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Technical assistance

Preventing and combating corruption involving vast quantities of assets

Note by the Secretariat

I. Introduction

1. In its resolution 7/2, the Conference urged States parties to redouble ongoing efforts to prevent and combat corruption in all its forms and regardless of scale, based on a comprehensive and multidisciplinary approach in accordance with the United Nations Convention against Corruption, including by fostering the rejection of corruption, and to increase their efforts and to take measures to prevent and counter corruption, giving the necessary focus to, among others, acts of corruption that involved vast quantities of assets, without undermining their commitment to preventing and countering corruption at all levels and in all forms, and thereby contributing to the achievement of the Sustainable Development Goals, in particular Goal 16, by efficiently and effectively implementing the Convention.

2. In addition, the Conference invited States parties to share best practices in the identification of legal and natural persons involved in the establishment of corporate entities, including shell companies, trusts and other similar arrangements, which might be abused to commit or conceal crimes of corruption or to hide, disguise or transfer the proceeds of corruption to countries that provided safety to the corrupt and/or such proceeds. It also invited them to provide information, on a voluntary basis, on experiences and best practices on criminal and civil measures and remedies to enhance international cooperation and asset recovery related to corruption, including, among others, when it involved vast quantities of assets, and requested the United Nations Office on Drugs and Crime (UNODC) to compile the information provided by States parties, within existing resources.

II. Global Expert Group Meeting on Corruption involving Vast Quantities of Assets

3. Accordingly, UNODC organized, with support from the Governments of Norway and Peru, the first Global Expert Group Meeting on Corruption involving

* CAC/COSP/2019/1.



Vast Quantities of Assets, in Lima, from 3 to 5 December 2018. The outcome statement of that meeting is contained in annex I to the present document.

4. In addition, UNODC organized, with the support of the Government of Norway, the second Global Expert Group Meeting on Corruption involving Vast Quantities of Assets, in Oslo, from 12 to 14 June 2019. The outcome statement of that meeting is contained in annex II.

5. Moreover, in preparation for the second Global Expert Group Meeting, and with the support of the Government of Norway, UNODC organized an expert group meeting on transparency in political finance in Prague on 21 May 2019. The principles on transparency in political finance that the experts attending that meeting recommended for submission to the second Global Expert Group Meeting are contained in annex III.

III. Analysis of responses submitted by States parties

6. In preparation for the first Expert Group Meeting, UNODC sent out two notes verbales, in March and April 2018, respectively, to States parties, with a request to share information on the identification of legal and natural persons involved in the establishment of corporate entities and on measures taken to enhance international cooperation and asset recovery. An analysis of the 32 responses received by UNODC highlighted some initial best practices, which were subsequently discussed in Lima. The analysis, which was presented at the meeting, is provided below.

A. International cooperation and asset recovery

7. Several States reported on their ability to provide non-treaty-based mutual legal assistance on the basis of reciprocity. In one country, the communication of an initial suspicion by the requesting State was sufficient for the country to initiate asset tracing procedures. Other countries used bilateral or multilateral treaties or memorandums of understanding to share information or provide mutual legal assistance. One country described a memorandum of understanding among 12 countries in the region that was specifically on the management of complex data in organized crime and corruption cases. States parties made use of a number of networks to facilitate international cooperation.

8. The most frequently mentioned networks were the Egmont Group of Financial Intelligence Units, for the exchange of information among such units, and Financial Action Task Force-style regional bodies. States also highlighted other regional platforms, including the Ibero-American Network for International Legal Cooperation and the Arab Anti-Corruption and Integrity Network. Europol, with its Secure Information Exchange Network Application, Eurojust and the European Judicial Network in criminal matters were also mentioned. Several countries reported having nominated focal points, in particular for asset recovery, to the Camden Asset Recovery Inter-Agency Network or the Global Focal Point Network Asset Recovery established by the International Criminal Police Organization and the Stolen Asset Recovery Initiative, as well as in compliance with the obligation under Council Decision 2007/845/JHA of the European Union to designate a national asset recovery office. Networks were seen as particularly useful to reduce the response time for mutual legal assistance requests and enhance the efficiency of cooperation.

9. Several States indicated that their legislation or a treaty permitted them to share information spontaneously, and countries highlighted the benefits of police-to-police direct communication. One State party mentioned that it made use of the secretariats of the Convention against Corruption and of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the Organization for Economic Cooperation and Development to retrieve information on the channels for mutual legal assistance before sending a formal request. To illustrate the

usefulness of international networks, one country described how a case involving vast quantities of assets had been solved with the assistance of 13 jurisdictions. Several countries reported on the role of their central authority, either to handle the requests directly or to forward them to the responsible national authority.

