



UNCAC IMPLEMENTATION
REVIEW GROUP MEETING,
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2ND CYCLE REVIEW – AN OVERVIEW OF
THE REVIEW OF LIECHTENSTEIN BY
NAMIBIA

Namibian team of reviewers



BACKGROUND

- o Namibia and Australia with the assistance of the UNODC Secretariat have successfully conducted the 2nd cycle review of the Principality of Liechtenstein during 2016/17 and concluded this process in May 2017.
- o A country visit was conducted in January 2017 and was attended by both reviewing States.
- o Relevant stakeholders were consulted during the country visit.

BACKGROUND CON'T

- o The review and research on Chapter II was conducted by Namibia and that of Chapter V was conducted by Australia with input from the UNODC Secretariat and both reviewing States interacting on both Chapters.
- o Liechtenstein uses the incorporation system or monist system for the implementation of international treaties

BACKGROUND CONTINUE

- Liechtenstein is a constitutional hereditary monarchy on a democratic and parliamentary basis. This structure of Government presented the reviewers with many questions on the vesting of powers, etc.
- All questions were comprehensively addressed during the country visit.

CHAPTER II

- o The Principality of Liechtenstein was found by the reviewing team to be largely compliant with the provisions of Chapter II on Prevention, Education and Awareness Raising.
- o The legal system was difficult to comprehend as a result of the integration of the Swiss and Austrian influence.
- o Representatives from the Foreign Ministry assisted greatly in explaining this integration

CHAPTER II CON'T

- o The legal and regulatory framework of Liechtenstein is commendable and extremely comprehensive.
- o A single anti-corruption strategy is perhaps not always the best answer to implementation challenges as is proved by Liechtenstein.
- o Various national bodies play an important role in the prevention of corruption in Liechtenstein and recommendations by various institutions are implemented as part of the strategy.

BEST PRACTICES

- Despite its small size, Liechtenstein actively participates in various anti-corruption initiatives and programmes
- Liechtenstein has a well-established domestic AML/CFT regime with annual AML audits of financial institutions
- The Liechtenstein FIU can share internationally all information that can be collected domestically

CHAPTER V

- Liechtenstein has a well-established legal regime for asset recovery and has actually returned sizable amounts of money (in excess of 200m USD in one case alone).
- Liechtenstein's Mutual Legal Assistance (MLA) framework allows for spontaneous transmission of information such as suspicious transactions or unusual payments by legal entities

CHAPTER V CON'T

- There is no asset or financial disclosure system/obligation for elected or public officials in Liechtenstein. While the question has been discussed in the Anti-corruption Working Group, Liechtenstein decided against introducing financial disclosure systems.

CHAPTER V CON'T

- Under the revised FIU Act of 2016, the FIU has broadened powers to request additional information from reporting entities. It can exchange such information freely with Egmont member-FIUs without the need for an MoU. Nevertheless, the FIU has signed MoUs with 23 partner FIUs, as those FIUs were legally required to have an MoU in place in order to exchange financial intelligence.

CHALLENGES

- While currently domestic PEPs do not fall under the definition in Art. 2(1)(h) DDA, this issue will be addressed under the new law for the transposition of the 4th EU AML Directive.
- Currently, the FIU has no powers to temporarily block the transfer of suspicious funds. However, this power will come with the transposition of the 4th EU AML Directive.

CHALLENGES CON'T

- o The recruitment, hiring, retention, promotion and retirement of public officials
- o Private donations to political parties are left unregulated and do not have to be disclosed
- o there is a certain over-reliance on private audit firms to conduct AML inspections which may reduce the effectiveness of those inspections and affect the quality of supervision overall.

GOOD PRACTICES

- Foreign court orders for confiscation, freezing and seizing can be enforced pursuant to Art. 64 MLA Act. In practice, a domestic procedure will often be opened in parallel.
- Liechtenstein can issue domestic confiscation and freezing orders without a foreign court order, on the basis of an MLA request or media reports. Such MLA requests do not need to go through diplomatic channels, either.

GOOD PRACTICES CON'T

- Liechtenstein does not require a treaty to provide cooperation for purposes of confiscation.
- In the Abacha case, the Convention was used as the legal basis for cooperation with the requesting State, Nigeria