A Market-Based Framework for Trading Public Goods in Anti-Corruption:

Boosting Global Anti-Corruption Actions

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Luís Jorge Garay & Eduardo Salcedo-Albarán[*]

Resumen

This paper proposes a market-based architecture to support global anti-corruption efforts by transforming civic transparency, institutional reform, and accountability into measurable, tradable public goods. It seeks to bridge the gap between the social value and economic sustainability of anti-corruption initiatives, particularly those led by Civil Society Organizations (CSOs), which often lack scalable financial models. Building on frameworks such as carbon credit markets, social impact bonds, and outcomes-based finance, it introduces two financial instruments —*Visibility Bonds* and *CPI Performance Bonds*— that link private investment to verified anti-corruption outcomes. These tools offer returns based on indicators such as the international exposure of corrupt agents that misappropriated massive public budgets or improvements in the Corruption Perceptions Index (CPI). The model defines core actors, incentive structures, verification protocols, legal considerations, and secondary trading dynamics. It also explores how development banks, ESG investors, and outcome funders can collaboratively anchor demand. By aligning ethical imperatives and financial architectures, this proposal seeks to mobilize capital, scale civic interventions, and close the gap between the social value of anti-corruption and its chronic underfunding.

1. Introduction: The Public Good Value of Anti-Corruption Efforts

Social and civic organizations fighting corruption provide public goods like transparency, access to justice, the rule of law, and government accountability. These outcomes benefit society as a whole, yet they are not captured, and neither are economic and financial profits, a classic public good problem in which everyone benefits. Still, no single actor can easily monetize it. Anti-corruption progress is widely recognized as producing *global public goods* in itself (Eigen & Eigen-Zucchi, 2003). The stakes are enormous: by U.N. estimates, the costs of corruption worldwide amount to at least $2.6 trillion

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annually, or about 5% of global GDP (United Nations, 2018), while according to other recent estimates, this number reaches US$4.5 trillion at the general government level, representing about 5% of world GDP (Laing, 2023; Artificial Fiscal Intelligence, 2023). In general, it is acknowledged that reducing corruption can significantly boost economic performance and the delivery of social public infrastructure. For instance, less corrupt governments collect, on average, 4% more of their GDP in taxes than very corrupt ones (Mauro, Medas, & Fournier, 2019). In other words, the public value generated by successful anti-corruption initiatives is reflected in terms of more substantial growth, trust in institutions, and resources saved from misuse. In this sense, the challenge lies in quantifying and financing this public value so that effective anti-corruption initiatives by organizations such as NGOs or civil society groups can remain affordable.

In general, combating corruption generates a substantial public good, making it a classical *public goods dilemma* (Samuelson, 1954). These efforts strengthen democratic institutions, improve public sector efficiency, enhance trust in governance, and foster equitable economic growth. Yet, despite their proven impact, most anti-corruption initiatives—especially those led by civil society organizations—face unprecedented financial and operational constraints. In 2024, the United States government, historically one of the leading donors for governance and transparency initiatives worldwide, has suspended most of its assistance to civil society organizations advancing anti-corruption efforts, especially in countries with authoritarian drift or democratic backsliding. This withdrawal has left a critical funding vacuum, particularly in regions where political repression, institutional erosion, and transnational criminal networks already make independent oversight extremely difficult. The absence of reliable external funding exacerbates the fragility of civic actors who operate under increasing threats, legal restrictions, and smear campaigns.

These organizations now face a compounded paradox: while their work generates clear, measurable benefits for entire societies, such as increasing transparency, preventing embezzlement, or protecting whistleblowers, there are no mechanisms to capture or sustain the economic value of these outcomes. In classical economic terms, this is a public goods dilemma: the benefits are diffuse and collective, but the costs are concentrated and unsupported.

This document proposes a market-based framework for valuing, verifying, and trading the public good generated by anti-corruption actions. Inspired by successful experiences in carbon credit markets, social impact bonds, and emerging outcomes-based marketplaces, the proposal reimagines transparency, accountability, and institutional reform as investable outcomes. The goal is to align private capital with public value, enabling scalable, sustainable anti-corruption initiatives through financial instruments that reward verified improvements in governance.

The document is organized into seven sections, each building toward a comprehensive model for a Public Value Financial Market anchored in anti-corruption impact. After this introduction, the second section introduces monetization methodologies such as SROI and platforms that assign economic value to social and governance outcomes. It also lays the groundwork for translating anti-corruption outcomes into standardized financial units. The third section reviews empirical models like carbon credits, social impact bonds, biodiversity and plastic

credits, and impact marketplaces. These examples demonstrate that intangible public goods, such as emissions reduction or education access, can be measured, priced, and traded in global markets. The fourth section explores essential requirements for a functional anti-corruption credit market: defining standard outcome units, establishing verification and certification systems, clarifying legal classification, and designing trading platforms. It also discusses the role of development banks, public policy mandates, and ESG investors in generating demand. The fifth section proposes two prototype instruments: Visibility Bonds and CPI Performance Bonds. In the first case, finance investigative journalism, legal advocacy, and civic campaigns that generate international recognition of corruption, which can trigger sanctions or asset recovery. The second instrument links financial returns to improvements in Transparency International's Corruption Perceptions Index (CPI), using verified reforms and long-term trends in governance as a performance baseline. The sixth section mentions some opportunities resulting from the proposed framework. The final section highlights the potential for sustainable financing, stronger accountability, global burden-sharing, and innovation. It also addresses concerns about perverse incentives, metric manipulation, and the commodification of civic values, advocating for safeguards that ensure integrity and inclusivity.

This framework invites governments, investors, and civil society to reimagine anti-corruption not merely as a legal or political imperative, but as a measurable, tradable public good. It offers a path toward financial architectures supporting long-term reform, rewarding verified impact, and democratizing the global fight against corruption. By anchoring integrity in market logic—without abandoning its ethical foundations—this approach seeks to close the gap between public value and financial viability.

2. A Proposal for Valuing Civic Public Goods: Social Return on Investment (SROI)

This approach monetarily values the social and environmental outcomes to calculate the direct and indirect "returns" for each dollar spent. Tools like SROI are being adopted to help investors and organizations understand the monetary value of outcomes, such as improved governance (Tae-Won, Nowack, & Mapp, 2025); for example, assigning a monetary value to an NGO's action that leads to more corruption cases prosecuted or increases public trust by a certain measurable amount. In that case, SROI methods attempt to estimate those benefits' monetary (dollar) value, reflected in the public budget or economic growth potential.

