Open-ended Intergovernmental Working Group on Asset Recovery
Vienna, 25 and 26 September 2008

Report on the meeting of the Open-ended Intergovernmental Working Group on Asset Recovery held in Vienna on 25 and 26 September 2008

I. Introduction

1. In its resolution 2/3, the Conference of the States Parties to the United Nations Convention against Corruption decided that the Open-ended Intergovernmental Working Group on Asset Recovery should continue its work, according to its mandate as set out in Conference resolution 1/4, to advise and assist the Conference in the implementation of its mandate on the return of proceeds of corruption, including the consideration of any further proposals, should the Working Group deem it appropriate. The Conference also decided that the Working Group should continue its deliberations on the conclusions and recommendations contained in the report on its first meeting (CAC/COSP/2008/4) with a view to identifying ways and means of translating them into concrete action.

2. Also in its resolution 2/3, the Conference decided that the Working Group should hold at least two meetings prior to the third session of the Conference in order to perform its mandated task, within existing resources.

II. Organization of the meeting

A. Opening of the meeting

3. The Open-ended Intergovernmental Working Group on Asset Recovery held its second meeting in Vienna on 25 and 26 September 2008.

4. The meeting of the Working Group was chaired by Eddy Pratomo (Indonesia), President of the Conference.

5. In her opening remarks, the Director of the Division for Treaty Affairs of the United Nations Office on Drugs and Crime (UNODC) recalled the ambitious...
mandate given to the Working Group by the Conference to support the development of cumulative knowledge, encourage cooperation, build confidence and facilitate the exchange of ideas. She highlighted the progress already achieved, referring, inter alia, to the growing number of States parties to the United Nations Convention against Corruption,1 the establishment and evolving work of the Stolen Asset Recovery (StAR) initiative and the commitment to asset recovery made by the Group of Eight at its summit held in Toyako, Hokkaido, Japan, in July 2008. Knowledge on asset recovery had been greatly broadened not only through a number of recent publications but also through the replies to the self-assessment checklist, which reflected implementation by States and their technical assistance needs. UNODC had started work with partner organizations on a comprehensive knowledge-management tool that would make all relevant information available to policymakers, academics and practitioners. The Director called on the Working Group to continue its work, based on the recommendations contained in the report on its first meeting, fine-tune its course of action, establish priorities and develop new recommendations in order to make chapter V of the Convention an operational tool for asset recovery practitioners.

B. Adoption of the agenda and organization of work

6. On 25 September, the Working Group adopted the following agenda:

1. Organizational matters:
   (a) Opening of the meeting;
   (b) Adoption of the agenda and organization of work.

2. Challenges in asset recovery practice:
   (a) Prevention;
   (b) Tracing, identification and location of funds;
   (c) Freezing and restraint orders;
   (d) Confiscation regimes.

3. Implementation of the recommendations of the Working Group:
   (a) Tools for developing cumulative knowledge and building capacity;
   (b) Ways to encourage cooperation among relevant existing bilateral and multilateral initiatives;
   (c) Ways and means of building confidence, facilitating the exchange of information and ideas on the expeditious return of assets and encouraging cooperation between requesting and requested States;
   (d) Further proposals.

4. Assistance to the Conference to identify, prioritize and respond to technical assistance needs for asset recovery.

5. Adoption of the report of the Working Group on its meeting.

C. Attendance

7. The following States parties to the Convention were represented at the meeting of the Working Group: Algeria, Angola, Argentina, Australia, Austria, Azerbaijan, Belarus, Brazil, Bulgaria, Burkina Faso, Burundi, Canada, Chile, China, Colombia, Croatia, Cuba, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Finland, France, Greece, Guatemala, Indonesia, Iraq, Jordan, Kenya, Kuwait, Lithuania, Malaysia, Mali, Mexico, Mongolia, Morocco, Namibia, Netherlands, Nicaragua, Nigeria, Norway, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Senegal, Slovakia, South Africa, Spain, Sweden, Tunisia, Turkey, Uganda, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Yemen.

