



TRANSPARENCY
INTERNATIONAL
AUSTRALIA



THEORY OF CHANGE

Transparency International Australia (TIA) is the Australian national chapter of a global coalition against corruption, operating in over 100 countries.

Through Transparency International (TI) we are part of a global movement leading the fight against corruption. Each chapter is independent and unique, and together we aspire to a unified vision: a world free of corruption.

Our mission is to tackle corruption by shining a light on the illegal practices and unfair laws that weaken our democracy. We shine a spotlight through our research, which informs our evidence-based advocacy to build a better system of governance for all.

www.transparency.org.au

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THEORY OF CHANGE

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Theory of change diagram

WHAT IS THE PROBLEM?

Corruption ultimately benefits the few to the detriment of the many, as it leads to substantial political, social, economic and environmental impacts.

What is corruption?

Corruption, defined by Transparency International is “the abuse of entrusted power for private and political gain”. It takes many forms that vary in degree, from undue influence, to systematic and institutionalised bribery and fraud. Corruption happens in the shadows, often with the help of professional enablers such as bankers, lawyers, accountants and real estate agents, opaque financial systems and anonymous shell companies. These allow corruption schemes to flourish and the corrupt to launder and hide their illicit wealth. It adapts to different contexts and changing circumstances. It can evolve in response to changes in rules, legislation and even technology.

The impacts of corruption are wide ranging, and can be political, social, economic and environmental. Although this is not an exhaustive list, corruption can negatively affect us:

Politically, trust in government can be eroded by corruption. When corruption leads to public money being squandered or redirected into private interests, citizens begin to feel that the system is rigged and that they are unable to change it. This leads to public disengagement with government or state institutions and perpetuates the problem as private interests continue to maintain and cement their position of privilege, often to the detriment of the public. Distrust and disengagement can lead to political instability, the rise of populist movements and authoritarian governments.¹

Socially, by favouring the interests of specific private groups, corruption can create and perpetuate social instability, inequality and division. When corruption is endemic to a society, it can spread to affect all functions of the state and society. This in turn can lead to a rampant distrust of government, institutions and other communities, and can lead to the destabilisation of society and violence.

Economically, corruption undercuts and creates more costs for the public purse. Analysis has shown that an increase of corruption by one index point reduces GDP growth by 0.13 percentage points and GDP per capita by \$425 US dollars.² Various forms of corruption lead to significant economic effects, for example limiting competition in the market. When politically well-connected businesspeople own large companies, they are likely to use their political connections to stop new entrants into their market and create monopolies.

Internationally, businesses are far less likely to invest in country contexts where significant corruption is occurring. In addition, empirical evidence strongly suggests that there is a high level of correlation between levels of perceived corruption and economic growth. This has flow on effects for jobs and wealth of the citizens of these countries.³

Environmentally, corruption can lead to decisions favouring the pursuit of private interests at the cost of our environment, ecology, and natural resources. This can be as a result of corruption affecting decision making processes, or when the people in power make bad decision and create poor policy without adequate oversight. For example, when mining takes place without significant environmental protections, it can lead to the destruction of natural resources such as water supplies, habitat for wildlife and national parks. These effects can take years to materialise or become evident.

1. Transparency International, found at: <https://www.transparency.org/en/news/corruption-and-inequality-how-populists-mislead-people>

2. Dreher, Axel & Herzfeld, Thomas, The Economic Cost of Corruption: A Survey and New Evidence, found at: https://www.researchgate.net/publication/23749289_The_Economic_Cost_of_Corruption_A_Survey_and_New_Evidence#:~:text=Corruption%20affects%20economic%20growth%2C%20the,the%20composition%20of%20government%20expenditures

3. The Australia Institute, found at: https://www.tai.org.au/sites/default/files/P381%20Costs%20of%20corruption%20FINAL_0.pdf



photo: unsplash.com/s/photos/bill-oxford

WHAT IS OUR VISION?

A world free of corruption.

WHAT IS OUR MISSION?

Our mission is to tackle corruption by shining a light on the illegal practices and unfair laws that weaken our democracy. We shine a spotlight through our research, which informs our evidence-based advocacy to build a better system. We work collaboratively with businesses, government agencies, parliamentarians, non-government organisations, the media and community groups to close the loopholes that enable corruption.

HOW DO WE GET THERE?