Recently, initiatives have been proposed through impact analysis and standardized valuation to recognize the value of public actions in creating public goods. For instance, the International Foundation for Valuing Impact[1] has compiled a database of over 100,000 "*value factors*" to translate various non-financial outcomes into

[1] https://ifvi.org

economic terms; additionally, *"other mechanisms to create social impact markets are also taking shape. Platforms like the Common Good Marketplace[2] and OutcomesX[3] experiment with systems to measure, verify, and trade impact."* (Tae-Won, Nowack, & Mapp, 2025)

This means that growing methodological progress exists in quantifying public goods created by social initiatives, including anti-corruption initiatives. These valuations are essential for any market-based trading system in which "public good" outcomes are expected to be commoditized.

3. Market-Based Models in Other Social Sectors

3.1. Carbon Credit Markets

An empirical background for this proposal is the carbon credit market, in which credits fix a price on a specific public good: CO_2 emissions reduction. A unitary credit usually represents one ton of CO_2 emission avoided or removed; these credits are traded in markets, enabling companies or countries to pay for emission reductions achieved by others, countering their emissions. This system transformed a public good, such as combating climate change through lower emissions, into a tradable commodity. As Tae Won *et al.* (2025) points out: "*These efforts mirror the evolution of carbon markets, which transformed emissions reductions into a global commodity. But instead of focusing on mitigating negative externalities, social impact markets aim to pay for positive social outcomes.*"

The success of carbon markets, valued at almost $949 billion in 2023[4], is evidence that a market with a precise framework of "public goods" outcomes (or units), verification, and demand driven by regulation or ESG commitments, can finance specific public goods. Therefore, an anti-corruption initiative could theoretically generate "**integrity credits**" or "**transparency credits**" for the corruption it would prevent. Those credits represent a monetary amount equivalent to governance improvements that others, such as companies or governments, could purchase to meet ESG goals or offset governance shortfalls.

The carbon market experience highlights key requirements: rigorous measurement and verification to ensure each credit is strictly valued and is oriented to maintain integrity. Therefore, standards and registries like those under the Kyoto Protocol or Paris Agreement are essential to ensure that each "anti-corruption credit" reflects additional public value created, like carbon credits and *voluntary carbon markets* (Anti-Corruption Evidence Research Programme, 2025) reflect absolute CO_2 emissions reduction (The Nature Conservancy, 2024).

3.2. Social Impact Bonds (SIB or Pay-for-Success)

This approach pioneered tying funding to specific outcomes in the social sector (Fraser, Tan, Legarde, & Mays, 2018). An SIB is not a

[2] https://www.commongoodmarketplace.com
[3] *https://www.outcomesx.com*
[4] https://www.statista.com/statistics/1334848/global-carbon-market-size-value/#:~:text=The%20value%20of%20the%20global,global%20market%20size%20in%202023.

bond in the traditional sense. Still, it is a pay-for-success contract in which private investors known as a social impact bond-issuing organization (SIBIO) allocate capital to fund a social program, and a government or a donor repays them with interest *only if* the program achieves the previously agreed-upon outcomes (Liebman, 2011). In this case, an SIB might fund an initiative to reduce bribery in public services, with repayment contingent on improving corruption metrics.

Over 150 SIBs and DIBs (Development Impact Bonds) across 29 countries have been applied in education, health, and criminal justice (Pequeneza, 2019). These instruments assign an economic value to public outcomes so that the payment depends on the verified results. Although not tradable in open markets, investors usually hold these bonds to maturity. This demonstrates that investors will finance public goods if a contract is structured to guarantee a desirable return for success (Liebman, 2011). For instance, an impact bond in South Africa that focused on job creation for youth successfully placed 1,200 young people in jobs, with investors repaid by outcomes (Tae-Won, Nowack, & Mapp, 2025). This shows that outcome contracts can deliver private capital even in complex social issues like unemployment.

Therefore, using SIBs for anti-corruption is conceivable in a situation in which investors fund NGOs to implement transparency initiatives, reforms, and outcome funders—such as a government or foundation—pay the NGO back if an agreed-upon corruption reduction is achieved according to specified outcomes (under specific metrics and criteria). In this sense, SIBs create a *derivative-like payoff based on social performance*, analogous to how a futures contract payoff might be based on an index. Still, in this situation, the "index" is related to a social outcome metric that could be extended to more liquid instruments.

3.3. Tradable Impact Credits and Outcome Markets

The World Economic Forum (WEF) has highlighted "*tradeable impact*" as a frontier idea beyond SIBs and DIBs: "*The urgency to address climate change, social inequality, and other systemic challenges has never been greater. Yet our economic frameworks struggle to fully value the societal outcomes we hold dear, such as health, education, equity, and environmental sustainability. Much like the early days of carbon markets, the concept of trading social impact is emerging as a vision for mechanisms that will transform how we value and finance positive social outcomes. This approach, if realized, could reshape global economies and deliver unprecedented benefits for both people and the planet*" (Tae-Won, Nowack, & Mapp, 2025) . This approach coincides with marketplaces where verified education, health, or justice improvements can be bought and sold like commodities (Tae-Won, Nowack, & Mapp, 2025). Below are some examples of how this approach could be operationalized:

- **Social Progress Credits** *(SPC):* South Korea's SK Group created SPCs to incentivize and reward social value creation. By 2025, this program had documented $363 million in social performance value in areas like job creation and poverty reduction and paid out $52 million in rewards to social enterprises achieving those outcomes (Tae-Won, Nowack, & Mapp, 2025). Under this scheme, companies have earned "credits" for measurable social good, which had a monetary reward attached – a prototype of fixing a price on social outcomes that is not necessarily linked to a particular bond

(Serafeim, Rouen, & Freiberg, 2020). Therefore, this scheme would not be connected to a derivative or secondary market.

- **Outcome Marketplaces:** Platforms like Common Good Marketplace and OutcomesX have been developed to facilitate trading social outcomes. On one hand, OutcomesX is billed as a "marketplace for social outcomes," where organizations that can deliver impact (sellers) engage with funders or "buyers" willing to pay for those outcomes. A crucial element of this marketplace is verification standards, like those required in financial exchange contracts. On these platforms, impact, such as the number of legal aid cases successfully resolved, is verified and assigned a price so it can be transacted. This approach builds on the growing global outcome-based funding sector, estimated at $185 billion (Tae-Won, Nowack, & Mapp, 2025).
- **Impact-Linked Finance:** Beyond impact trading, there are hybrid models such as Social Impact Incentives (SIINC), in which donors pay bonuses to social enterprises for each unit of verified impact achieved . Carbon credits for pollution are already traded. *Positive* outcomes should also be traded, with the potential to *reshape economies* by channeling capital to what society values and not only to what society avoids (Tae-Won, Nowack, & Mapp, 2025).
- **Environmental and Social Credits:** Aside from carbon, other public-good markets are being explored, reinforcing the analogy:
  - *Biodiversity Credits***:** Certificates for biodiversity gains are being developed to finance ecosystem protection. In this case, a biodiversity credit is defined as "*a certificate that represents a measured, evidence-based unit of positive biodiversity outcome, in addition to what would have occurred otherwise*" (Tae-Won, Nowack, & Mapp, 2025). By creating financial value for outcomes such as restoring a hectare of forest or saving an endangered species habitat, these credits aim to align economic incentives with conservation.