8. The following States signatories to the Convention were represented by observers: Belgium, Brunei Darussalam, Côte d'Ivoire, Czech Republic, Germany, Haiti, India, Iran (Islamic Republic of), Ireland, Israel, Japan, Liechtenstein, Saudi Arabia, Singapore, Sudan, Swaziland, Switzerland, Thailand and Venezuela (Bolivarian Republic of).

9. The European Community, a regional economic integration organization that is a signatory to the Convention, was represented at the meeting.


12. The following were also represented by observers: Office of the High Representative in Bosnia and Herzegovina and U4 Anti-Corruption Centre.

III. Challenges in asset recovery practice

13. The challenges in asset recovery practice were discussed on the basis of a fictitious asset recovery case (CAC/COSP/WG.2/2008/2, annex). In order to favour an interactive dialogue focusing on the operational aspects of asset recovery, four speakers initiated the discussion by presenting their experience with respect to challenges related to preventing the transfer of illicit assets, the tracing,
identification and location of funds, freezing and restraint orders and confiscation
regimes.

14. The Deputy Director of the joint secretariat of the StAR initiative underscored
the challenges in obtaining accurate information, such as problems linked to lists of
politically exposed persons and challenges stemming from burdensome procedures
and language requirements that presented unnecessary obstacles to mutual legal
assistance. He also presented positive examples of States that proactively
cooperated with requesting States in the formulation of mutual legal assistance
requests. Non-conviction-based forfeiture laws and forensic accounting and auditing
tools were essential tools for asset recovery. The speaker concluded by highlighting
that it was important for countries of origin to have a sense of ownership and that
political will was needed in both the developed and the developing countries.

15. The representative of Brazil highlighted that for the tracing, identification and
location of funds to be successful, a change in the culture of combating crime had to
be promoted, new investigation methods had to be applied and incentives for
criminal activity had to be eliminated. International cooperation at various levels
was essential. Fast and efficient cooperation among law enforcement authorities and
financial intelligence institutions was important for subsequent judicial cooperation.
However, the information gathered at that level did not automatically produce
evidence. Close cooperation between domestic law enforcement authorities,
financial intelligence units and judicial systems of requesting States was therefore
instrumental in the development of the comprehensive and complete process
required for carrying out successful mutual legal assistance requests. The speaker
recommended that requesting States should take a proactive, explanatory approach.
Mutual legal assistance requests should always contain an explanation of the
national offence in order to overcome possible concerns with regard to dual
criminality. They should also use simple language and provide details on procedural
requirements of the requesting State in order to obtain judicial evidence. The
judicial authorities of the requested State should be contacted in advance to discuss
the procedural requirements, an action which could also provide a solution for
expediting the procedure when no reply was received in due course. It was further
recommended that extensive explanations should be provided on the legal and
procedural situation of cases in which the criminal prosecution of the offender could
not be achieved within the time limit, a bona fide defence of third persons was being
considered or concepts that were not well established in the legal system of the
requested State were used, as was often the case with non-conviction-based
confiscation.

16. The representative of South Africa noted that there were three basic
confiscation systems: object-based confiscation and value-based confiscation (both
of which took place after a criminal conviction) and non-conviction-based
confiscation. Proceedings on fraud, theft or money-laundering were often more
successful, especially in situations with poor documentation in the country of origin.
The speaker stressed the usefulness of non-conviction-based confiscation
legislation. Value-based confiscation systems were considered to have advantages
compared with object-based systems since they provided a series of rebuttable
presumptions regarding unexplained wealth. Further, the unexplained wealth
approach might be very valuable in cases involving funds of unknown origin and
cash transfers. He noted that the related presumptions were more developed in
legislation on drug-related crimes than in legislation on corruption. The speaker concluded by referring to a number of issues to be considered for future action: mutual legal assistance and non-conviction-based confiscation should be strengthened and applied to a wider range of offences; informal communications in advance of mutual legal assistance requests should be encouraged; presumptions and the jurisprudence on presumptions should be further developed; a flexible approach should be applied to the final conviction requirement as a prerequisite for keeping funds restrained and that approach should be based on reasonableness instead of on fixed time limits; it should be possible to keep restraint orders in place pending appeals; and strategic discussions among legal experts of different countries should be encouraged.