To expose and free the world from corruption, we must understand and address the way corruption works and fix the systems that enable it. As corruption is an issue that crosses sovereign borders, TIA has a national, regional and international focus. This requires working with stakeholders at all levels, and different institutions and individuals. Despite our diverse approach, all our work contributes to five key intermediate outcomes:



1. Strong legal and policy frameworks

Our work ensures that intergovernmental institutions, governments, political parties and businesses have all the necessary laws, oversight mechanisms, policies and practices in place to detect, prevent and redress bribery and corruption, sanction corrupt behaviour, and promote good governance and responsible business conduct.



2. Improved implementation of laws, policy and processes

It is not enough to just have these legal and policy frameworks in place. Our work focuses on ensuring that anti-corruption laws, policies and procedures are implemented effectively and transparently, ensuring accountability for all stakeholders affected by the law and the governing institutions.



3. Championing responsible business conduct

Businesses are important participants in fostering a fairer society and healthy democracy. We champion responsible business conduct among the most corruption prone sectors to help ensure that company directors understand the bribery, corruption and money laundering risks they are exposed to and their responsibilities to ensure they do not directly or indirectly cause or contribute to corruption. Our work helps companies to strengthen their policies and practices to prevent bribery, corruption and money laundering. We focus on robust business due diligence as the right risk approach to identify, prevent, mitigate and account for corruption risks and its actual and potential devastating impacts. We raise awareness of the link between corruption and human rights violations and what impacts that has on land, livelihoods and communities and particularly women.

“ To hold power to account and tackle the flow of dirty money we need a smart mix of prevention and enforcement, and a strong civil society to shine a light on corrupt conduct.

Serena Lillywhite, CEO,
Transparency International Australia.



4. A strong civil society and media holding those in power to account

A strong civil society and a free press is necessary to ensure that individuals, communities, civil society organisations and social movements act to reduce corruption and promote integrity at the national, regional and international levels. Our work contributes to a strong civil society which is focused on holding powerful individuals to account and exposing corruption and misconduct. This can include capacity strengthening, partnerships and joint advocacy in relation to corruption issues.



5. Citizens understand corruption issues and hold those in power to account

Our work ensures that citizens are well informed about issues related to corruption, bribery, money laundering, and the grey areas of misconduct and undue influence that are exacerbated when transparency and accountability is missing. Corruption flourishes when it is unseen. Our work contributes to a public that is informed about corruption risks, and acts to hold those in power accountable when necessary.



photo: Transparency International Australia

A systemic problem

Transparency International Australia recognises that corruption is a systemic problem. To address this, we work across all levels of systems and with all relevant stakeholders using evidence-based advocacy. As corruption is an issue that crosses sovereign borders we work at local, regional and international levels to leverage our impact and networks. The key tenets of our programming are a strong evidence base and a multi-stakeholder approach. By focusing on detecting, preventing and addressing corruption, and promoting transparency and accountability, we believe that the impacts of corruption will be reduced.

To expose corruption and hold power to account for the common good, we must understand and address the way corruption works and fix the systems that enable it. We achieve this through robust research, and a collaborative multi stakeholder engagement approach.

We are a resource

We believe that our work must have a strong evidence base. This helps assure our credibility and importantly provides concrete examples of corruption risks and the devastating impacts it can and does have on communities, on the natural environment, and on our democracy. Each of our areas of focus is informed by research and engagement with relevant experts within their field.

We have extensive experience developing, contextualising and coordinating research projects and tools. We develop useful and relevant tools, such as the [Mining Awards Corruption Risk Assessment \(MACRA\)](#) tool. This supports our advocacy to be relevant, targeted and hard hitting. We develop tools to help civil society hold those in power to account by understanding corruption risks and red flags. We use our evidence base to develop [position papers](#), [factsheets](#), [blogs](#) and [submissions](#) on key public interest topics. We contribute to wider TI research, such as [Exporting Corruption](#) and [Doors Wide Open to Money Laundering](#). We collaborate with other organisations to support their research - such as Griffith University [Australia's National Integrity System: The Blueprint for Action](#).

We are a network

We work with stakeholders from government, the private sector, community groups, political parties, the media and other civil society organisations through multi stakeholder engagement, in order to identify and address corruption where it occurs.

We work with different stakeholders because we recognise that corruption is an issue that occurs in all layers of society, in all sectors of business and across all stakeholder groups. We take a constructive and collaborative approach to addressing corruption through the development of evidence and research,

technical advice and tools for addressing corruption, and targeted advocacy to champion transparency and accountability.