    In this scheme, buyers, such as companies or investors with sustainability goals, purchase credits, and the funds go to the conservation projects. This mirrors what an anti-corruption credit might do: quantify an integrity outcome, such as a certain number of government contracts made transparent, and sell it to those wishing to support good governance. Biodiversity credit pilots have shown potential and challenges: nature outcomes are complex to measure and standardize, so robust monitoring and verification are essential (Tae-Won, Nowack, & Mapp, 2025). In this sense, "governance credits" would require agreed-upon metrics, such as an improvement in the TI's Corruption Perceptions Index or the passage of some transparency reforms within a government. Additionally, as pointed out, credible third-party verification is essential.

  - *"Plastic Credits"*: In the waste reduction arena, "plastic credits" allow companies to fund removing a certain amount of plastic from the environment and claim that credit against their plastic footprint, under various contract schemes (Zhang & Liu, 2023). Under similar schemes, there are also water quality credits (Wade & Borisova, 2024) and renewable energy

certificates (Langer, y otros, 2024), in which marketable units of public value are created and potentially traded. These examples show that if positive outcomes are clearly defined and measured, they can be interpreted and traded through commodity-like instruments.

3.4. Corporate and Multilateral Initiatives

The private and development sectors seem interested in linking finance to governance improvements. For example, PepsiCo and the International Finance Corp (IFC) set up a $75 million facility that gave flexible loan terms to suppliers who improved labor standards, reducing practices like bonded labor. This resembles a swap where financial cost is tied to social performance. This model could be applied to boost the anti-corruption agenda, for instance, by lowering interest on loans if a company's supply chain gets an anti-bribery certification. Banks like UBS, BNP Paribas, and others have offered clients "pay-for-success" products (Tae-Won, Nowack, & Mapp, 2025) . This mainstreaming of impact-linked finance essentially creates proto-markets: it normalizes the idea that *outcomes* have monetary value.

3.5. Pilots in Adjacent Areas:

It's worth noting pilot markets in other social domains: for instance, an "education outcomes fund" was set up to trade education improvements in some countries, and health impact bonds such as the "Zero HIV Social Impact Bond" promoted by the Elton John Aids Foundation have tackled issues like HIV prevention. These pilots provide learning on contracting, measurement, and investor interests.

4. Legal and Institutional Considerations

Some initial considerations for a potential juridical, regulatory, and institutional architecture include:

4.1. Defining the Unit of Public Good

In this context, a credit certificate would represent a specific outcome; for instance, *1 Transparency Credit = 1% improvement in the TI´s PCI* or *1 Transparency Credit = 100 resolved corruption complaints*. The unit must be standardized to compare credits among projects and countries (Tae-Won, Nowack, & Mapp, 2025). Like carbon credits use a common CO_2 tons as a standard metric, an anti-corruption market also needs metrics such as Transparency International's CPI or World Bank governance indicators. Concrete outputs such as laws reformed or cases prosecuted could also be considered, although differences among countries impose additional obstacles.

4.2. Measurement and Verification

Since measuring public-sector reforms and corruption is challenging, robust monitoring, reporting, and verification (MRV) systems are essential. Therefore, independent auditors or rating agencies are needed to certify that an NGO's work produced a certain amount of public value in the field; for example, an independent audit confirms that an NGO's legal aid program enabled improvement in the

mentioned units. Although challenging, similar validation and verification bodies have been adopted in carbon markets to ensure a project's claimed emission reductions are real (Tae-Won, Nowack, & Mapp, 2025). In a governance market, data integrity is essential because falsified or inflated impact claims would undermine trust. Therefore, blockchain technologies or open data platforms could be leveraged to transparently track outcomes and prevent double-counting the same "good deed" for multiple credits.

4.3. Measurement and Verification

A reliable institution or coalition would likely need to define the rules of the proposed market: (i) how credits are defined, issued, and retired; (ii) who can issue them; and (iii) how to handle disputes or reversals if a reform is later rolled back, akin to a forest re-burning in carbon projects. International bodies such as the UN Convention Against Corruption, a development bank, or a multi-stakeholder initiative could play this role.

Again, lessons from carbon markets suggest governments may want a role in authorizing or overseeing credits to ensure alignment with public policy (The Nature Conservancy, 2024). For instance, a government might "authorize" an anti-corruption credit that arises from reforms in its country to avoid conflicts with its obligations, similar to how countries under the *Paris Agreement* must authorize carbon credits that count toward their targets (The Nature Conservancy, 2024). A strong governance framework would also ensure inclusive participation, involving civil society in rule-setting so that the market benefits the public and does not inadvertently exclude the communities it's meant to help (Tae-Won, Nowack, & Mapp, 2025).

4.4. Regulatory Classification and Securities/Commodities Law Frameworks

If public goods are tradable assets, such trading falls under financial regulations. Therefore, policymakers shall clarify whether these credits are treated like *securities, commodities,* or other assets. For example, carbon credits in many jurisdictions are considered commodities. When traded in futures form, they fall under commodities regulators; in the US, the CFTC[5] oversees derivatives on carbon credits. If anti-corruption credits become tradeable, mainly if futures or swaps are generated and traded, regulators will oversee fraud, manipulation, or undue speculation (Anti-Corruption Evidence Research Programme, 2025). Proper regulation can increase transparency and trust in the market, as it has happened in carbon markets, but over-regulation can also stifle innovation (Anti-Corruption Evidence Research Programme, 2025). In this field, new legal frameworks might be required to recognize credits and enforce contracts, like some countries have created legal status for carbon offsets or social impact bonds in procurement law.

4.5. Market Infrastructure, Financial Instruments, and Trading Platforms:

Exchanges or trading platforms shall be developed to enable trading and liquidity. In this case, more sophisticated instruments such as futures, options, or swaps would require

[5] https://www.cftc.gov

stronger platforms to allow investors to simulate changes in the agreed outcomes tied to the instruments. The financial industry has already developed ESG-linked derivatives platforms for specific ESG performances and underlying assets (Rodl&Partner, 2024). There are even sustainability-linked bonds and loans where interest rates are adjusted if ESG targets are met. These precedents suggest it's feasible to structure platforms for trading futures or swaps on public-good metrics.

4.6. Institutional Buy-In and Creation of Demand

On the supply side, NGOs and social-oriented small businesses would "sell" credits through proof of the public value they created, to get funding. On the demand side, buyers could include philanthropic investors, Corporate Social Responsibility-driven corporations, impact investment funds, or even governments/donors interested in funding outcomes rather than inputs.

