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Season 2. Episode 6: Corruption in Healthcare, Education & Infrastructure: Who Pays the Price in Developing Countries? | A dialogue with Jean-Pierre Méan

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Hisham Allam

Hello, everyone. Welcome to DevelopmentAid Dialogues, where we explore the heart of humanitarian aid most critical topics. I'm your host Hisham Allam.

Today, we have the privilege of speaking with Dr. Jean Pierre Méan, a prominent lawyer and a global expert in anti-corruption efforts. Dr. Méan has served in important positions, including Chief Legal Officer at the Aluminum Company of Canada, Chief Compliance Officer at SGS, and General Counsel of the European Bank for Reconstruction and Development. He's also led the Swiss chapter of Transparency International and helped creating the Anti-bribery management systems, the standard ISO 37001.

In this episode, we will break down how corruption affects development, discuss ways to fight it through development aid and explore how digital tools are being used to tackle corruption. Hello, Dr. Méan and welcome to our podcast.

Jean Pierre Méan

Good morning, thank you for the introduction.

Hisham Allam

Thank you for being with us today. It's our pleasure. Dr. Méan let's start by understanding the root of the problem and what are the underlying factors that contribute to corruption in developing countries such as weak governance, lack of transparency and poverty.

Jean Pierre Méan

Well, weak government, weak governance is certainly a major factor in contributing to corruption. Weak governance means that you don't have an independent judiciary. If you don't have an independent judiciary, it means that judges can be bribed, and that their decisions will not be according to the law, but according to who has paid the bribe.



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The same applies to decisions of the administration. If the administration is corrupt when you apply for decisions of the administration, for permits, for exemptions, et cetera the decisions which may be taken will not reflect justice, in fact. Another phenomenon is state capture in certain countries, and that was the case in Ukraine.

I don't know how it is now, but certainly it was in the case in Ukraine before the war that, an oligarchy operating outside of the political structure in the background was really dominating the administration and all the rest of the administration. Instruments, all the sectors of the state. So, that's of course, very negative for development. Another important factor, I mean, you have mentioned poverty but, in country where there is a large inflow of funds in relation with the development of, natural resources this is a cause of corruption that also countries that are at war, a war or after the war. The inflow of a lot of large sums of money is a source of corruption of a certain group of people.

Hisham Allam

To take it a step further, how does corruption hinder development efforts by diverting resources, undermining trust and creating a hostile business environment?

Jean Pierre Méan

Well, corruption is a hidden force that operates in the background. It nullifies the operation of the instruments or the rules that are supposed to protect property rights to create an environment of predictability and impartiality, which is essential for business to prosper. So, the allocation of resources is biased because the allocation is based on who pays the highest bribes, rather than who has the best product or the best services at the best price.

So, the most productive and the most efficient suppliers of goods and services are not those that will be selected. And that's not good for development, of course.

Hisham Allam

So, if we look at real world scenarios and from your rich background and expertise, can you share cases studies that illustrate the real-world consequences of corruption on development projects, such as, infrastructure project, health care initiatives and education programs.

Jean Pierre Méan

Yes. I mean, there are some, funny cases in India or Nepal of bridges built, whether there is no road to access the bridge, and that's because it's easier to build the bridge at a high cost of course, and get a fat bribe without having to wait for the road to be built.

So, there are some examples of these bridges in Nepal in the Gorka district or in Bihar in India. They were built. The only reason why they were built was that somebody wanted to, to get a bribe. There is also evidence of earthquakes killing more people in countries affected by widespread corruption.



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There was a case, for example in Turkey and an earlier case in Izmir, I think, where many buildings collapsed although they should not have collapsed, because the building codes, especially with respect to earthquakes, reflected the building codes of California.

California has very good, very sensitive to earthquakes, and they have very strict building codes. Those buildings should not have collapsed or not to the same extent, but they did. Because the material that was used was cheap material, it was not what was supposed to be used, and so on. In Kenya, in relation with the COVID, was of course also accompanied with a, with a lot of corruption. And Kenya, I think it's been established that cartels sold covid vaccine for high amounts that are very high for Kenya, \$150 proportion.

One of the most famous cases, however, is the M1 MDB case in Malaysia. That's one of the largest corruption cases. It was organized, and it was monitored by the then Prime Minister of Malaysia so it was a fund that was supposed to use monies for development projects, to invest in those projects.