Our multi stakeholder approach is context, sector and issue specific. We bring together diverse stakeholders and play a convening role. For example, we hold stakeholder roundtables using 'Chatham House Rules', focused on specific issues. These meetings often see stakeholders with different perspectives together in a room for the first time. Stakeholder engagement includes:

1. Multi-stakeholder forums, conferences and roundtables
2. Training workshops
3. One-on-one meetings
4. Physical or online dissemination of information (e.g., through brochures, summaries of policy documents, websites, newsletters or social media)
5. Participation in formal multi-stakeholder committees, working groups and advisory boards

In addition, our work leverages global multi-stakeholder initiatives like the [Extractive Industries Transparency Initiative \(EITI\)](#) and the [Open Government Partnership \(OGP\)](#) to support their multi-stakeholder engagement and action.

WHAT ARE OUR FOCUS AREAS?

ACCOUNTABLE GOVERNMENT (AUSTRALIA)

Democracy thrives when people can see, understand and participate in the decisions that affect their lives, when decision-makers are accountable for their actions, and when leaders lead with integrity.

We work with policy experts, government stakeholders, the private sector and civil society partners to develop key public sector reforms to strengthen our systems of governance and promote integrity. These include:

- + Building a robust national anti-corruption and integrity agency
- + Better bribery prevention and anti-bribery laws and enforcement

- + Comprehensive anti-money laundering laws and enforcement – particularly in real estate
- + Stronger rules around lobbying, undue influence and the ‘revolving door’ between public office and company payroll to boost the integrity of our elected representatives

We also monitor and analyse Australia’s position in the [Corruption Perceptions Index](#) – the most widely used indicator of corruption worldwide.



photo: Yicai



The lack of investigation into the ultimate beneficial ownership of mining companies can allow those with a poor track record to benefit from a countries natural resource wealth.

ACCOUNTABLE MINING (AUSTRALIA)

For mining to fully benefit the Australian community and better address adverse impacts on our environment, its operations must be transparent and accountable.

Our work focuses on the very start of the mining value chain: the process of awarding mining permits. By ensuring mining permits are awarded in a way that is transparent and accountable, we better ensure the rest of the mining project operates with integrity.

We are working with the mining industry, government representatives and civil society organisations to reduce corruption risks in mining.

Our research sheds light on how the process works in Queensland and Western Australia. We are working with mining companies, government representatives and civil society organisations to ensure decisions about mining approvals, including social and environmental impact assessments, are transparent and accountable.

Transparency International Australia is part of global network of Transparency International Chapters working to improve transparency in the process of awarding mining permits.



photo: Adrian Wojcik

“ Too often corruption is seen as a victimless crime, but the connection between corruption, human rights violations and environmental degradation is real.

BUSINESS INTEGRITY (AUSTRALIA)

Transparency International Australia sees business leaders as important partners in the fight against corruption. We can only successfully tackle corruption if we work together – with business, government, civil society and everyday Australians alike.

To achieve change we must engage with the private sector, particularly those operating in corruption prone sectors and high-risk jurisdictions. We do this through direct engagement, through the development of tools and resources and through the use of relevant mechanisms such as the [OECD Guidelines for Multinational Enterprises](#).

Our work with Australian companies is focused on alerting them to corruption risks, trends and impacts. We collaborate

to strengthen laws to prevent money laundering and bribery and better detect the flow of dirty money. We champion enhanced due diligence to help ensure business and government representatives do not exercise undue influence, risk conflicts of interest, or engage with business partners and suppliers with a poor track record. Fixing the flaws and loopholes in Australia’s [corporate register](#) and introducing a public register of beneficial ownership would assist companies in their due diligence, and help deter directors and their nominees who have nefarious intent from doing business in Australia and our region.

We are focussed on protecting whistleblowers in the public and private sectors so they can report misconduct and wrongdoing without fear of reprisal and damage to their personal and professional lives.

photo: unsplash.com/s/photos/sean-pollock



photo: unsplash.com/s/photos/yancy-min

ACCOUNTABLE INFRASTRUCTURE (GLOBAL)

When corruption, undue influence and a lack of transparency influences infrastructure decisions, the national interest is compromised; debt burden impacts on economic prosperity, and projects may not be responsive to the needs of the community. The impacts, particularly on marginalised communities, are significant.

It is often the poorest and marginalised people in our community, those who are dependent on public goods and services, who suffer the most from corruption.

If large infrastructure projects are designed and implemented without effective anti-corruption controls and assurance, roads can be built to nowhere, bridges crumble, environments are damaged, and communities are displaced. Resources that would

otherwise have been spent on public goods are wasted, hindering long-term development goals. In the worst-case scenario, lives are lost due to unsafe infrastructure.