To initiate demand, public institutions might create incentive schemes. For instance, a government could allow companies to fulfill part of their regulatory obligations or earn tax credits by purchasing certified anti-corruption credits, like how renewable energy certificates or carbon offsets are sometimes incentivized. International donors could commit to buying a specific volume of governance outcomes, paying for results rather than giving grants.

Another possibility is integrating these credits into the Environment, Social, and Governance investing ecosystem so companies might buy them to signal good governance support as part of ESG ratings, or investors might require companies and governments to hold some as an indicator of integrity. Ultimately, some public-sector recognition or mandate, even as moral suasion or SDG commitments, would likely be needed to grow a robust market, just as government action was crucial to create carbon markets (Anti-Corruption Evidence Research Programme, 2025)

5. Prototypes

Considering the frameworks discussed, two instruments are proposed to exemplify the basic features of their underlying architectures.

5.1. Visibility Bonds and Anti-Corruption Actions that Lead to Asset Recovery

The global scale of corruption and illicit enrichment erodes democratic institutions, undermines development, and weakens public trust. High-profile cases such as the 1MDB scandal, in which over $7 billion was embezzled through an elaborate international network of shell companies and corrupt officials, the fortune amassed by Isabel dos Santos from Angolan state resources, or the large sums of embezzled money by corrupt Venezuelan officials and businesspeople exemplify the systemic failures of traditional legal and financial accountability mechanisms.

Despite widespread efforts, many stolen assets remain unrecovered. Entire societies bear the cost of inaction through diminished public

services, stalled development, and persistent inequality. Traditional asset recovery frameworks have struggled due to jurisdictional fragmentation, legal loopholes, and a lack of political will—obstacles that delay or block the tracing, freezing, and repatriation of illicit wealth. Despite their persistent work, international organizations and civil society groups often face the overwhelming economic and legal power that stolen capital affords. As a result, many corrupt actors remain untouched, and trillions in illicitly acquired assets continue to escape recovery.

Creating new financial mechanisms that align private incentives with public value is imperative to address this gap. Visibility Bonds represent a novel tool in this direction, offering a market-based structure through which anti-corruption actions, particularly those that lead to increased visibility and international acknowledgment of corruption, can be directly linked to financial instruments. These instruments also enable mechanisms for funding the complex and often under-resourced asset recovery process. Furthermore, Visibility Bonds can serve as a powerful complement to existing international anti-corruption frameworks, such as the United Nations Convention against Corruption (UNCAC), by mobilizing private capital and performance-based funding in contexts where state enforcement alone has proven insufficient. This model opens a pathway to mobilize new capital, empower civic actors, and unlock real-world consequences against transnational corruption by transforming visibility and accountability into quantifiable and investable outcomes.

Step 1: Core Participants and Roles

- **NGOs, Journalists, Activist Coalitions (Visibility Providers):** These actors generate the initial value by producing investigative journalism, advocacy campaigns, and whistleblower protections. They also generate value through evidence-based reports exposing corruption and developing technological tools that increase visibility.
- **Impact Investors / ESG Investors / Foundations (Buyers):** These entities are motivated to fund transparency and good governance efforts due to ethical commitments or strategic interests, such as ESG mandates or reputational value.
- **Independent Verifiers:** Independent audits and external evaluation bodies that assess the quality, impact, and integrity of anti-corruption actions implemented by visibility providers. Their role is critical in maintaining investor and donor confidence by ensuring transparency and performance validation across all stages of the bond cycle. These verifiers may include accredited audit firms, transparency watchdogs, or specialized institutions measuring governance indicators. In exchange for their verification services, they receive auditing fees or performance-linked incentives funded by issuing platforms or outcome funders. Their impartiality, methodological rigor, and credibility play a central role in maintaining the legitimacy and effectiveness of the overall market architecture.

In this initial stage, NGOs or activist groups require funding for investigations and advocacy campaigns. Investors provide this funding by purchasing financial instruments called "Visibility Bonds."

Incentives for initial funding:

- **Impact/ESG Motivation:** To support measurable improvements in transparency, governance, and anti-corruption efforts.
- **Reputational Benefits:** To gain reputational value by associating with transparency efforts.
- **Speculative Aspect:** To benefit from potential financial returns if corruption is exposed and acknowledged internationally.
- **Secondary Market Potential:** A secondary trading market may emerge, enabling early investors to resell high-credibility Visibility Bonds or associated derivatives at increased value. This resale becomes especially attractive when bonds are linked to internationally verified acknowledgments of corruption, thereby enhancing their reputational and ESG-related appeal. Institutional investors, ESG funds, or corporate buyers looking to fulfill impact metrics may find these instruments valuable for portfolio diversification. This resale potential introduces a dynamic incentive mechanism, adds liquidity to the model, and creates a channel for ongoing market engagement in anti-corruption financing.

Step 2: Instrument Design and Payoff Logic

Definition:

Activist efforts are expected to generate verifiable international exposure of corrupt actors responsible for embezzling substantial public resources. This exposure may occur through global media attention, formal acknowledgment by multilateral organizations, or the initiation of cross-border legal or financial actions. The increase in visibility is a critical precondition for unlocking diplomatic pressure, sanctions, or asset recovery processes that convert public interest outcomes into financial value within the bond framework.

Examples:

- A UN report naming a corrupt official or government.
- OECD or World Bank documents referencing and acting upon verified corruption cases.

Features

- Predefined Metrics: Number of official acknowledgments, diplomatic sanctions, asset freezes, or investigations initiated.
- Independent Verification: Confirmed by reputable auditors.

Step 3: Eligible Interventions and Tractability

Incentives for NGOs, Journalists, and other Civic Activists to join the mechanism:

- Access to sustainable funding: Visibility Bonds offer an alternative to unpredictable donor cycles by providing outcome-linked financing, enabling long-term planning, and reducing dependency on short-term grants.
- Increased visibility and protection: International acknowledgment of corruption issues, when triggered by their work, amplifies the global profile of participating organizations. This can lead to reputational benefits, stronger institutional alliances, and in some cases, enhanced legal or diplomatic protections.
- Ability to scale operations: Access to performance-linked capital allows civil society actors to replicate successful models,

expand their geographic reach, and increase the scale and sophistication of their interventions. The probabilistic framework embedded in the bond model also encourages collaborative consortia, enabling organizations with different strengths to contribute to broader system-level impact.
- Ability to scale operations.

Incentives for Investors:

- Fulfill ESG mandates.
- Potential for financial return.
- Reputational advantages.

Incentives for International Bodies such as UN, OAS, or OECD.

- Preserve credibility.
- Reinforce global governance standards.
- Pressure on corrupt actors.