17. The observer for the Basel Institute on Governance highlighted that the main challenges to confiscation for asset recovery were mostly the lack of capacity to investigate the offences fully and to satisfy the provisions of chapter V of the Convention; legal hurdles that prevented a final decision on cases, such as final conviction requirements; and the lack of trust between institutions at the national and international levels. Possible solutions were offered by capacity-building and training activities, legal evaluations to establish the correct legal basis for confiscation, the drafting of new laws where necessary, the facilitation of the mutual legal assistance process, knowledge dissemination and the use of practical tools such as case management systems. While acknowledging the usefulness of non-conviction-based forfeiture, the speaker recommended that it might be more successful to use a tactical case strategy that relied on mutual legal assistance for a criminal case, since some legal systems were more familiar with criminal confiscation than with non-conviction-based confiscation, which might present challenges in the mutual legal assistance process.

18. Speakers expressed appreciation for the useful presentations and the discussion of the fictitious case contained in the annex to document CAC/COSP/WG.2/2008/2. They noted that the return of assets was a fundamental principle of the Convention but recognized that many challenges existed in asset recovery practice.

19. Several speakers described in detail cases that were ongoing or had been concluded in their jurisdictions in the area of asset recovery. A common feature of those cases was their highly complex and sensitive nature, which also caused them to become lengthy processes. A summary of the case against the former president of the Philippines, Ferdinand Marcos, provided insight into the challenges and obstacles that the Government of the Philippines had faced. Other speakers referred to successfully completed cases in which available international legal cooperation had allowed the return of assets to requesting States. However, there were a number of ongoing proceedings that had yet to bear results, and speakers noted that the Working Group was an appropriate venue to discuss the related challenges and seek solutions.

20. Speakers pointed to a number of challenges and obstacles that their countries faced when engaging in international cooperation for asset recovery.

21. Several speakers identified weak political will and insufficient political engagement as major impediments to successful asset recovery. As asset recovery cases were often sensitive and involved vast amounts of money, such impediments
and the resulting delays and costs were key sources of frustration. Several speakers noted that addressing those problems effectively required urgent and concerted action to build or strengthen trust among cooperating States. It was stressed that the commitment of both requesting and requested States was required and that the high hopes placed in chapter V of the Convention should not be disappointed.

22. Speakers addressed the numerous legal obstacles that lay on the path to successful asset recovery, despite the wide ratification and implementation of the Convention and the global framework that the Convention had established. Divergences in legal systems were considered to be a general legal obstacle. Certain mechanisms were simply not available in some legal systems, and practitioners were often confronted with difficulties pertaining to procedural and evidentiary requirements. Related issues were the legal status of other States in domestic courts and the consideration of foreign judgments during proceedings. Several speakers addressed the issue of non-conviction-based forfeiture. It was noted that other means such as mutual legal assistance for the purpose of confiscation could be employed to overcome the absence of non-conviction-based forfeiture in certain jurisdictions and that those means had proved to be a useful tool for successful asset recovery, where it was available.

23. Many speakers addressed the issue of evidentiary requirements. Clear standards for the presentation and consideration of evidence needed to be determined and were as important as the conduct of thorough investigations in requesting States. The burden of proof and the rebuttal of presumptions were also addressed. It was noted that constitutional safeguards such as the presumption of innocence needed to be respected without placing undue hindrances on the proceedings. Speakers pointed out that requirements of dual criminality continued to create problems despite the provisions of article 43 of the Convention. In that respect, the recourse to investigations and prosecutions on the basis of money-laundering offences was viewed as a useful way to counter the lack of such measures for the underlying offences.

24. Speakers reported several practical obstacles that had arisen in their experience of asset recovery proceedings. The financial burden of pursuing such cases was an obvious first challenge, and many speakers noted the high cost of bringing such cases before foreign courts and of hiring appropriate specialists to assist, particularly owing to the length and complexity of such cases. It was deplored that in some instances the assets returned had not been sufficient to cover the expenses incurred or that the proceedings had simply yielded no results despite considerable investment.

