

Concept Note

Global Expert Group Meeting on Corruption involving Vast Quantities of Assets

3-5 December 2018, Lima, Peru

Background

The international community celebrates the 15th anniversary of the United Nations Convention against Corruption (the Convention) in 2018, following its adoption by the General Assembly on 31 October 2003. With 186 Parties¹ the Convention provides a truly global legally binding framework for preventing and combatting corruption. The return of stolen assets to their countries of origin is a fundamental principle of the Convention, which dedicates a full chapter to asset recovery. Furthermore, in the preambular of the Convention it is noted that cases of corruption that involve vast quantities of assets “may constitute a substantial proportion of the resources of States” and may “threaten the political stability and sustainable development of those States”².

At the seventh session of the Conference of the States Parties (CoSP) in November 2017, States parties unanimously adopted Resolution 7/2 entitled “Preventing and combatting corruption in all its forms more effectively, including, among others, when it involves vast quantities of assets, based on a comprehensive and multidisciplinary approach, in accordance with the United Nations Convention against Corruption”³. The resolution underlines the importance of corruption involving vast quantities of assets, notably by urging States parties to increase their efforts and to take measures to prevent and counter corruption, giving the necessary focus to acts of corruption that involve vast quantities of assets.

Over the last decades, many countries have experienced instances of corruption involving vast quantities of assets. These cases often involve politically exposed persons and complicit networks of accountants, lawyers, shell companies, banks and other stakeholders. These well-established networks facilitate the commission of criminal acts, notably the stealing of funds and the laundering of these funds into legitimate assets.

Given the often secretive nature of corruption and the tremendous challenges in effectively investigating and prosecuting corruption involving vast quantities of assets, the cases that make headlines likely constitute the tip of the iceberg. The damage caused by corruption cases of this nature has been well-documented by anti-corruption agencies, academia, media and civil society world-wide. In recent years, corruption has also increasingly been recognized as a security threat. The strong correlation between corruption and conflict has been the driving force for a recent United Nations Security Council briefing on “Maintenance of International Peace and Security: Corruption and Conflict” in September 2018, where United Nations Secretary-General, Mr. António Guterres, noted that the connections among corruption,

¹ <http://www.unodc.org/unodc/en/corruption/ratification-status.html>

² http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

³ <http://www.unodc.org/documents/treaties/UNCAC/COSP/session7/V1800228e.pdf>

terrorism and violent extremism have been repeatedly recognized by the Security Council and General Assembly and stated that “corruption can be a trigger for conflict. As conflict rages, corruption prospers. And even if conflict ebbs, corruption can impede recovery. [...]”⁴ General Denis Mercier, Supreme Allied Commander of Transformation of NATO has recently also referred to corruption as a security risk and has emphasized that “fighting corruption has a direct connection with projecting stability”.⁵ Transparency International in 2014 issued a report on “Corruption as a Threat to Stability and Peace”⁶ and more recently, observed that billions of USD allegedly stolen by military chiefs through corruption in the defence sector led to weakened counterterrorism capacity, while strengthening a terrorist organization.⁷

Corruption has also been documented to have a critical impact on the environment and on environmental security. As a prime enabler of environmental crime, such as dumping of hazardous waste, illegal logging, land grabbing, illegal fishing and wildlife crime, corruption underlies to the destruction of primary forests, marine life and wildlife, and effectively contributes to climate change and the loss of biodiversity.⁸ Moreover, according to a recent report by INTERPOL, RHIPTO and the Global Initiative on Transnational Organized Crime, environmental crime has become the largest financial driver of conflict and is now estimated to be equivalent to US\$110–281 billion annually, making it the third largest criminal sector worldwide after drugs, counterfeit goods and trafficking.⁹

International human rights mechanisms, including the Human Rights Council, have paid increasing attention to the negative impact of corruption on the enjoyment of human rights and made numerous recommendations to Member States with the aim to prevent and suppress corruption.¹⁰ At an expert workshop in 2018 hosted by the United Nations Office of the High Commissioner for Human Rights, experts agreed anti-corruption and human rights actors stand to benefit from increased exchange of information, sharing of approaches, practices, and coordination.¹¹ Going even further, President Muhammadu Buhari recently called on the 123 States Parties to the Rome Statute of the International Criminal Court (ICC) to provide the court with jurisdiction over “serious cases of corruption by state actors that severely compromise the development efforts of countries and throw citizens into greater poverty.”¹²

Given the strong impact of corruption involving vast quantities of assets on peace and security, the environment and human rights, the international community is increasingly expressing concern about this type of corruption. While there is consensus that addressing cases of corruption involving vast quantities of assets require strong measures to tackle them, there is no clear understanding of possible shortcomings that are common to these cases and safeguards countries could put in place to prevent these cases from occurring. Hence, the topic merits further and deeper discussion among global experts.

