

## **G20 Anti-Corruption Working Group**

### **Interim Report 2017**

Corruption destroys public trust, undermines the rule of law, skews competition, impedes cross-border investment and trade, and distorts resource allocation. It is a severe impediment to sustainable and inclusive economic growth, and remains a significant challenge for developed, emerging and developing countries. As major trading nations, the G20 have a special responsibility to prevent and tackle corruption, to establish legal and policy frameworks that promote a clean business environment and to continue to assist countries in their capacity building efforts to combat corruption.

G20 Leaders established the Anti-Corruption Working Group (ACWG) at the Toronto Summit in 2010. Its work is guided by biennial Action Plans that are endorsed by Leaders and identify priorities for action focused on practical and valuable contributions to international efforts to combat corruption. The Action Plan for 2017-18 was endorsed by Leaders at the 2016 Hangzhou Summit and the accompanying Implementation Plan by Sherpas at their meeting in Wuhan in October 2016.

For 2017, the German G20 Presidency highlighted three priority areas included in the Action Plan and Implementation Plan, proposing the development of High Level Principles on:

- ❖ Liability of legal persons for corruption, i.e., ensuring that not only the individual perpetrators, but also the legal person benefitting from their offences, can be sanctioned
- ❖ Organizing against corruption, i.e., organizing and structuring the public administration in a way that promotes integrity and makes it more resilient against corruption
- ❖ Combatting corruption related to illegal trade in wildlife and wildlife products

In addition, the German G20 Presidency addressed corruption in sports and led a discussion on potential G20 action aimed at improving the integrity in international sports organizations.

From the beginning, G20 States have been holding themselves accountable for their commitments by reporting regularly<sup>1</sup> on individual and collective progress made in the implementation of outstanding anti-corruption commitments<sup>2</sup>.

This interim report provides an update on the achievements by the ACWG in addressing the 2017-2018 Action Plan and Implementation Plan up until the Hamburg Summit of July 2017. A full Accountability Report, also highlighting steps taken by individual G20 States, will be submitted to Sherpas for their endorsement and subsequently made publically available by the end of 2017.

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<sup>1</sup> For the Monitoring/ Progress/ Accountability Reports of 2011, 2012, 2013, 2014 and 2015 cf. [www.bmjv.de/G20ACWG](http://www.bmjv.de/G20ACWG). In 2016, no Accountability Report was drawn up.

<sup>2</sup> For a list of G20 anti-corruption commitments and resources cf. [www.bmjv.de/G20ACWG](http://www.bmjv.de/G20ACWG).

Co-chaired by China and the UK in 2016 and by Germany and Brazil in 2017, the ACWG has, to date, made the following **key achievements** since the last Accountability Report of 2015:

- ❖ **G20 Action Plan and Implementation Plans for 2017-18:** The updated Action Plan and Implementation Plan developed under the Chinese and UK co-chairs contain a solid and ambitious road map for 2017 and 2018, prioritizing eight topics and laying out 46 individual actions. The topics included in the Action Plan are: practical cooperation, beneficial ownership, private sector and public sector integrity and transparency, bribery, vulnerable sectors, international organizations, and capacity building.
- ❖ **G20 High Level Principles on the Liability of Legal Persons for Corruption Offences:** Establishing and enforcing the liability of legal persons is critical to the global fight against corruption. Today's economy, both at the national and international levels, is mainly driven by companies, i.e. legal persons, and fighting corruption would fall short if only the natural persons involved were punished while the legal person was exempt from sanctioning. Following the G20 leaders' commitment to "lead by example in combating bribery" including by "establishing and, where appropriate, strengthening the liability of legal persons for corruption offences", the ACWG developed High Level Principles for adoption by leaders. By identifying mechanisms and practices that have proven useful to the enforcement of corruption offences involving legal persons the Principles offer guidance to States wishing to establish or strengthen the liability of legal persons.
- ❖ **G20 High Level Principles on Organizing against Corruption:** A public administration underpinned by a culture of integrity, accountability and transparency helps attract high quality investment and fosters economic growth and inclusive and sustainable development. The High Level Principles developed by the ACWG for endorsement by leaders aim at supporting countries in organizing their public administration in a way that helps identify and minimize corruption risks and detect corrupt behavior, thus making their public administration more resilient against corruption.
- ❖ **G20 High Level Principles on Combatting Corruption Related to Illegal Trade in Wildlife and Wildlife Products:** Illegal trade in wildlife and wildlife products not only threatens the very survival of many protected and endangered species and the biodiversity of this planet, but has negative impacts on economic development in many countries and represents a threat to health and safety, security, good governance and the sustainable development of states. Corruption has been identified as a key enabling factor for illegal trade in wildlife and wildlife products in source, transit and destination countries. The High Level Principles developed by the ACWG for endorsement by Leaders provide a reference for intensifying efforts to combat corruption related to illegal trade in wildlife and wildlife products.
- ❖ **G20 High Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery:** At the 2016 Hangzhou Summit, Leaders endorsed the High Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery, proposed by the Chinese G20 Presidency. In these principles, G20 members are encouraged to work towards "zero tolerance, zero loopholes and zero barriers" in their cooperation on persons sought for corruption and asset recovery. G20 members recognize the importance of reinforcing the