25. A related challenge was the highly specialized expertise required to engage in international cooperation for the purpose of asset recovery and the scarcity and high cost of such expertise, which was a problem encountered not only by States but also by international institutions seeking to provide technical assistance for asset recovery. The lack of capacity of national prosecutors, investigators and financial intelligence units in dealing with asset recovery cases greatly affected many States.

26. Speakers noted that the flow of information and communication was often hindered. Traditional and diplomatic channels were not always the most efficient, and informal and direct communications were to be encouraged. Speakers regretted the lack of exchange of information between investigative and prosecutorial
authorities of requesting and requested States cooperating on asset recovery. It was highlighted that in order to trace assets, access to both national records and records in other countries was required.

27. The length of proceedings proved to be an obstacle. Delays were attributed to a number of factors ranging from lack of political will to ongoing proceedings in other jurisdictions. One speaker noted that in a case involving his jurisdiction the recognition of the confiscation judgement had been rendered months after the expiry of the freezing order, with the result that the funds in the account in question had been withdrawn in the meantime. It was essential to reduce delays between the detection and the freezing or seizure of assets.

28. Speakers agreed that it was necessary to analyse unsuccessful attempts to recover assets in order to understand what had not functioned and provide solutions for future practice.

29. In his capacity as the Director of the joint secretariat of the StAR initiative, the observer for the World Bank provided an update on the first year of the initiative, which had been launched in September 2007. He referred to the four guiding principles of the StAR initiative: the Convention against Corruption provided the framework for the initiative; the initiative worked with requesting and requested jurisdictions, in other words, with financial centres and with developing countries; asset recovery was a demand-driven, country-led activity, and thus the initiative supported individual States in their efforts to recover assets; and the initiative provided assistance in the technical aspects of asset recovery. Three broad areas of work were presented: the generation and dissemination of knowledge in close cooperation with practitioners from partner countries, support to efforts by partner countries to build institutional capacity for asset recovery, and preparatory assistance to assist States in their asset recovery efforts when requested by the national authorities. The StAR initiative was not involved in litigation, criminal proceedings or the financing of legal representation, did not manage cases and was not involved in confidential communications between States. Its role was to facilitate and assist the asset recovery process. The initiative was financed by the World Bank, UNODC and a multi-donor trust fund and supported partner countries through grants.

30. The observer for Eurojust reported on the Eurojust study on confiscation and asset recovery. The study was based on the replies of 20 of the 27 member States of the European Union to six questions relating to the main challenges on asset recovery, the key legal provisions enabling bilateral and multilateral investigations, the main challenges to judicial cases, measures that should be taken to facilitate asset recovery through international cooperation, the most common difficulties in implementing confiscation issues ordered by a requesting State and measures to be taken to enable or facilitate the return or disposal of confiscated property in requested States. Some of the main challenges identified related to the requirements for the proof of unlawful origin, bank secrecy, ne bis in idem issues, dual criminality, asset sharing and conflict between judicial systems.

31. The observer for Europol reported on the work of the Europol Criminal Assets Bureau established in 2004, which supported member States in tracing assets within a short time frame. The Bureau also served as the Secretariat of the Camden Asset Recovery Inter-Agency Network, an informal network of judicial and law
enforcement expert practitioners. The 41 member States and 6 member organizations of the Network had designated two focal points each, ideally from law enforcement and the judiciary, for communication with other members on tracing, freezing, seizure and confiscation of criminal assets. The focal points held annual plenary meetings.

32. The observer for OECD presented the work of the Asian Development Bank/OECD Anti-Corruption Initiative for Asia and the Pacific. The States members of the Initiative had committed themselves to a number of actions related to criminalization, international cooperation and asset recovery, and the Initiative followed up on those commitments through an advisory group and by means of regular progress reports. The Initiative also held seminars and conferences such as the regional seminar of the Initiative held in Bali, Indonesia, in September 2007, the proceedings of which had been made available to the Working Group. Regular thematic reviews were carried out, such as a review of mutual legal assistance and asset recovery, whose results had also been made available to the Working Group. The speaker also referred to the peer review mechanism for the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.²

33. The observer for the Offshore Group of Banking Supervisors presented the work of the Group. The Group consisted of a number of offshore jurisdictions worldwide that had committed themselves to the Core Principles for Effective Banking Supervision of the Basel Committee on Banking Supervision and the Financial Action Task Force recommendations and provided a positive record of implementation of such principles and recommendations.

