



SGR014F Financial Sustainability and Illicit Financial Flows 7.5 credits

The course was adopted by the Board of the Lund University Faculty of Social Sciences 12 March 2020, and the syllabus was approved by the Research Studies Council 27 May 2020.

The syllabus is valid from the autumn semester 2020.

A. General information

The course is offered as a freestanding course for the social sciences. The language of instruction is English.

B. Learning outcomes

On completion of the course, the student shall be able to

- identify the methods that criminals use to launder money and finance terrorism and undermine sustainability of financial markets. Demonstrate knowledge about and understanding of the 2030 Agenda specific goal (Target 16.4) to reduce illicit financial and arms flow (IFF).
- ability to use a wide variety of theoretical and empirical perspectives centered on issues of maintaining financial sustainability pertinent to SDG Targets related to illicit financial flows including finding best practices in regulating of financial markets (Target 10.5), access to financial services (Target 8.1) and cheaper remittances (Target 10.c)
- critically examine distributional and other societal consequences of illicit financial flows for processes and institutions central to the 2030 Agenda
- discuss concepts central to the 2030 Agenda such as corruption, safe migration and agricultural productivity/incomes and illicit financial flows.
- identify and critically discuss potential conflicts between various Sustainable Development Goals and the international use of illicit financial flows by criminals to exploit differences between national legal systems and the use of weak international cooperation in order to hide funds from authorities.
- critically examine strengths and shortcomings of the 2030 Agenda and of alternative sustainable development visions and frameworks

C. Course content

The course aims at providing a critical introduction to the challenges facing 2030 Agenda from the perspective of global financial markets and consequences of illicit finance flow. The course emphasizes problems and possible solutions involved in implementing the 2030 Agenda by a critical analysis of on-going conventions and standards in place that aim to improve the capacity of governments and the

functioning of international systems for combating illicit financial flows in both the Global North and the Global South. The course looks not only at the macro level of international conventions and standards but also supply chains at a meso level of smuggling, human trafficking, and outsourcing minerals or metals and the micro level of conflict affected and high-risk areas with consequences for exploitation of both individuals and environments.. The course invites doctoral students to connect their own research to the themes of the course, regardless of their disciplinary background.

D. Course design

The course is divided into three modules: Combating International Illegal Financial Flows – Building a Normative Framework (Policy Objectives), Tensions between National Systems (Policy implementation), Financial Inclusion and Unforeseen Conflict (Micro-level implications).

- 1) *Combating International Illegal Financial Flows*. This module focuses on illicit financial flows as an international phenomenon in need of a broad set of international conventions, standards and bodies developed to combat illicit financial flows. We look at UN conventions as minimum standards that all countries are expected to meet. We also look at treaties or international organisations with narrower membership and more detailed measures often using peer reviews to ensure compliance. We examine the role of the OECD for setting what is known as “international soft law” as a standard-setting body. We also examine on-going initiatives and dialogues to improve the functioning of the international systems. We examine if the established international system to address IFF is coherent. We also discuss and analyze if the normative framework that is globally in place is effective. We trace the development of the policy objectives expressed in conventions, treaties, standards and dialogue from a critical analytic perspective.
- 2) *Tensions Between National and International Systems*. This module takes the questions of IFF’s to the country level. Global conventions, treaties and standards constrain the possibility of a country to make independent policy decisions. We will look at the division of countries that choose or choose not to become party to conventions and standards. We look at the costs entailed in non-participation including blacklisting and loss of access to international financial markets and perhaps even sanctions. International standards are especially demanding for developing countries. There is also a wide policy space that we explore between universal standards and their implementation. In this module we analyze direct cases where supervision has been uneven given implementation of global standards.
- 3) *Financial Inclusion and Unforeseen Conflicts*. Countries face risks of IFF not only because of a domestic criminal situation or a particular type of governance and/or financial sector, but also at times by virtue of geographical position with porous borders or as an intermediate step in routes for smuggling, or whose neighbours are in conflict, or contain lawless spaces used by terrorist groups or non-state armed groups. In this module we

examine micro situations and individual actors as victims of IFF. We look at banks and other financial institutions who cease to do business with high-risk categories of customers, MVTS, money and value transfer services and NPOs, non-profit organisations. The *de-risking* done by banks affects new customers who are unable to open accounts and existing customers whose accounts have been closed because they are seen as presenting an unacceptable high level of risk. This affects both the SDG 2030 goal of cheaper remittances and increased financial inclusion.

E. Assessment

The teaching consists of lectures and seminars. Active participation is required. Continuous examination is applied: students make oral presentations and written contributions at seminars in conjunction with each theme. These together constitute the examination for the course.

F. Grades

The grades awarded are Pass or Fail. To receive a Pass the doctoral student must fulfil the learning outcomes of the course.

At the beginning of the course, students will be informed about the learning outcomes stated in the syllabus as well as the grading scale and how it is applied at the course.

G. Entry requirements and selection

Applicants must be admitted to a doctoral programme. If the number of applicants exceeds the number of available places in the course, students from the Agenda 2030 Research School, Lund University, will be given priority.