efforts to enhance international cooperation against corruption, while fully respecting international law, human rights and the rule of law as well as the sovereignty of each country.

- ❖ **G20 High Level Principles on Countering Corruption in Customs:** Customs have significant responsibilities for regulating cross-border trade, including collecting taxes, deterring illicit trade, controlling goods subject to prohibitions or restrictions, and contributing to economic competitiveness by facilitating trade. Ineffective and inefficient customs, whether caused by under-resourcing, cumbersome customs procedures, or corruption, can negatively impact the benefits of international trade, trust in government, as well as sound economic and public sector reforms. Led by Mexico, the ACWG developed High Level Principles for endorsement by Leaders. The Principles offer guidance to countries wishing to strengthen the prevention of and the fight against corruption in customs.
  
- ❖ **Provision of Technical Assistance by G20 ACWG Countries:** The effective implementation of the United Nations Convention against Corruption, as well as other international anti-corruption instruments, poses great challenges for the State parties and may require “significant changes in legislative and policy frameworks, institutional arrangements, the criminal justice system and the civil service”<sup>3</sup>, making the delivery of technical assistance pivotal to a successful, consistent, and effective implementation of anti-corruption measures. Led by Brazil, the ACWG is conducting a mapping exercise on Provision of Technical Assistance by G20 ACWG Countries. [to be updated according to progress in the mapping exercise]
  
- ❖ **Cooperation with B20 and C20:** As the support from business and civil society is crucial in the fight against corruption, the ACWG continues to work closely with B20 and C20 on anti-corruption efforts. In January 2017, the German G20 presidency together with OECD organized the 6th Annual High-Level Anti-Corruption Conference for G20 Governments, Business and Civil Society. In addition, representatives from B20 and C20 were invited to the ACWG meetings to update the ACWG on their anti-corruption work streams and present their recommendations to the G20. In June 2016, the UK co-chair hosted a discussion with civil society, businesses and academia on future priorities for the G20.

Furthermore, the ACWG has made the following **progress** since the last Accountability Report:

- ❖ **International/practical cooperation**

[The ACWG adopted the Guide on Requesting International Cooperation in Civil and Administrative Proceedings Relating to Corruption developed by Brazil. The Guide provides a comprehensive overview of the possibilities available for cooperation, including the scope of the assistance that may be provided as well as the requisites that must be met in a cooperation request, complementing and building on the work of the “Requesting Mutual Legal Assistance in Criminal Matters from G20 Countries Guide” (2012).]

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<sup>3</sup> “Technical assistance in support of the implementation of the United Nations Convention against Corruption” (CAC/COSP/IRG/2016/11).

In April 2017, ACWG co-chairs, in cooperation with the OECD, organized a Seminar on International Cooperation in Civil and Administrative Proceedings relating to Corruption in the G20.

The G20 Denial of Entry Experts Network, established in 2015 to further operationalize the G20 Common Principles for Action: Denial of Safe Haven (2012) and to advance the ACWG's efforts to ensure that corrupt officials are unable to travel abroad and enjoy the proceeds of their crimes with impunity, held its second meeting in London in June 2016. A third Network meeting took place in Berlin in January 2017. The Network is compiling legal texts outlining G20 States' authorities to deny entry to corrupt actors.