But those projects were projects that were of little benefit to the population, to the normal citizens. But again, their main reason was to have a bribe attached to them. If you look at Brazil, for example, you know, the World Cup was organized in Brazil, and also the Olympic there was an Olympic stadium built for the World Cup, and it was also oversized so that if you get five or 10 percent of a project you really want the project to be as expensive as possible. It was, yes. That means you bribe higher. Another third case is the Lusaka airport, I think in Zambia, which was also a white elephant. This project is called white elephants.

Hisham Allam

So how development aid can address these issues? What strategies can development organizations employ to mitigate corruption risks such as strengthening accountability mechanisms, promoting transparency?

Jean Pierre Méan

The first step is to inform the public of what corruption is, because often they don't know.

Hisham Allam

Who should do this?

Jean Pierre Méan

Organizations, or the government as well, but certainly it's something that NGOs do. The most famous one is Transparency International, of course. And they can do this. So inform them.



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Hisham Allam

Sorry for the interruption, you mean raising the public awareness about the problem?

Jean Pierre Méan

Raising public awareness and sensitivity. I mean, in certain countries if you start to talk about corruption and say that, well, you know, why do ministers they will tell you, well, you know it's normal, I mean they are in these offices they would be stupid if they didn't take the opportunity to get rich. So it's necessary to change this state of mind and to show how the impact that corruption can have. If you take for example, the Democratic Republic of Congo when Mobutu, that's a long time ago, but when he died the foreign debt of the country was the same amount as Mobutu had master board in hidden accounts.

It's very important that those who are implementing the anti-corruption efforts are innerly convinced of their justification. You cannot be successful if you believe that corruption is just a way to grease the system and to make things easier.

That's especially required of the leaders, of course. The leaders of an organization are those that define the environment. So, the second step is to implement anti-corruption measures. One such measure is the asset disclosure by public servants and politicians at a certain level.

So that their assets are known that there we should report every year and publish what they own so that you can see what there is in one year, a higher increase, or it would probably, it would not happen. I mean, if they, if assets were published regularly of course.

Hisham Allam

You mean the financial disclosure?

Jean Pierre Méan

Yes. Yeah, financial lessons. That's been introduced in certain countries, but I'm not sure that it works very well because people are able to hide monies to hide their funds. But if it's done very seriously that's certainly a very effective way to curb corruption.

Hisham Allam

But in several cases that I have personally witnessed that politicians, public politically exposed persons, public servers, they use the laws to hide the money that they get from illicit ways using offshore networks of companies, registries, tax havens. So I was following what Transparency International used to do regarding this. Don't you think that it is not sufficient. It is not working properly with them. They knew how to overcome this.



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Jean Pierre Méan

I'll give you an example. I mean, I once received a message that was distributed to many lawyers saying well, you know, just at a time where Cyprus had difficulties, and Cyprus is an offshore center for Eastern country, for Russia and Ukraine. And so that was somebody was saying, well, you know Cyprus just it is financial difficulties, but now we can offer you in Latvia even a better service and so I answered, thank you, but you know, if we are used, if I form a company in Latvia will my clients be obliged to disclose their identity? And the reply came yes, I mean you must disclose the identity of the shareholders of the company in Latvia, but we will use as shareholder a British nonresident company, and nobody will know the identity of your client.

So, this, this is exactly, I mean, what you described. We have laws, we publish laws. And we also have, or we tolerate, ways to circumvent them. And these offshore centers, in my view, have little justification. In some countries people would not want people to know how much they own and how rich they are, because that could encourage kidnapping, that could encourage ransoming. But this is not the main use of these offshore centers, the main use of the offshore center is to hide money from the tax authorities and to hide monies that have been obtained illegally, like corruption.

I would like to list all the measures that can be implemented if that's okay with you. If you, and then you have the asset disclosure. But you also have, I mean, those measures that are foreseen in anti-corruption instruments like ISO 37001.

I mean you may require business to implement in anti-corruption programs with a policy on corruption with, training programs for personnel with policies and gifts and entertainment and travel expenses, due diligence on business partners quite important as well integrity clauses in all contracts and also a channel to report concerns in confidence and also anonymously required. So, this are the measures that can be put in place.

Hisham Allam

Tax avoidance is a flourishing industry for the next happens. And about the example that you gave, there is a rule that obligates banks and financial organizations to know your client. You have to know who your client during the due diligence process is. So for some time, they provide this secrecy to encourage corrupted people to hide their money through their networks. So not to be pessimistic. Can you highlight some successful examples of development initiatives that have effectively addressed corruption and promoted good governance?