IV. Implementation of the recommendations of the Working Group

34. At the request of delegations, the Secretary of the Conference provided the Working Group with an update on activities undertaken to implement the recommendations of the Working Group contained in the background paper prepared by the Secretariat (CAC/COSP/WG.2/2008/2).

35. In its resolution 2/1, the Conference requested the Secretariat to explore the option of modifying the self-assessment checklist to create a comprehensive information-gathering tool that might serve as a useful starting point for collecting information on the implementation of the Convention. During the meeting of the Working Group, the Secretary stressed that such a comprehensive information-gathering tool was being developed on the premise that the prerogative of the Conference to determine its priorities for the collection of information would remain intact. He also informed the Working Group that the tool would cover all provisions of the Convention against Corruption and that a similar exercise was being undertaken to cover the provisions of the United Nations Convention against Transnational Organized Crime and the Protocols thereto.³ Simultaneously, the

---

² *Corruption and Integrity Improvement Initiatives in Developing Countries* (United Nations publication, Sales No. E.98.III.B.18).
The development of software for the tool was underway. The result would be five separate tools based on identical approaches, principles and technology. The Secretary was grateful for the voluntary contributions that had made the work possible. In addressing the overarching concern of “questionnaire fatigue” and the challenge of gathering information from the relevant national authorities, it was noted that a feature of the software would prevent the duplication of effort by alerting a user that he or she was trying to insert information that had previously been collected on the same topic for another review mechanism and that the information did not need to be re-entered. The user could also divide the work into segments to be distributed to competent authorities for completion. In order to capitalize on the collective knowledge and experience of delegates, the Secretariat intended to have Member States participate in two test roll-outs of the software in order to determine whether the software was user-friendly and what improvements, if any, could be made to the software and the content of the checklist. Consultations with Member States were expected to take place in 2009, and the final product was expected to be delivered to the Conference at its third session.

36. The Secretariat provided the Working Group with an update on its efforts to remedy the lack of knowledge in the area of asset recovery and increase the exchange of such knowledge among institutions and practitioners, as recommended by the Working Group and the Conference, through an electronic legal library. A number of entities and organizations were already engaged in collecting such information and material, which was proving to be a difficult exercise, as shown by the experience of the International Association of Anti-Corruption Authorities (IAACA) in compiling legislation. Cooperation was ongoing between UNODC, IAACA and Northeastern University to review and organize legislation according to the corresponding chapters of the Convention. In parallel, the Secretariat was promoting the creation of an electronic platform to manage knowledge and significant progress had been made to that end. The Secretariat had formed partnerships with key institutions that had already done substantial work in collecting and disseminating knowledge in order to combine constituencies and maximize resources. Microsoft Corporation had indicated its commitment to providing and adapting the software for that platform at no cost to UNODC.

37. The Secretariat also informed the Working Group that, in the framework of the StAR initiative, a guide on non-conviction-based forfeiture was being finalized, for use by States that could and wished to use that approach. The development of a step-by-step guide had not yet begun and was viewed as a highly complex exercise. On the issue of model legislation, the Secretariat noted that it had had mixed experiences, as the models were sometimes simply modified versions of national legislation that could not be transposed to other systems. However, specific issues that lent themselves to the development of models, such as provisional restraint or freezing orders, could be considered.