Step 4: Initial Financial Flow and The Visibility Bonds Structure

Legal Structure of the Bonds: Depending on the jurisdiction and investor appetite, Visibility Bonds may be structured as non-sovereign debt instruments, hybrid performance contracts, or synthetic impact-linked securities. Their legal characterization will determine investor protections, underwriting requirements, and tradability in primary and secondary markets.

How does money enter the process?

- Investors purchase Visibility Bonds from NGOs or activist consortia.
- The capital becomes available for investigative and advocacy work.

Example:

- A public or private foundation or a country pays $500,000 to **NGO W** for Visibility Bonds.
- **NGO W** uses the funds for anti-corruption investigations and campaigns, producing transparency outcomes.

Role of Development Banks:

- With their technical expertise, governance frameworks, and public value mandates, development banks such as the World Bank or CAF are well-positioned to serve as neutral facilitators. These institutions can structure bond issuance, manage registries of verified NGOs, and oversee disbursement protocols to ensure accountability and efficiency in the funding cycle.

Step 5: Outcome Generation

Probabilistic Outcome Evaluation:

It is important to note that the acknowledgment of corruption by international institutions is not evaluated through a deterministic model. Instead, the CPI Bond framework adopts a probabilistic approach, where interventions increase the likelihood of acknowledgment based on their credibility, scope, and alignment with recognized visibility metrics. This model emphasizes contributory accountability, recognizing that multiple actors influence outcomes and that no single intervention guarantees acknowledgment, but specific actions statistically improve the chances of achieving it.

- NGOs and activists publish compelling evidence and promote awareness.

- An international body acknowledges the corruption publicly.
- This acknowledgment constitutes a measurable public value outcome.

Step 6: Value Creation Mechanism

Risk Mitigation Instruments:

Financial de-risking tools such as partial guarantees, political risk insurance, or first-loss tranches may be introduced to enhance investor confidence and attract blended capital. Development banks, donor governments, or philanthropic funds can offer these instruments to reduce exposure to non-performance risks while preserving the upside for successful outcomes.

Outcome Custody and Escrow Mechanisms:

To ensure accountability and timely disbursement, outcome funders may place success-linked payments in escrow accounts managed by independent custodians. Based on fulfillment of predefined visibility metrics, disbursements could be governed by smart contracts or external verifiers.

Channels of Financial Return:

- **Economic and Diplomatic Consequences:**
  - Acknowledgment leads to sanctions or asset seizures.
  - Recovered funds may finance investor returns.
- **Pay-for-Success Funding:**
  - Donors or governments pledge outcome-based payments.
  - Once acknowledgment is verified, payments are triggered.

ESG Market Resale:

Bonds can be aligned with frameworks such as the ICMA Social Bond Principles, the EU Sustainable Finance Taxonomy, or the IRIS+ metrics by the Global Impact Investing Network (GIIN) to facilitate integration into institutional portfolios. Compliance with these standards enhances traceability and encourages participation by ESG-driven capital pools.

- Investors resell high-credibility bonds to ESG funds or corporations, often seeking demonstrable impact investments to meet sustainability mandates or regulatory expectations. ESG markets increasingly value instruments with verified social impact, such as visibility bonds linked to international acknowledgment of corruption. For example, an ESG fund may acquire these bonds to strengthen its portfolio's social governance performance while responding to stakeholder demands for greater transparency.
- Increased visibility boosts bond value.

For example:

- Bonds bought for $500,000 become associated with verified acknowledgment.
- Investors resell them for $700,000.
- Alternatively, outcome funders disburse a $1 million success payment.

Step 7: Value Flows

1. **Initial Investment:** Investors fund NGOs via bonds.

2. **Transparency Work:** NGOs create public value.
3. **Outcome Achieved:** International acknowledgment of corruption.
4. **Value Realization:** Through asset recovery, success payments, or bond resale.
5. **Returns:** Investors recover principal and earn returns; NGOs retain residual funds for ongoing work.

Simplified Scenario:

- Investment: $500,000
- Outcome: UN acknowledgment and $1 million in recovered value.
- Investor Return: $700,000 (40% ROI)
- NGO: Retains $300,000 for operations.

Step 8: Who Bears the Cost?

- **Corrupt Actors:** Lose assets, influence, or face sanctions.
- **Complicit Public and Private Entities:** Face reputational and economic consequences.
- **Counterparty Investors Against the Instrument:** Those "betting" against transparency or acknowledgment incur financial losses. These may include enablers such as law firms, consulting entities, or financial intermediaries that have historically facilitated the concealment of illicit assets and enabled the evasion of accountability, most notably exemplified by the Mossack Fonseca case exposed through the Panama Papers. Such actors thrive in opaque environments and actively resist reforms that bring transparency. When international acknowledgment sheds light on these networks, visibility undermines their operations, leading to measurable reputational damage, regulatory scrutiny, and financial losses.

5.2. Corruption Perception Index Performance Bond ("CPI-PB")

This section outlines the conceptual and operational architecture of a market-based financial instrument referred to as the CPI Performance Bond. It is designed to incentivize and finance anti-corruption interventions through measurable improvements in a country's **Corruption Perceptions Index (CPI)** score published by Transparency International.

As a globally recognized proxy for perceived levels of public sector corruption, the CPI serves as both a target outcome and a reference for value attribution in this model. Transparency International publishes it annually and uses it widely by multilateral organizations, investors, and policymakers to assess governance risks and institutional integrity.

The CPI is constructed through a rigorous and independent methodology that aggregates data from diverse reputable sources, including expert assessments and business surveys. These sources are carefully selected and weighted to ensure cross-national comparability and methodological transparency. The CPI offers a composite, perception-based index that reflects local and international views on corruption by drawing from at least 13 different data sources, including those from the World Bank, World Economic Forum, and Freedom House. This methodological robustness positions the CPI as a reliable universal baseline for the design, execution, and validation of a CPI Performance Bond.

The CPI Performance Bond complements and expands the visibility bond architecture previously proposed, by focusing not only on the exposure of corruption, but on the broader institutional and systemic improvements that shift the perception landscape over time. This instrument is envisioned as tradeable, quantifiable, and pay-for-performance oriented, blending elements of sovereign debt structuring, ESG investment, and impact finance.

Step 1: Core Participants and Roles

- **Visibility and Impact Providers:**
  - NGOs, civil society coalitions, academic centers, investigative journalism networks, and policy think tanks engaged in long-term anti-corruption reform agendas. Under this instrument, the list of Providers would ideally include those who have sustained anticorruption activity for at least five years.
  - Their role is implementing interventions that contribute to measurable improvement in perceived institutional integrity, transparency, public procurement reform, freedom of the press, and other CPI-relevant areas.