Jean Pierre Méan

Transparency Internationally is one of the main organizations fighting corruption. So, you know, they are published every year. And a Corruption Perceptions Index has been very successful at encouraging countries to implement anti-corruption measures because it's you know, it's reliable only to a certain extent because corruption is something that goes on, it is secret, that is not in the open, but it's the best measure we have and, you know, countries look at the anti-corruption Perceptions Index every year, and they look if they've been going up or down, or they try to improve their ranking, so that's efficient. Some countries have improved or made good progress, but many countries have some companies that



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have gone down actually in the countries implementing the anti-corruption measures against corruption of foreign public servants.

There are only two countries that are really implementing these measures, which are the US and Switzerland. Okay. The US and Switzerland. The UK used to be one of the countries and this is because they are financial centers. So, they are in the limelight as far as corruption is concerned in the US and yourself.

If you go to Miami, a lot of the real estate is owned by South Americans, the Trump Tower in New York, and several apartments are owned by Russians. And you wonder where all this money comes from. In Switzerland, of course, you had the banking secrecy, which really long exists, that was offering safe harbor for and in the UK, I mean but the UK has is no longer in this group because not being, you know, when I've been seen as being active enough.

Hisham Allam

he tax havens under the registries most of them are in the UK.

Jean Pierre Méan

Yeah and they are operated by English lawyers. That's a little group of English lawyers, and the local population derives little benefit from their activity. You have also real estate in London. I mean, it's called actually Londograd on the Thames, you know, owned by Russian oligarchs, and we can even take a tour of London on a bus going to look at all these properties owned by Russian oligarchs.

Hisham Allam

We had in the Middle East a model that used to be called the Middle East Switzerland. I'm speaking about Lipan. But recently the financial system collapsed, and the country is diminishing according to this kind of fatal corruption system.

Jean Pierre Méan

Yes. I think it's no longer playing an important role. Dubai is of course the financial center that replaces Switzerland to a certain extent.

Hisham Allam

You have given us a couple of examples about the bridge and the stadium in Brazil. So how or what are the implications of corruption that lead to substandard infrastructure projects, inflated costs and delays? How does corruption lead to this?



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Jean Pierre Méan

Well, for infrastructure projects of course, the allocation of resources is biased by corruption, so that the infrastructure projects are not allocated to the most efficient bidder, or to the bidder with the Best project and at the best price the cost of the bribe is factored into the cost of the project, of course, when the bribe have to be paid.

So, they are considered as the cost of the project. They are generally not presented in the accounts of the payer as bribes, but presented as a commercial more commission marketing expenses, but they are part of the cost of the project, and they are for the benefit of the whole only of the benefit of some government officials.

And they don't come into the country. They are hidden elsewhere. So, it's these resources that are withdrawn from the country. And we saw before there is little incentive to keep the project's cost down in the country.

The incentive is to have, high cost so that you have a, but your percentage is more. In healthcare there is a direct influence of corruption. Now it starts in the emergency room. Where you know, you can jump the queue if you pay a bribe or the worst, I have seen in this instance in the case of two doctors in the emergency room of a hospital who had an agreement with a funeral home.

And the agreement was that they would not prolong quotation marks, prolong unnecessarily the life of their patients and deliver them to the funeral home. So, this is something absolutely horrible.

Hisham Allam

And where was this?

Jean Pierre Méan

It was in their country, in the Balkans. And those two doctors, they were not even fired.

So, you can jump the queue. You can you have another case cited by transparency of a woman in St. Petersburg. I think. Who went to the doctor, and the doctor told her you have to have this surgery, you have something quite important, and you need surgery.

And the doctor expected a bribe, but when the bribe did not come, the diagnosis changed. In fact, you are inoperable. So, you see that's how this can affect people's lives directly in education corruption can influence the choice of teachers. Teachers are maybe not the best place to pay bribes, but they may be related to somebody, to an important politician, and so on, and they may be chosen because of the intervention of this person.

Also, one thing which is relatively widespread is the expectation of professors to receive a bribe when they give the grades. You know that bribes influence grades, or the bribes can influence the promotion to a new level. There is this Operation Varsity Blues in the U. S. I don't know whether you have confronted this, where rich parents were paying bribes, important bribes, to have their children admitted to a first-class university or colleges. One other thing which is relatively frequent



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in some countries is to expect the bribes to be paid in sexual favors. So, extract sexual favors from girls most of the time to give them a better grade.