Corruption is not inevitable. If governments and businesses act with transparency, accountability and integrity, and if citizens and civil society organisations are able to participate meaningfully in infrastructure governance processes, corruption can be prevented.

Our Accountable Infrastructure program identifies the loopholes in the process of designing and approving infrastructure projects that enable corruption to thrive in the infrastructure sector.

Through the development of risk assessment tools, engagement with industry and government actors, and working directly with our partners we are identifying and assessing the corruption risks in infrastructure. We are shining a spotlight on how

corruption in infrastructure can exacerbate the impacts of natural disasters. Infrastructure, like the energy sector, is likely to spearhead economic recovery to the COVID-19 pandemic. Significant budgets have been allocated around the world. While this increased funding is welcome, it comes with an increased risk of corruption as projects are potentially fast tracked without the necessary checks and balances, rigorous due diligence, wound back social and environmental impact assessments and rushed or non-existent community consultation.



photo: CUHRIG

ACCOUNTABLE MINING (GLOBAL)

The Accountable Mining Program is focused on improving transparency and accountability in the way decisions are made to grant mining licences and permits. We manage and coordinate a global network to look at where and how corruption can get a foothold in the mining sector.

Our Accountable Mining program is shining a spotlight on the process of obtaining a mining or exploration permit and asking: who gets the right to mine? And under what conditions?

The Accountable Mining program consists of local chapters, and

a global team, undertaking research and evidence-based advocacy in 15 diverse mining jurisdictions. The [MACRA tool](#) has been the bedrock of this program and our research into understanding corruption risks in the approvals process, and to define national advocacy strategies.

We have identified five new work streams to progress our Accountable Mining program. These are:

1. Strengthening Community and Civil Society Participation
2. Making Environmental and Social Impact Assessment Processes More Effective and Participatory

3. Raising Company Standards and Ambition
4. Addressing Corruption Risks in the Energy Transition
5. Mining Awards Corruption Risk Assessment

Working collaboratively with governments, companies, civil society organisations and communities, we want to build a fairer, clearer and cleaner process for obtaining a mining permit. By building a better system and a fairer process we can help prevent corruption before ground is even broken.

“

We focus on issues with the greatest impact on people’s lives and hold the powerful to account for the common good. Through our advocacy, campaigning and research, we work to expose the systems and networks that enable corruption to thrive, demanding greater transparency and integrity in all areas of public life.

THEORY OF CHANGE

FOCUS AREAS

OUR WORK



Accountable government-Australia

- + Building a robust national anti-corruption and integrity agency
- + Better laws and enforcement against foreign bribery and money laundering
- + Stronger rules around lobbying and the 'revolving door' between public office and company payroll



Business Integrity-Australia

- + Working with companies to promote responsible business conduct with an emphasis on due diligence, beneficial ownership transparency, and corporate accountability



Accountable Infrastructure-Global Program

- + Identifying the loopholes that enable corruption to thrive in the infrastructure sector
- + Assessing the impact of corruption in infrastructure on disaster risk management



Accountable Mining- Global program

- + Understanding and addressing corruption risks in mining approvals process across some of the world's most resource-rich countries



Accountable Mining- Australia

- + Understanding the mining approvals process in Australia
- + Stronger due diligence and integrity checks
- + Improved Environmental Impact Assessments

OUR APPROACH

- ✓ We are a network, we are a resource, we are facilitators building a coalition against corruption through policy and institutional change, behaviour change and outreach and awareness raising.
- ✓ We lead evidence-based advocacy and facilitate and participate in multi stakeholder engagement.
- ✓ We analyse policy and practice, and create useful and relevant tools and resources to tackle corruption.
- ✓ We speak up and shine a spotlight on corruption, misconduct and integrity failings in the public and private sector.

OUR CONTRIBUTION



OUR VISION

A world free from corruption



CREATE CHANGE WITH US

ENGAGE

Follow us, share your views and discuss how to promote transparency, accountability and integrity across the public and private sectors.

twitter.com/TIAustralia

twitter.com/TI_Mining

LEARN

Visit our website to learn more about our work.

transparency.org.au

JOIN

We can only tackle corruption by working together. Whether you're an individual, a business, a government agency, or a not-for-profit, become a member of TIA to help us build better, more transparent and more accountable systems.

transparency.org.au/become-a-member

DONATE

Donate to help us champion a fairer democracy and more ethical business conduct.

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