38. Speakers addressed the issues included in the report on the first meeting of the Working Group (CAC/COSP/2008/4). With regard to tools for developing cumulative knowledge and building capacity, speakers stressed the need to increase access to such knowledge. To that end, work on analysing legislation and regulations to assist practitioners in asset recovery cases would have to be done. Developing a common understanding of standards for procedural and evidentiary requirements in both requesting and requested States was viewed as necessary. The
need to make use of modern information technology in evidentiary procedures and for the fast-tracking of information processing was highlighted. Participants stressed the need to streamline the procedures for mutual legal assistance, including through common requirements in requests for such assistance. Speakers highlighted the link with investigations and prosecutions of money-laundering offences and noted that those were also useful in the context of corruption proceedings. With regard to encouraging cooperation among relevant existing bilateral and multilateral initiatives, speakers recognized the value of such initiatives and noted the importance of coordinating efforts in order to maximize the use made of expertise and resources. The need to match demand and supply of assistance and experts was considered essential. Speakers raised a number of issues with regard to identifying ways and means of building confidence, facilitating the exchange of information and ideas on the expeditious return of assets and encouraging cooperation between requesting and requested States. One proposal for improving the flow of information was to promote informal channels of communication between authorities of requesting and requested States, for example through a network of focal points. Informal communication and, possibly, even the exchange of a draft request between authorities prior to its eventual transmission were considered useful. It was underscored that initiatives, such as workshops and other tools, that made mutual legal assistance operational and effective would be encouraged. On the specific issue of prevention, it was noted that legal regimes governing immunities, financial disclosure requirements and tender processes needed to be established.

V. Conclusions and recommendations

A. Development of cumulative knowledge

39. The Working Group gave high priority to the availability, creation and management of knowledge on asset recovery. It welcomed the progress made by the Secretariat on the envisaged comprehensive knowledge management centre. The Working Group recommended that such a tool should contain not only legislation but also analytical work, in particular for the better understanding of complex procedural requirements. More clarity on the requirements of procedural law, in particular of requested States, would facilitate cooperation and expeditious cooperation for asset recovery. The Working Group called upon States parties to regularly provide information such as legislation and analytical documents for the establishment and maintenance of the envisaged knowledge management centre.

40. The Working Group reconfirmed the recommendation to develop practical tools for asset recovery, in particular a practical step-by-step manual. Such a manual should be tailored to the needs of practitioners in asset recovery cases as well as to be used for capacity-building measures.

41. The Working Group stressed the importance of modern information technology and gave priority to exploring the expansion of the Mutual Legal Assistance Request Writer Tool and the further development of similar products.
B. Building of confidence and trust

42. The Working Group highlighted the importance of the work on the establishment of a network of contact points for asset recovery. While the Conference and its Working Group were seen as serving as a platform for the exchange of knowledge and experience, a network of focal points could provide further opportunities for dialogue, which were deemed essential. Such a network would thus contribute to creating confidence and trust among requesting and requested States, which were necessary prerequisites for successful cooperation. The Working Group highlighted that the full cooperation of States and international organizations was essential for the establishment and maintenance of such a network.

43. The Working Group recommended exploring the feasibility of adopting a help desk approach. Help desks for asset recovery could give advice at the initial stages of a case in an informal manner and refer requesters to counterparts who would be able to provide further assistance.

44. The Working Group recommended strengthening the cooperation between financial intelligence units, anti-corruption authorities and national authorities responsible for mutual legal assistance, at both the national and international levels. Further cooperation with existing networks and institutions such as the Egmont Group and IAACA should be explored.

45. The Working Group encouraged the establishment of a partnership with private sector entities in order to assist them in complying with their obligations under the Convention, facilitate mutual understanding and build confidence.

46. The Working Group called upon the Conference to promote dialogue between requested and requesting States in order to promote political will and strengthen commitment to asset recovery.

C. Technical assistance

47. The Working Group stressed the high demand for technical assistance for the implementation of chapter V of the Convention, especially for legal advisory services. Tailor-made approaches were required.

48. With regard to legislative tools, the Working Group recommended exploring the selection of areas in which the preparation of models or best practice guides was feasible, such as for the restraint, freezing and confiscation of assets.

49. The Working Group gave high priority to training and capacity-building. In addition to activities such as seminars and training courses, the Working Group encouraged the exploration of innovative tools such as e-learning programmes.

D. Reporting and documentation

50. The Working Group called for the systematic follow-up of the implementation of its present recommendations at the third session of the Conference. It requested the Secretariat to report on the activities of the StAR initiative and to provide
information on existing formal and informal networks for international cooperation to the Conference and the Working Group.

VI. Adoption of the report of the Working Group

51. On 26 September, the Working Group adopted the report on its meeting (CAC/COSP/WG.2/2008/L.1).