

Corruption in Paradise: An ecology of money laundering through real estate in the touristic Global South

Project Summary

Real estate is a significant asset class and a primary vehicle for money laundering. While knowledge products and policy options emerged in London, Vancouver, or the United States's major cities, there is little data, knowledge, and locally anchored policy solutions for the municipalities in the Global South. This project looks at the ecology of the sector as it exists in large touristic cities in East Africa, Indo-Pacific, and South America and focuses on one of the critical actors in the system: real estate agents. We will evaluate a) how the environment in which real estate agents operate enables or inhibits integrity and b) how policy interventions could make a difference and positively rewire these incentive systems.

This project aims to investigate how six tourism-focused cities/regions from Brazil (São Paulo City and Santa Catarina state's northern coast), Kenya (Nairobi and Mombasa), and Indonesia (Jakarta and Bali province) address illicit finance in the real estate market. From the real estate agents' professional perspective, we want to analyse the challenges they face, the conditions contributing to successes and failures in this industry, as well as practices, laws, and policies that could make a difference in decoupling real estate from illicit finance.

Policy and Programming Implications

Through this analysis, we seek to draw conclusions that can contribute to policy and legal reforms and a broader understanding of the environment around real estate. We will add much-needed actionable knowledge on the risks of corruption and money laundering in the world's most dynamically growing urban areas. Plus, by applying an ecosystemic approach aiming to look at the sector in the context of its wider value chain, stakeholder networks, and incentives, we will develop a more comprehensive understanding of the actual risks and feasible policy interventions along the lines of a broader political economy analysis.

The Governance & Integrity Anti-Corruption Evidence (GI ACE) research programme supports 8 projects around the world generating actionable evidence that policymakers, practitioners, and advocates can use to design and implement more effective anti-corruption initiatives.

Methodology

To identify blindspots and explore possible policy interventions, we will work with local partners, scholars and practitioners from Brazil, Kenya, and Indonesia. The goal is to map the ecosystems for urban real estate through a literature review and in-depth interviews with key actors to better understand the local contexts and their challenges, institutional, political, and economic. We will convene with practitioners and experts to help understand the logic and motives underpinning the relationships between actors.

Research Team Members

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