- **Outcome Funders:**
  - International donors, multilateral banks, ESG-aligned sovereign wealth funds, and philanthropic institutions.
  - Their role consists of committing in advance to paying for measurable improvements in CPI scores for a given country, verified through the annual CPI publication.

- **Investors / Buyers:**
  - Impact investors, development finance institutions (DFIs), ESG-oriented funds, or private market actors interested in exposure to emerging market governance performance.
  - Their role consists of buying CPI Performance Bonds or Credits, providing upfront capital to visibility and reform implementers.

- **Issuer and Arbitration Platform:** A trusted financial or development institution (CAF, TI's platform, or a new joint CPI-Bond Facility) capable of issuing and arbitrating bonds, managing registries of eligible actors, and validating CPI-linked payouts.

Step 2: Instrument Design and Payoff Logic

Definition:

The CPI Performance Bond is a structured debt instrument or credit-based note whose yield is indexed to the improvement of a country's CPI score over a defined period (typically 3–5 years).

Key Features:

- Principal Protection or Risk Layering: Depending on investor appetite, some structures may offer partial principal protection or risk layering through public guarantees.
- Performance Tiers: Each bond is linked to CPI improvement thresholds, such as increments of +1, +2, or +3 points, that trigger escalating payout scenarios.
- Verification Instance: TI updates the CPI annually, functioning as an objective and

internationally accepted reference for performance measurement.
- Coupon or Success Payment: Upon reaching a predefined threshold, investors receive a coupon or success-linked payment from committed Outcome Funders.

Payoff:

- Baseline CPI (2024): 32
- CPI Target (2027): ≥35
- Bond Value: $5M
- Payout Structure:
    - +1 CPI point = 6% return
    - +2 CPI points = 12% return
    - +3 CPI points or more = 20% capped return

Step 3: Eligible Interventions and Tractability

Potential Areas of Action Correlated with CPI Improvement:

- Judicial reform and promotion of judicial independence.
- Procurement transparency and digitization.
- Whistleblower protection laws.
- Press freedom and access to public information.
- Budget transparency and citizen audit mechanisms.
- Decriminalization of investigative journalism.

Attribution Challenge:

While the CPI is a composite index based on expert and stakeholders' perceptions, the model accepts indirect attribution by recognizing CPI-positive interventions, identified and validated through academic literature, TI's internal models, and a predefined registry.

Outcome funders commit to payment not for direct causation, but for demonstrable contribution—an approach grounded in existing development finance models such as Results-Based Financing (RBF) and Payment for Results (PfR) frameworks used by institutions like the World Bank and Gavi. These models acknowledge the complexity of attribution in development contexts and prioritize verified contribution to collective outcomes.

The CPI Performance Bond builds on this logic by tying payments to CPI improvement trends influenced by validated interventions, rather than requiring exclusive attribution to a country's measurable progress. This model embraces a framework of "contributory accountability," where payment is based on the alignment and relevance of specific interventions statistically and historically associated with CPI improvement. By shifting the burden from establishing linear, exclusive causality to recognizing credible contribution, the model enables a more realistic and operationally viable approach to incentivizing reforms. This allows for composite value generation by multiple actors and recognizes the ecosystemic nature of anti-corruption change, where shifts in perception emerge from the interaction of transparency, press freedom, enforcement, and institutional reform efforts.

Step 4: Market Logic and Trading Mechanism

Trading Structure:

- CPI Bonds may be issued in primary markets by a centralized platform (e.g.,

CAF/TI CPI Facility) and resold in secondary ESG or impact finance markets.
- Performance data (updated CPI scores) creates valuation adjustments on outstanding bonds.
- Institutional buyers (e.g., pension funds or sovereign ESG portfolios) may acquire CPI bonds to satisfy impact mandates.

Example of incremental and decremental value:

- Investor A buys a CPI bond for Country X in 2024 at $ 1 M.
- In 2026, CPI rises by +2 points; bond value increases accordingly.
- Investor A resells to ESG Fund B for $1.12M, reflecting the expected success payout.
- Conversely, if the CPI remains stable (no change) or falls by up to -1 point, the bond holds its nominal value (no payout, no loss), recognizing that short-term perception shifts are standard in governance metrics.
- If the CPI declines by -2 points or more, the bond triggers a partial loss aligned with predefined tiers (e.g., -2 points = -6 % adjustment). For example, the payoff scenario proposed could include:
  - **Neutral Band (CPI unchanged ±1 point):** Flat return: capital preservation, 0–2% nominal return (depending on structure)
  - **Deterioration Band (CPI decline ≥2 points):**
    - Partial loss of principal, scaled with decline
    - Minimum floor set via capped downside (e.g., max loss 20–30% depending on risk structure and blended finance layer).

This banded approach balances investor incentives with the inherent volatility of perception-based indicators such as the CPI, while maintaining strong alignment with the instrument's long-term reform objectives. Additionally, provisions against extreme and statistically rare externalities could be addressed through mechanisms such as (i) insurance instruments, (ii) capped downside exposure, or (iii) risk layering through blended finance structures. However, a drastic deterioration in the CPI would typically reflect not only exogenous shocks but also insufficient performance by the designated impact providers—thereby preserving strong incentives for high-quality interventions, continuous performance monitoring, and adaptive project management.

Step 5: Governance, Arbitration, and Transparency

- A CPI Bond Facility, hosted by a trusted institution or consortium, would:
  - Certify eligible CPI-improving interventions
  - Register and disclose all CPI-linked bond issuances
  - Manage escrow for successful payments and guarantee layers
  - Serve as arbiter in disputes over outcome interpretation or eligibility
- In this step, Transparency International remains the guardian of the CPI metric and may participate in co-certification of interventions or advisory functions.

Step 6: Risk and Reward

Risks:

- CPI is perception-based and may lag real institutional change
- Attribution remains probabilistic, not deterministic, because the CPI is a perception-based composite index aggregating multiple sources of expert and business assessments, rather than tracking direct outcomes of specific interventions. While anti-corruption actions may contribute to a country's improved CPI score, no single actor or initiative can be easily isolated as the sole cause of change. Therefore, the model would rely on validated correlations between types of interventions and CPI improvement, rather than establishing linear deterministic causality.
- Political reversals could erase gains over short periods, much like volatility in the most robust financial markets can rapidly erode asset value. Even in high-functioning democracies and mature stock exchanges, investor confidence can be shaken by abrupt regulatory shifts, leadership changes, or geopolitical events. Similarly, improvements in CPI can be vulnerable to electoral backsliding, institutional weakening, or targeted disinformation campaigns, all of which can undermine long-term anti-corruption achievements despite their initial success. This dynamic consequently generates additional incentives for maintaining democratic stability.