Hisham Allam

Yeah. This is shameful. So now let's move to the role of international Bodies in competing corruption. What role do international organizations like the United Nations, the World Bank and the IMF play in competing corruption?

Jean Pierre Méan

So, the United Nations or under the United Nations that a convention has been into the United Nations Convention Against Corruption, known as UNCAC. This is a very comprehensive instrument. A hundred and ninety-one Parties do it practically. All members of the United Nations and practically all countries of the world have ratified or have signed the convention. It has an implementation mechanism, a review mechanism where you see, review the countries regularly to see what they have done to fight corruption.

The review mechanism is also there to facilitate the exchange of information on practices, experience, and so on. And this the UNCAC is monitored by the United Nations Office on Drug and Crime in Vienna. So, you know, it's a very good instrument, but the impact of it is still to come.

The World Bank and the Regional Development Banks, the EBRD, which I know well, I think I worked there the African Development Bank, and the Asia Development Bank are also devoting important resources to fight corruption. They have integrity departments, they conduct investigations, they keep a list of companies or individuals that are blacklisted. These lists are publicly available. Of course, on these lists, you find small companies and individuals. You do not find many larger, multibillion dollar companies. But anyway, this is effective to a certain extent in Africa, the African Development Bank has also a department on fighting corruption, and I've recently met the head of this department with quite active and knowledgeable about anti-corruption.

The OECD, is the Organization for Economic Cooperation and Development, and it's a group mostly of rich countries but in the framework of the OECD a convention has been signed on combating bribery of foreign public officials, so these countries, Who are the, not on the receiving end of bribes, but who are rather on the giving end of bribes.

They are the countries hosting companies that might pay bribes in developing countries. So, 46 countries have signed or ratified this convention. So, most of them are rich, but now some less developed countries like Peru, Brazil, and South Africa have also joined the convention. This instrument is probably the most effective international document in fighting corruption.

Hisham Allam

This is interesting. Do you have something in mind like a mechanism or digital mechanism that enable citizens to report corruption or helps governments or international organizations to document and to receive complaints against corruption.



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Jean Pierre Méan

Oh, well, I think the African Development Bank to take Africa. Would you take information on corruption? I'm sure they have a hotline where you can either have a telephone line or a dedicated email address and things like this. In the other development back as well where you can file a complaint, or you can make a report at the World Bank. The possibility exists. There is also a criminal law convention of the Council of Europe including all Eastern European countries and there is this Law Convention on fighting corruption. These are the instruments now, the regional efforts to fight corruption. There is an UNCA coalition and an NGO, an UNCA Coalition of the 350 Civil Society organizations in many countries and this coalition has an African branch, the African Anti-Corruption Platform for Sub Saharan Africa, it's called that provides a platform to support civil society in fighting corruption and working on corruption. I'm sure that they also have a hotline where you can report cases.

Hisham Allam

Now I'd like to talk about the role of standards ISO 3701 and ISO 37301. First please, what is the difference between the two standards and how these standards changed the landscape of corporate compliance and governance?

Jean Pierre Méan

So, 37001 is focusing on anti-corruption. 37701 is really a good governance compliance guide. So, 37001 is much more focused than 37301. There are two kinds of ISO standards a guidance standard, guidance standard that you can get the standard and use it as guidance. As you like, or the requirements standards, like 37001 that have requirements that you have to fulfill if you want to be certified under the standard. So, 37001 has been requirement standard since the beginning. 373 01 was first a guidance standard and became later requirement standard. That's why 37 3 0 1 has been used to the same extent as 37001

It's been popular, especially in Asia and South America there are very few when I look at the certification case in the accredited certification there have been very few in Africa and the Middle East, but I mean, quite a lot, especially in Indonesia, Malaysia, and other Asian countries, and in South America, especially in Mexico.

With the certification, you can show that you have put into place measures to fight corruption, that you have an anti-corruption policy, and this has been examined and audited by an independent auditor. So that's the advantage that people see in the standard, is that they can show to the authorities.

I mean, it's not conclusive proof, conclusive evidence. But it is a serious element. I mean if there is a certification, there is a certification report. I mean, I have done quite a few of those. Then you can see how somebody has implemented the standards and how seriously they have done it.



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Hisham Allam

Many organizations face challenges when it comes to governance and compliance. What are the common challenges that organizations face when they are implementing anti proprietary management systems, for example?

Jean Pierre Méan

The first challenge is to make sure that everybody is on the same page. I mean if you put a standard in place like this must be convinced at all levels, but certainly at the top of the organization that you know, it is the right thing to do. That you don't do that just to show that you have done pretender to show that you have done something.

