive work environment where diversity is valued and where there is equality of opportunity. We actively seek a diverse applicant pool and therefore welcome applications from qualified candidates of all regions, countries, cultures, and backgrounds. Selection of candidates is made on a competitive basis, and we do not discriminate based on national origin, race, colour or ethnic background, religious belief, sex, gender identity and expression or sexual orientation, marital or family status, age, or ability. We kindly ask applicants to refrain from including in their application information relating to the above as well as from attaching photos.

## DATA PROTECTION

When you respond to this tender and submit your application, you provide consent that Transparency International e.V. keeps your application materials for the period of ten years according to German legal requirements. Afterwards Transparency International will delete your application and any personal data included in it. If you have any questions, please reach out to [dataprotection@transparency.org](mailto:dataprotection@transparency.org).