

# **Lima Statement**

## **on Corruption involving Vast Quantities of Assets**

**Adopted in Lima, Peru, on 5 December 2018**

From 3 to 5 December 2018, around 80 experts specialized in investigating and prosecuting corruption involving vast quantities of assets coming from nearly 40 countries from all over the world met in Lima for a Global Expert Group Meeting on Corruption involving Vast Quantities of Assets. The Expert Group Meeting took place in partnership with the Ministry of Foreign Affairs of the Republic of Peru and ended with a ceremony celebrating the 15<sup>th</sup> anniversary of the United Nations Convention against Corruption (“the Convention”), in the presence of H.E. Mr. Néstor Popolizio Bardales, Minister of Foreign Affairs of Peru, and under the auspices of H.E. Mr. Martín Vizcarra Cornejo, President of the Republic of Peru, as part of the Anti-Corruption Day celebrations.

The Expert Group Meeting sought to further the implementation of resolution 7/2 of the Conference of States Parties to the Convention, adopted in November 2017. The Expert Group Meeting aimed specifically to (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; and (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.

Resolution 7/2 calls for a comprehensive and multidisciplinary approach to preventing and combating corruption more effectively in line with the Convention and giving the necessary focus to, among other forms of corruption, acts of corruption that involve vast quantities of assets. States Parties expressed their concern about the exacerbation of poverty and inequality through corruption and the negative impact of all forms of corruption, notably on the most disadvantaged individuals in society.

While the international community adopted the United Nations Convention against Corruption 15 years ago and has made tremendous efforts to curb corruption, corruption cases continue to frequently make headlines, in particular those involving vast quantities of assets. These cases often involve politically exposed persons and complex networks of accountants, lawyers, shell companies and financial institutions. There is increasing concern about the impact of such cases of corruption on peace and security, the environment and the enjoyment of human rights.

Stressing the transnationality of this phenomenon and its effects on all societies and economies, resolution 7/2 calls for the sharing of best practices in the identification of legal and beneficial owners involved in the establishment of corporate entities and on measures taken to enhance international cooperation and asset recovery, which are essential means in the fight against corruption, in particular when it involves vast quantities of assets.

The 186 States Parties to the Convention have pledged to effectively prevent and combat corruption, while all 193 Member States of the United Nations are committed to the ambitious, transformative and comprehensive 2030 Agenda. Sustainable Development Goal (SDG) 16 includes targets on fighting corruption, bribery and illicit financial flows, promoting the rule of law

and developing accountable and transparent institutions and SDG 17 emphasizes the importance of enhancing the global partnership for sustainable development.

The Expert Group Meeting allowed for the discussion of numerous cases of corruption involving vast quantities of assets and a preliminary analysis of common elements of these cases, as well as deliberation on the challenges and best practices in investigating such cases and their negative impact.

The Expert Group Meeting was organized by the United Nations Office on Drugs and Crime (UNODC), in close cooperation with the Governments of Peru and Norway. Following in-depth deliberations, the experts agreed what follows.

The experts recalled the United Nations Convention against Corruption as an agreed global framework to prevent and fight corruption, including cases of corruption that involved vast quantities of assets, which may constitute a substantial proportion of the resources of States, and that threaten the political stability and sustainable development of those States.

Corruption involving vast quantities of assets could not be defined on the basis of a strict monetary threshold alone but needed to take into account the country-specific context, including the economic development of the country in which the cases occurred. In line with this, panellists presented cases that involved a broad range of monetary values, generally running in the millions – sometimes billions - of US dollars, as well as individuals who are, or have been, entrusted with prominent public functions, their family members and close associates (hereafter, politically exposed persons (PEPs)), and had an otherwise significant impact on the country.

The experts were concerned about the staggering amounts of assets stolen by PEPs, often using those assets for financing political campaigns and acquiring luxury goods such as yachts, private jets, premium real estate and jewellery. The experts highlighted such large-scale corruption as depriving States of the resources required to provide vital public services such as health care, education, housing, food or basic infrastructure. Preventing and combatting large-scale corruption would thus contribute to domestic resource mobilization for the achievement of the sustainable development goals.