  The CPI Performance Bond could also explicitly incorporate a banded payoff structure and downside protection mechanisms to mitigate these risks. This ensures short-term political shocks or perception volatility do not entirely eliminate investor value or discourage engagement. At the same time, a deteriorating CPI beyond a defined threshold still triggers partial loss of capital, preserving the fundamental alignment between financial returns and sustained governance outcomes. This dynamic structure reinforces incentives for investors and national actors to prioritize democratic stability and institutional resilience, recognizing that anti-corruption progress must be durable to translate into long-term public and private value.

Mitigations:

- Risk layering with blended finance refers to strategically using public, philanthropic, or development capital to absorb or mitigate first-loss risks, making the CPI Performance Bond more attractive to private investors. In practice, blended finance structures may include partial guarantees from multilateral institutions like CAF or the World Bank, subordinated capital from philanthropic sources, or insurance instruments that cover political or CPI-related volatility. These mechanisms allow private investors to participate in higher-risk markets with reduced exposure while aligning with ESG or impact objectives. This approach maximizes total capital mobilization by layering different types of capital, each with varying risk tolerance. It also ensures the bond structure remains resilient to anti-corruption work's political and reputational fluctuations.
- Gradual payout curves and moving averages to absorb CPI volatility: This mechanism ensures that payouts are not triggered by short-term or anomalous CPI shifts but rather by sustained trends in governance improvement. Moving averages—typically calculated over three years—smooth out annual fluctuations in the index, especially in countries prone to political or economic instability. Gradual payout

curves, in turn, allow for scaled incentives that increase predictably with CPI gains, reducing investor uncertainty and aligning long-term commitments with long-term public sector transformations. This structured pacing encourages governments and investors to view anti-corruption progress as an incremental, cumulative process rather than a single-event achievement.

- Use of indexed instruments primarily in countries with CPI scores below 60 (considered mid-to-low range) is recommended to maximize the potential for measurable improvement over the bond's life. Countries with lower CPI scores tend to have a wider reform margin and greater room for institutional and governance enhancement, making impact-based interventions more likely to translate into perceptible gains. This also increases the attractiveness of the instrument to investors by enhancing performance variance and potential returns. Additionally, targeting countries below this threshold introduces a built-in incentive mechanism. Countries with lower CPI scores often face external scrutiny and pressure to reform but lack internal political or financial leverage to initiate substantial changes.
- These instruments create a structured incentive for reform by linking access to international capital with measurable improvements in transparency. While some initial incentives for fostering a less corrupt environment already exist—such as improved service delivery, reduced fiscal leakage, or enhanced citizen trust—these benefits are often difficult to quantify, communicate, or internalize by society at large and influential stakeholders. The CPI Performance Bond makes these incentives explicit and tangible, translating long-term governance benefits into immediate reputational and financial outcomes.
- This motivates national actors to implement CPI-aligned interventions and positions anti-corruption progress as a gateway to financial credibility and investment. Governments and institutions within these jurisdictions are more likely to engage in reforms when international capital is explicitly tied to tangible reputational and financial outcomes beyond the initially acknowledged gains that result from less corrupt environments. Breaking this down more clearly helps illustrate how tangible financial incentives enhance pre-existing, yet often underappreciated, benefits like improved public service delivery or higher trust in institutions.
- Complementary Verification: While the CPI offers a globally trusted and methodologically robust proxy for institutional integrity, its perception-based nature introduces inherent limitations. Institutional reforms may exhibit a lag in their reflection within the index, while conversely, highly publicized but superficial reforms may transiently inflate perceptions. To mitigate these risks, the architecture of the CPI Performance Bond should incorporate complementary verification streams, such as progress in objective governance indicators, legal reforms enacted, or audit results verified by independent bodies. This auxiliary data triangulates CPI-based outcomes and reinforces the bond's credibility among sophisticated investors and governance stakeholders. Furthermore, adding complementary verification helps align market incentives with substantive, not merely cosmetic, reform trajectories.

Points of Economic Value Creation

Economic value is created at multiple stages of the CPI Performance Bond cycle, benefiting a variety of actors:

1. Bond Issuance (Initial Investment): Capital is injected into the system when impact or ESG investors purchase CPI Performance Bonds. At this stage, value is generated for implementing organizations (NGOs, coalitions, and reform institutions), who receive upfront funding to implement interventions aligned with CPI improvement. Development banks and structuring platforms (e.g., CAF) also capture value through fees, underwriting roles, or servicing functions.
2. Implementation of Interventions: During this stage, NGOs and local partners deploy funds in institutional reforms, transparency systems, and legal frameworks that are known to improve CPI components. These interventions often create secondary economic value, such as increased procurement efficiency or reduced regulatory bottlenecks, directly benefiting local governments and businesses.
3. Performance Verification and CPI Uptick: When a country's CPI score improves and crosses pre-established thresholds, outcome funders (e.g., donors or multilateral institutions) trigger success payments. This redistributes economic value toward investors in pre-agreed returns and toward implementing institutions through bonus capital or follow-up investment.
4. Secondary Market Resale: Once visibility improves and CPI trends become positive, investors may sell CPI-linked instruments to other ESG-driven funds or sovereign investors. This stage generates capital gains for early investors and deepens liquidity in the impact finance ecosystem.
5. Reputational and Policy Leverage: Countries with CPI improvement often unlock new lines of concessional funding or receive preferential treatment in international trade, aid, or credit terms. This creates macroeconomic value beyond the direct actors in the bond structure, strengthening the case for further market-based anti-corruption instruments. As countries improve their CPI scores and institutional environments, they often benefit from upgraded credit ratings, increased foreign direct investment (FDI), lower borrowing costs in sovereign bond markets, and stronger eligibility for concessional financing. These shifts improve national economic outlooks, reinforce domestic political legitimacy, reduce capital flight, and increase tax compliance due to higher institutional trust. Over time, this generates a virtuous cycle in which financial markets reward integrity-driven governance, making anti-corruption a macroeconomic strategy rather than a solely ethical.

Together, these stages constitute a replicable and scalable architecture where economic value is created through transparency and good governance, not despite them. For example, consider the following cycle:

- A CPI Performance Bond issued in 2024 with a value of $5 million, purchased by a group of ESG investors.
- The implementing coalition—such as NGO W, an academic policy lab, or a transparency watchdog—uses the capital to launch a three-year anti-corruption program focused on judicial reform and procurement transparency.
- By 2027, the country's CPI score will improve from 34 to 37, triggering a 12% return, equivalent to a $600,000 payout to investors.
- At the same time, improved procurement practices reduce public contract overpricing by 8%, freeing an estimated $20 million in

government savings. This justifies the outcome funders' disbursement, attracts follow-up investment, and creates systemic efficiency gains.

The bond may be resold at a premium before maturity in secondary markets, generating capital gains for early investors and deepening ESG financial engagement in governance-linked instruments.

