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Impacts of corruption involving vast quantities of assets on the environment

Presentation by Mike Davis, Global Witness to UNODC meeting in Oslo

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Corruption involving vast quantities of assets is one of the main reasons why we face climate catastrophe. Global Witness investigations over nearly 25 years show it is a key driver of the liquidation of the world's forests; forests that we need to protect to stand any chance of staying below a 1.5 degree temperature rise.

Moreover, corrupt destruction of the forests is often accompanied by destruction of the lives of people who depend on them. Data gathered by my colleagues shows that, in 2017 alone, over two hundred land and environmental defenders around the world were murdered.

I'm going to introduce briefly two emblematic cases of grand and the impact on the environment and then talk about one of the things we urgently need to do.

SLIDE 2

- Probably a lot of you are familiar with this rather spectacular case. Teodorin Obiang, who is currently First Vice President of Equatorial Guinea and, not coincidentally, the President's son, used to be the country's forest minister. At that time he OFFICIALLY made less than \$100,000 a year but somehow managed to amass a fortune estimated at \$300 million. Most of that money probably came from plundering oil and gas revenues, but Teodorin was also given 90,000 ha of logging concessions by his father when he took office.
- Using a string of anonymous companies – shell companies with hidden ownership – he used that money to buy a mansion in Malibu, California, a Gulfstream jet and a fleet of luxury cars. The U.S. Department of Justice took him to court and eventually seized about \$30 million dollars in assets including the home in Malibu. According to the DoJ, a Malaysian logging company paid Obiang especially high bribes and in return got "unfettered access" to the country's forests, including protected areas.

SLIDE 3

- This is the aftermath of a mudslide in the jade mines in Hpakant in Kachin State, Myanmar, just a few weeks ago. It killed around 50 people and is the latest of a succession of such accidents that have claimed tens or even hundreds of lives at a time.
- The people that own the jade mining companies have devastated the environment in this formerly forested region. Through corruption, they have seized assets that are worth billions of dollars of year.

- The ownership of the top jade mining companies is in many cases hidden, or at least was until a colleague and I investigated them. We found that the owners of the companies responsible for mudslides, landslides, deforestation and floods in this area, include generals from the former military dictatorship, dubious financiers and perhaps the biggest drug lord in Southeast Asia

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The lesson for aspiring kleptocrats is this: if you are going to seize vast quantities of natural resources, such as forested land, and turn them into hundreds of millions of dollars of dirty money, you will almost certainly require anonymous companies that hide your ownership to do it. You will almost certainly find seemingly reputable lawyers, accountants and company service providers willing to help you set up such companies for you. We see this in almost every grand corruption case we investigate.

An important part of the solution to this problem is public registers of beneficial ownership of companies. We need this so that law enforcement institutions, as well as journalists, civil society groups and ordinary citizens can see who the real owners are and stop companies being misused to conceal and shift the proceeds of corruption and other crimes.

More than 40 jurisdictions including members of the EU, the UK and UK's Overseas Territories are now covered by legislation requiring the establishment of public beneficial ownership registries. Other countries, including Ghana, Nigeria and Ukraine are looking at establishing such registries too.

We now have an opportunity to make public registers of beneficial ownership a global standard. My message to you experts and policy-makers assembled here is please work together to seize it.

Firstly, you can do this by encouraging governments of your countries and the countries you work in to join the Beneficial Ownership Leadership Group which was launched at the Open Government Partnership Summit at the end of last month in Ottawa. The group is being coordinated by Open Ownership coalition and is being co-led by the UK and Denmark.

Secondly, you can help make sure that as this global norm begins to bed in, the standards beneath the headline are high enough. That means low barriers to accessing the registers and organization of the information they contain using open data standards. This can make beneficial ownership registers truly public and an effective tool for combating corruption that is jeopardizing the climate, human rights and global peace and security.

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Thank you.