But you must be convinced of it. I think that's the first challenge. And you have to convince also people at other levels of the organization. Once the tone from the top is there you will notice that in the organization, there will be some reluctance.

Some people will say, well, you know there are countries where you can't do business without corruption, without paying bribes. Others will tell you, oh, we're not really paying bribes, we are using intermediaries, and of course we don't really know what they do. They are very well connected and there are all, all kinds of justifications, or it's not a real bribe. It's a present

You have to make sure that this conviction permeates through the organization. Then, another area, a more practical area where there's a challenge is gifts and entertainment, donations, etc. Because even if you have decided to no longer to pay any bribes, some people may think that, well, it's okay to entertain people in Leavish way to invite them for one week vacation in a touristic place and so on.

So you have to to watch these as well. And then you have to make the resources, personnel and financial resourcing available because you cannot just say, Oh, well we'll take somebody and in legal or in personnel and they will do all the work and no, you have to have a sufficient resource made available. And it's a challenge because often people think that, well, you know, it's not even a full-time position.

Hisham Allam

I would like to discuss with you the legal and ethical framework, which is critical in fighting corruption. How important is protecting whistleblowers in anti corruption efforts?

Jean Pierre Méan

So the ethical framework is extremely important because often people will have to change their personal ethics when an anti corruption system is introduced. Whistleblowers are important, it's important to have a whistleblower policy and to protect whistleblowers. I have managed several hotlines and it is difficult. I mean whistle blowers should be protected. Sometimes they have also their own objectives. If somebody reports that their boss is paying bribes or has an arrangement with a supplier or something does it matter whether he does that because he doesn't like his boss or because he is ethical, I think in both cases you have to investigate and make sure that the situation is corrected.



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Now how efficient the protection is, I mean, I have certain doubts. I think the best protection of whistleblowers is anonymity. If anonymity is possible, in many cases anonymous, I mean. I have had some anonymous report and I knew in about five minutes who was behind, behind them because just you know where it comes from and so on, but anonymity is really the best protection.

In spite of all the protection, I've had the case, for example, with a very large company. Where there was a whistleblower, and as to the protection of the whistleblower, I mean somebody in the company asked to, you know, we have had this guy who blew the whistle can't we fire him?

And there is the answer of the ethical officer, of the compliance officer was, you can't do anything with it for two years. So that was the answer. So you cannot avoid somebody being isolated, that's quite difficult.

Hisham Allam

During your long and rich experience in fighting and corruption what is the most learned lesson or the most impressive case you have witnessed, during your career journey?

Jean Pierre Méan

Well, I've had several high points. I mean, I've had for example, once to defend a position in front of one of the leaders in the automotive industry in Europe, I must say, who was shouting at me, and that was certainly a highlight.

I must say that I maintained my position that a certain transaction was very suspicious and that probably a bribe was involved and I must say that after shouting and most, a lot of commotion, this person said, okay, if the compliance officers that says that we can't do it, we won't do it or we won't do it like that.

So it was efficient. Also I was involved in a company who was being prosecuted for corruption and the company had paid bribes and significant amounts and now it was facing prosecution, it was facing the press, it was facing the World Bank was going to blacklist the company. And back then there were arrangements with a lot. There were about three 30 contracts with people who were receiving bribes. And the bribes were paid overtime.

There were agreements that ran for about 10 years, where they received a percentage of business every year. So, I said, well, I mean, we must terminate this contract.

Hisham Allam

So, they are bribe shareholders, so shareholders, yes, or kind of salary.

Jean Pierre Méan

Yes. So, we told them, well, you know, you must go to these people, and you must tell them that we will no longer be able to make these payments.



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So, we had a discussion and said, well, okay, we permit, we allow you to tell them that you are going to pay for another three months or six months, not more than six months. But then it's over. People were saying, oh, well, you know, I will not be able to go to that country any longer. They have broken my legs and so on. But it didn't happen, this agreement was terminated and actually the company saved a lot of money. Yeah.

Hisham Allam

Thank you, Dr. Jean Pierre Méan for sharing your valuable insights and expertise with us today. In today's conversation, we have gained a deeper understanding of the challenges corruption poses to development and innovative solutions being implemented to combat it. To our listeners, stay tuned for more thought provoking discussions here on DevelopmentAid Dialogues. Until next time, this is your host Hisham Allam signing off.