In addition to the well-documented impact on economic development, several of the presentations confirmed the nefarious impact of corruption involving vast quantities of assets on peace and security, the enjoyment of human rights, climate change and biodiversity. Some experts reported on the impact that the looting of substantial resources by high-level military officials had on fuelling conflicts. Experts noted that embezzled or stolen resources have at times ended up in the hands of violent extremists or insurgents. In several cases, depriving troops of income has led to soldiers committing acts of pillaging and crimes against humanity.

Several case studies involving deforestation and the plundering of ecological resources were presented, often involving bribery and the abuse of authority in granting authorization or permits to exploit natural resources and bypassing regulations on social and environmental impact, with very few cases resulting in an investigation or prosecution.

The experts raised concern about the impunity that reigns in many cases involving vast quantities of assets, the difficulty of investigating such cases and persistent challenges in the recovery of stolen assets; however, they also stressed the increased and successful efforts by various jurisdictions to effectively investigate and prosecute cases of corruption involving vast quantities of assets, notably through successful international cooperation. In this regard, the experts noted

that many investigations and prosecutions of PEPs could only take place after political change had occurred in the country.

In the cases discussed, information received from whistle-blowers, investigative journalists, cooperating witnesses, asset declarations and spontaneous cooperation from foreign jurisdictions were often catalytic for starting the investigations.

Based on the cases discussed, the experts identified, inter alia, the following key enablers of corruption involving vast quantities of assets: availability of corporate structures that conceal beneficial ownership, financial and legal intermediaries willing to assist corrupt actors in hiding stolen assets abroad, frequent harassment, intimidation, physical attacks and sudden deaths of key witnesses, whistle-blowers and those investigating, prosecuting and adjudicating corruption cases involving vast quantities of assets and conducive environments where PEPs are able to control all branches of power, notably the executive, legislative and judicial powers, as well as mass media.

With regard to **prevention**, the experts welcomed the measures taken by various jurisdictions to prevent corruption and money laundering through increased beneficial ownership transparency notably through various types of registries of company and real estate ownership. The experts noted that financial institutions were regularly observed as complicit to varying degrees in the commission of acts of corruption involving vast quantities of assets presented during the meeting. The experts identified specific sectors as particularly prone to corruption involving vast quantities of assets and emphasized the need to focus on preventing corruption in these sectors, most notably the extractive industries of natural resources, as well as the defence, telecommunications, infrastructure and power sectors.

The experts also highlighted the importance of building trust in public institutions, ensuring democratic governance, and the usefulness of independent, effective and efficient auditing, including social audits of mass entitlement programmes. The experts encouraged the promotion of open data by, inter alia, regulating public procurement and making pertinent information publicly available wherever possible, rendering budgets and state expenditures transparent, enhancing access to information, including to beneficial ownership information and court case documents, and making use of new technology. The experts also emphasized the importance of ensuring checks and balances to control PEPs' access to public budgets, as well as reforms to strengthen the integrity of judicial systems and to ensure merit-based appointment, especially for judges, to prevent nepotism.

The experts also noted the need to improve and effectively carry out due diligence procedures, in particular in law firms, to ensure that they cannot be used to launder proceeds of crime, as well as the need to regulate the establishment, use of and interaction with shell companies, and to improve systems to prevent vast quantities of assets being laundered through financial institutions. Experts also encouraged strengthening due diligence of newly established financial institutions prior to integrating them into global financial networks and increasing transparency of beneficial ownership of all financial institutions so as to avoid their concealed take-over and misuse by corrupt PEPs.

Looking at one of the key drivers of corruption involving vast quantities of assets, notably PEPs pursuit of financial resources to stay in power, experts noted the need to explore mechanisms to reduce the costs of electoral campaigns, as well as to regulate election financing and increase transparency and accountability for political party financing.