At the Hangzhou Summit, G20 Leaders welcomed the Chinese initiative to establish a Research Center on International Cooperation Regarding Persons Sought for Corruption and Asset Recovery in G20 Member States. In the meantime, the Center was officially established in September 2016 and is now operational, with a database of experts established and several research projects ongoing.

#### ❖ **Beneficial ownership**

Regarding asset tracing and beneficial ownership of bank accounts, G20 States are sharing their practices and experiences on how they access, in a timely fashion, up-to-date information held by banks.

The ACWG explored practices and policy consideration on the issues of "unaccounted assets".

In October 2016, the ACWG held its 6<sup>th</sup> joint meeting with the FATF and brought together anti-money laundering/counterterrorist financing (AML/CFT) experts and anti-corruption experts to discuss transparency of beneficial ownership.

#### ❖ **Public sector integrity and transparency**

In April 2017, the ACWG adopted the Compendium of Good Practices on the Use of Open Data for Anti-corruption prepared by Mexico and the OECD. The Compendium aims to raise awareness on the benefits of the digital transformation of the public sector institutions (a process that includes open data initiatives) for good governance, national productivity, economic development and social innovation.

The ACWG welcomed the Budget Transparency Toolkit and thanked the OECD for its preparation with the participation of the Global Initiative for Fiscal Transparency Network (including the International Monetary Fund, the World Bank Group, the International Budget Partnership, the International Federation of Accountants and the Public Expenditure and Financial Assessment Program).

To promote a culture of integrity and accountability in public institutions, the ACWG discussed policies and systems to prevent, resolve and manage conflicts of interest affecting public officials.

The ACWG discussed the contribution that internationally acknowledged standards for regulatory policy and governance can make to preventing corruption given that simple, comprehensible, and effective regulation helps prevent corruption in making, implementing and executing rules.

#### ❖ **Corruption and Economic Growth**

In October 2016, the 2016 ACWG co-chairs China and UK, together with the OECD, hosted a G20 Seminar on Corruption and Economic Growth with representatives from business, civil society and academia.<sup>4</sup>

#### ❖ **Sectors**

**Sports:** The ACWG discussed the potential for a strong call towards international sport organizations to intensify their anti-corruption efforts. Efforts are being made worldwide to strengthen governance standards in the sports sector, specifically around the principles of democracy, transparency, accountability in decision-making, and inclusiveness in the representation of interested stakeholders. However, there also seems to be an increasing need for sporting bodies, governments and international organizations to cooperate and develop effective working relationships to address the aforementioned challenges and to restore trust. The German Presidency and the OECD devoted a panel to these issues at the 6<sup>th</sup> High Level Anti-Corruption Conference in January 2017. In addition, the ACWG was updated by the United Kingdom on the follow up to the London Anti-Corruption Summit and briefed by the UNODC and the OECD on ongoing activities regarding corruption and sports.

**Customs:** The ACWG adopted the compendium on Customs Integrity: Taking Stock of Good Practices, prepared by Mexico and the OECD. The compendium identifies good practices on promoting integrity in customs, as corruption in customs administrations can have extremely severe consequences for economic growth and development, including by diverting funds away from businesses and governments and ultimately disrupting the flow of trade by discouraging potential trading partners.

#### ❖ **United Nations Convention against Corruption**

The ACWG continues to encourage Japan to become a States Party to the United Nations Convention against Corruption and to urge all States Parties to effectively implement the Convention. Japan updated the ACWG on progress made in this respect.

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<sup>4</sup> For a report on the highlights, c.f. <https://www.oecd.org/china/G20-Seminar-Corruption-Economic-Growth-2016.pdf>.

### ❖ **Foreign Bribery**

The ACWG continues to encourage India and Indonesia to criminalize foreign bribery as required by United Nations Convention against Corruption. India and Indonesia updated the ACWG on steps taken in this respect towards criminalizing foreign bribery.

The ACWG continues to encourage the four G20 States which are not yet party to the OECD Anti-Bribery Convention to participate actively with the OECD Working Group on Bribery, including through possible Participant status, and exploring possible adherence to the Convention. China, India, Indonesia and Saudi Arabia updated the ACWG on their steps taken in this respect.

### ❖ **Cross-cutting**

In order to keep track of on-going work on the role of cash in facilitating corruption, the ACWG was briefed on initiatives to reduce cash by using digital payments in public spending.