⁴ <https://www.unmultimedia.org/avlibrary/asset/2231/2231403/>

⁵ [SACT Keynote Address at the 10th NATO Building Integrity Conference in Washington DC in September 2017](#)

⁶ “Corruption as a Threat to Stability and Peace”, by Transparency International Germany (2014)

⁷ “Weaponising Transparency. Defense procurement reform as a counterterrorism strategy in Nigeria”, by Transparency International United Kingdom (2017)

⁸ “The global farmland grab in 2016: how big, how bad?”, by GRAIN (2016), “At What Cost? Irresponsible business and the murder of land and environmental defenders in 2017”, by Global Witness (2018), [Eco Activists for Governance and Law Enforcement, Fisheries Transparency Initiative](#).

⁹ “World Atlas of Illicit Flows” by INTERPOL, RHIPTO and the Global Initiative on Transnational Organized Crime (2018)

¹⁰ <https://www.ohchr.org/EN/Issues/CorruptionAndHR/Pages/CorruptionAndHRIndex.aspx>

¹¹ <https://www.ohchr.org/EN/Issues/CorruptionAndHR/Pages/WorkshopPreventingFightingAgainstCorruption.aspx>

¹² <https://allafrica.com/view/group/main/main/id/00062594.html>

As part of these discussions, it is important to consider both the preventive and the enforcement angle of the fight against corruption involving vast quantities of assets. In recent years, the issue of beneficial ownership and the use of shell companies has received increasing attention, even more so following the publication of the Panama and Paradise Papers. Beneficial ownership has been the focus of the United Nations, the European Union, the Financial Action Task Force, the G20, the G7, and civil society organizations and various publications and conferences have drawn attention to the use of corporate vehicles and banking secrecy in schemes of corruption involving vast quantities of assets.¹³ Asset disclosure by public officials and regulation of political party funding have also been pushed forward with increasing vigour by governments and civil society organizations as useful instruments to tackle corruption by politically exposed persons.

In addition to the work of law enforcement agencies and anti-corruption agencies, many of the cases involving vast quantities of assets, have initially come to light following painstaking efforts by investigative journalists and journalist consortia which subsequently have been further investigated and prosecuted by national jurisdictions. In recent years, more and more networks of investigative journalists have sprung up across the world that work collaboratively on cross-border organized crime and corruption cases.

In terms of enforcement, in the past two decades, an increasing number of States have fully criminalized the bribery of domestic and foreign public officials and the number of prosecutions can be seen as a good sign of serious enforcement measures. While gaps in implementation remain, increasingly, States investigate and prosecute natural and legal persons in their jurisdiction that have committed corruption offences abroad or that have used their jurisdictions to launder proceeds of crimes committed abroad.

To accumulate lessons learned in terms of addressing corruption involving vast quantities of assets, resolution 7/2 mandates the United Nations Office on Drugs and Crime (UNODC) to document best practices, both in terms of (1) “the identification of legal and natural persons involved in the establishment of corporate entities, including shell companies, trusts and other similar arrangements, which may be abused to commit or conceal crimes of corruption or to hide, disguise or transfer the proceeds of corruption to countries that provide safety to the corrupt and/or such proceeds” and (2) “criminal and civil measures and remedies to enhance international cooperation and asset recovery”. Various States parties have already voluntarily shared information with the United Nations Secretariat on these topics and analysis is currently undertaken.

As a further follow-up to Resolution 7/2, and with the support of Norway, UNODC, with input by the joint UNODC World Bank Stolen Asset Recovery (StAR) Initiative, is convening this first Expert Group Meeting hosted by the Ministry of Foreign Affairs Peru. It is envisaged that a second meeting will be held in May 2019, in Norway.

Purpose

The Expert Group Meeting (EGM) in Lima will be hosted in Peru with the purpose of bringing together experts on the topic of “corruption involving vast quantities of assets” from across the world to:

¹³ [“The Puppet Masters : How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It”](#) by The World Bank/UNODC (2011), [G20 High Level Principles on Beneficial Ownership Transparency](#), the [London Anti-Corruption Summit](#) (2016), [Global Financial Integrity](#), [Tax Justice Network](#), [Fifth EU Anti-Money Laundering Directive](#).

- (1) Share lessons learned from the investigation of corruption cases involving vast quantities of assets, notably in terms of challenges and best practices;
- (2) Consider the impact of corruption involving vast quantities of assets on security, the environment and the enjoyment of human rights;
- (3) Start identifying good practices to tackle corruption involving vast quantities of assets effectively, notably through criminal and civil measures and remedies to enhance international cooperation and asset recovery and the identification of beneficial owners of corporate vehicles abused in such corruption cases.

Participants

The participants will be experts, notably practitioners, policy-makers, academics, and civil society organizations with first-hand experience in fighting corruption involving vast quantities of assets.

Methodology

The meeting will be structured around 2.5 days of discussions dedicated to: Lessons learned in handling corruption cases involving vast quantities of assets; The impact of corruption involving vast quantities of assets on peace and security, the enjoyment of human rights and the environment; and brainstorming on effective practices to prevent and counter cases of corruption, in particular those involving vast quantities of assets.