With regard to **enforcement**, the experts stressed the importance of fighting impunity and ensuring that crime does not pay. The experts noted the complexity of combating corruption involving vast quantities of assets, notably in environments where PEPs are able to control all branches of power as well as several vulnerable sectors. Furthermore, the experts recognized the essential role of reporting persons and investigative journalists in exposing corruption involving vast quantities of assets and expressed their concern about the frequent harassment, intimidation and threats and attacks on life and well-being of witnesses, whistle-blowers and those investigating, prosecuting and adjudicating corruption cases involving vast quantities of assets. In this regard, the experts also emphasized the need for stronger international protection mechanisms of key actors without whom the investigation, prosecution and sanctioning of perpetrators would not be possible.

The experts also highlighted the need to ensure and strengthen the independence and security of tenure of investigating and prosecuting authorities as well as of the judiciary and to ensure adequate resources for anti-corruption institutions. The experts encouraged improving inter-institutional cooperation and using investigative tools and open source data for investigations to trace assets and follow the money trail. The experts highlighted the advantages of specific legal tools, such as the possibility of plea bargaining, to obtain cooperation from defendants, the expansion of the use of extraterritorial jurisdiction and the utilisation of unexplained wealth orders.

The experts also stressed the importance of public involvement, notably of citizens to counter corruption at all levels, including through anonymous reporting of alleged offences and of secure communication tools for journalists and civil society organizations investigating corruption in difficult environments. The experts encouraged authorities to accept assistance from international organizations or specialized civil society organizations in investigating and prosecuting cases involving vast quantities of assets.

The experts also encouraged more consideration of challenges posed by the use of cash, hawala systems and cryptocurrencies for the investigation of money-laundering and stressed the importance of finding adequate and innovative ways to ensure traceability when transferring funds, including by taking advantage of new digital tools and promoting alternatives to cash transactions.

With regard to **international cooperation** and **asset recovery**, the experts noted the critical importance of building trust and understanding of different legal systems to further investigations and substantiate subsequent requests for mutual legal assistance and asset recovery. The experts encouraged the use of informal cooperation and direct contact during the investigation phase and the use of the various regional and international networks available for cooperation. The experts highlighted the importance of sharing information and intelligence at the international level.

The experts also emphasized the need for the timely, efficient, effective and flexible provision of mutual legal assistance, as a matter of international obligation, and the need to overcome obstacles in international cooperation, while acknowledging the usefulness of step-by-step guidance on mutual legal assistance in different jurisdictions. The experts highlighted the added value of enabling authorities to recover assets even in the absence of a criminal conviction and emphasized the advantages of civil litigation for asset recovery. The experts also noted the importance of the possibility to enforce foreign freezing, seizure and confiscation orders and the importance of using recovered assets for specific social purposes to remediate social damage caused by corruption and strengthen the restorative aspect of asset recovery by compensating the victims.

**Way forward:**

1. The experts recognized corruption involving vast quantities of assets as a threat to global peace and security, the enjoyment of human rights, a liveable climate and biodiversity.
2. The experts encouraged continued learning on this important topic and the replication of successful policies identified throughout the meeting in order to prevent and combat corruption involving vast quantities of assets.
3. The experts encouraged the continued sharing of knowledge and expertise with the UN Secretariat on innovative ways of improving international cooperation and the tracing of assets and beneficial owners of proceeds of acts of corruption involving vast quantities of assets.
4. The experts encouraged the development of innovative ways to adequately investigate, prosecute and sanction those individuals involved in acts of corruption involving vast quantities of assets.
5. The experts encouraged the development of sector-by-sector approaches and strategies to adequately prevent corruption involving vast quantities of assets.
6. Furthermore, the experts decided to share these observations with their respective governments to promote a concerted effort by the international community to tackle corruption involving vast quantities of assets more effectively.
7. As a follow-up to the Lima Expert Group Meeting, the next meeting of experts, to be held in Oslo in June 2019, will focus on innovative ways of tackling the drivers and enablers of corruption involving vast quantities of assets.

The experts expressed their appreciation and gratitude to the Governments of Norway and Peru and to the United Nations Office on Drugs and Crime for their support in the organization of the Expert Group Meeting.

Lima, 5 December 2018