6. Opportunities

Despite the many challenges, the prospect of a market-based framework for anti-corruption public goods offers compelling opportunities:

- **Sustainable Funding for Impact:** Perhaps the most significant appeal is unlocking new, sustainable funding streams for anti-corruption and civic organizations. Instead of relying solely on short-term grants or donations, these organizations could earn ongoing revenue by "selling" the impact they create to those willing to pay. If returns are competitive, this could attract vast pools of private capital, such as impact investors, ESG funds, and mainstream investors, to what has historically been an under-funded sector. In the long run, this could make anti-corruption efforts more resilient, less dependent on the political interests of donors, and better able to scale successful interventions.
- **Aligning Incentives and Innovation:** Defining tradable public good units can sharpen focus on results. If done correctly, it incentivizes organizations to innovate and be more effective in delivering outcomes, because their funding would depend on it. Like carbon pricing promotes innovation in clean technology, a market value for transparency or anticorruption outcomes could generate new approaches to tackle corruption. It could also encourage cross-sector partnerships, for example, a tech company might partner with an NGO to reduce bribery, hoping to earn tradable credits. Moreover, governments might welcome the chance to pay only for success and encourage experimentation since investors bear the risk of failure in an impact bond scenario.
- **Global Sharing of Responsibility:** A tradable market allows those who value anti-corruption to support it anywhere in the world, even if local political conditions contradict such interests, to improve transparency and governance. Just as a company in Country A can buy carbon credits from a reforestation project in Country B, a city with a clean government could financially support anti-corruption work in a high-corruption environment by purchasing its outcome credits. This releases a mechanism for global and collective anticorruption action beyond local interventions, where the burden of fixing governance isn't only on the country suffering from corruption, which might be politically or financially constrained, but can be shared by the international community in a results-oriented way. This dynamic operationalizes the concept of anti-corruption as a global public good. Everyone contributes according to their capacity and benefits from improved global

governance, which includes more stable markets and fair competition for businesses of all sizes.

- **Financial Innovation and ESG Integration**: The ESG movement has ignited a financial momentum to integrate environmental, social, and governance factors into tradable instruments. The proposed market would provide a concrete ESG product so banks and other entities could list "social outcome credits" alongside carbon credits, giving investors more diversified impact options. ESG derivatives already exist (Rodl&Partner, 2024); therefore, expanding those derivatives to governance outcomes could define unprecedented positive impacts in the anticorruption agenda. For example, this market could lead to sophisticated instruments like "corruption swaps," in which a lender pays a lower interest if a country's IPC index improves, transferring risk to a counterparty. Such tools might help hedge the risk of investing in emerging and innovative social markets, effectively insuring against corruption risk, which could mobilize more investment and create a virtuous cycle. Financial innovation could generally turn good governance into an investable asset class, unlocking capital while managing risk.
- **Augmenting Accountability:** If a transparency credit market were established, it could indirectly boost accountability by making results more visible. Outcome pricing requires clear metrics and public reporting of whether outcomes were achieved. This could add an extra layer of accountability for both NGOs and governments. For example, if a government agrees to pay for anti-corruption outcomes, it has implicitly acknowledged that those outcomes are priorities, and progress or failure will be tracked publicly. In this way, the framework could reinforce performance management in governance reforms. It would also empower donors and impact buyers to demand evidence of impact, focusing attention on achieved change.

7. Conclusion

This proposal outlines a novel financial architecture that treats anti-corruption as a global public good with measurable and investable outcomes. At its core, the framework recognizes a fundamental paradox: anti-corruption efforts generate immense societal value, such as strengthening democratic institutions, safeguarding public resources, and enabling equitable development, yet these efforts remain structurally underfunded, mainly when led by civil society actors. This reflects a classical *public goods dilemma* (Samuelson, 1954): the benefits are diffuse and collective, while the costs are concentrated and unsupported by most of those benefiting.

To resolve this contradiction, the framework introduces two market-based instruments — Visibility Bonds and CPI Performance Bonds— as vehicles to unlock sustainable financing for anti-corruption interventions. These tools do not replace traditional legal or institutional responses; they complement and enhance them by introducing a structured mechanism that aligns public impact with private capital incentives. Drawing lessons from carbon markets, social impact bonds, and impact-linked

finance, the proposal outlines how outcomes such as *international acknowledgment of corruption* or *measurable improvements in the Corruption Perceptions Index (CPI)* can be converted into financial value.

By adopting this model, anti-corruption becomes a space of positive investment logic rather than one limited to normative appeals or intermittent donor support. In this scenario, investors - including ESG-aligned funds, development finance institutions, and philanthropic capital- access performance-based instruments with reputational and financial upside. Civil society organizations, in turn, gain access to predictable, outcome-linked capital flows, enabling long-term planning, institutional resilience, and operational scale. Governments also benefit: CPI improvement or successful exposure of illicit actors may lower sovereign risk premiums, unlock concessional funding, and strengthen international legitimacy.

The proposed framework anticipates and addresses its limitations. It acknowledges the ethical risks of modifying civic values, the technical complexity of attribution, and the danger of perverse incentives if success metrics are poorly designed. To mitigate these downsides, structural safeguards are proposed: probabilistic evaluation frameworks, independent verification mechanisms, multi-stakeholder governance, and role differentiation between funders, implementers, and validators. This architecture echoes best practices in impact finance models while tailoring them to the unique challenges of governance reform and institutional integrity.

Moreover, this approach shifts the anti-corruption burden from domestic and often financially weak players, such as CSOs, to a global coalition of stakeholders. Just as carbon offsets allow entities to fund climate mitigation in jurisdictions beyond their own, governance credits and visibility-linked returns enable those who benefit from global stability to co-finance reforms in fragile contexts, This approach facilitates burden-sharing, channels capital where needed, and reconfigures the fight against corruption as a collective, transnational purpose concretized in tradable outputs.

The potential applications of this architecture are broad. Beyond the two instruments developed in this proposal, similar logic could underpin whistleblower protection credits, procurement transparency, judicial independence, or media freedom. Over time, these instruments could be bundled into governance-linked financial products or securitized for institutional markets, including integrity into ESG portfolios and sovereign lending benchmarks. Development banks and multilateral institutions could serve as arbiters, underwriters, and standard setters, providing the infrastructure for trust and coordination.

In conclusion, a market-based framework for anti-corruption financing is not only a speculative vision but an actionable, necessary step toward closing the gap between moral imperatives and financial realities. It invites governments, investors, and civil society to treat transparency and institutional reform as duties and measurable public value. If designed with care and governed with integrity, this framework could redefine how we resource one of the most consequential challenges of our time—ensuring that the pursuit of justice and good governance is not just ethically relevant, but economically rational and financially sustainable.

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