10. Specialized asset recovery offices exist in several countries, some being responsible for carrying out domestic procedures and for mutual legal assistance. One country described a newly established department within the asset recovery office responsible specifically for financial analysis. Several countries described inter-agency cooperation frameworks for the exchange of domestic information and for asset recovery, as well as the establishment of joint international investigation teams and informal prosecutor networks. One State party sent experts to requesting States to assist with the drafting of the formal requests. Another State party had regular meetings with other States parties under bilateral treaties to improve the level of cooperation between the countries.

11. Two States parties reported that they handled requests to freeze or seize assets with urgency when coming from another State party to the Convention against Corruption. One State party appointed a lawyer as a national focal point for the requesting State. Several States parties described the possibility of non-conviction-based confiscation in various circumstances. For example, the concept of preventive confiscation existed in one State party for habitual offenders considered “especially dangerous”. In another State party, assets could be subject to so-called “extended confiscation” when an offender’s property was not proportionate to their declared income and there were reasonable grounds to assume that the property had been derived from crime. Regarding the management of assets, one country had established trust accounts at its central bank in which proceeds of corruption-related crimes were kept and managed until restitution could be initiated.

B. Beneficial ownership

12. Regarding the identification of legal and natural persons involved in the establishment of corporate entities, States parties reported the adoption of various legislative and institutional instruments. In general, national financial institutions were obligated to exercise due diligence with regard to clients and had to identify legal and beneficial owners of corporate vehicles. Several States parties required beneficial owners to be identified to the authorities, be it in the form of entering the information into a register of beneficial owners or in another form. Levels of access to the described information ranged from records that are not public but available for legitimate interests to publicly available and searchable registers. One State party also described a publicly available trust register.

13. In order for national authorities to be able to identify the beneficial owner of a legal person, States parties had developed a number of strategies, ranging from transferring preventive investigative powers to specialized authorities or financial intelligence units, or making the registration of companies subject to verification of the beneficial ownership, for example, through a national fingerprinting system or relying on national banks to exercise due diligence. Several States parties reported a duty to regularly update and verify the beneficial ownership information that had been provided, including through the possibility for authorities to conduct on-site visits and inspections.

14. Several States parties reported linking databases and providing wide-ranging access to other registers as a best practice when investigating or verifying beneficial ownership or when tracing assets. Such registers included central bank registers, real estate registers, company registers, vehicle registers, fire arms registers and criminal records. Two States parties relied on assets declared by public officials as an additional source of information. In one State party, the financial intelligence unit periodically issued so-called red flag or anomaly indicators to help the relevant entities to detect and report suspicious transactions.

15. Regarding the treatment of politically exposed persons, several States parties have issued internal guidance materials. Several States parties also keep lists of public positions held by individuals who should be considered as politically exposed persons under the national anti-money-laundering regime. One State party reported updating the list monthly and making it available to compliance officers. Another State party reported publishing the list online.

16. Most States parties reported regulating against the engagement with shell banks and prohibiting both the establishment of national shell banks and engaging with shell banks abroad. Some States parties only allowed contact with foreign banks that did not engage with shell banks and prohibited contact with foreign financial institutions that allowed the use of their accounts by shell banks. One State party went further by prohibiting business relationships of national financial institutions in countries where shell banks operated. Several States parties kept lists of shell banks and companies, with one State party publishing this list online.

IV. Conclusion

17. States reported on various capacity-building measures taken to enhance the prevention of money-laundering, as well as asset recovery and international cooperation. Several States have developed internal guidance documents on procedural issues, asset tracing and politically exposed persons and have used UNODC publications to elaborate those guidance documents. States parties have also organized internal training activities for practitioners and ensured internal sharing of knowledge and techniques.

18. All submissions described comprehensive measures directed at both the identification of legal and beneficial owners and the recovery of assets. Legislative and institutional frameworks appear dynamic, with at least one State party reporting that it was contemplating broadening the access to beneficial ownership registers and another that it was looking into establishing a national register of assets. Several States parties have set up internal task forces with the goal of strengthening their anti-money-laundering and asset recovery regimes, and several States parties have committed to improving human and technological resources, as well as the organizational structures necessary to prevent money-laundering and recover assets effectively.

Annex I

Lima statement on corruption involving vast quantities of assets

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 fifteenth 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 the 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 16 includes targets on fighting corruption, bribery and illicit financial flows, promoting the rule of law and developing accountable and transparent institutions, and Sustainable Development Goal 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, 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 United States 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), and had an otherwise significant impact on the country.

The experts were concerned about the staggering amounts of assets stolen by politically exposed persons, 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 combating 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 politically exposed persons 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 politically exposed persons 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 politically exposed persons' 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 takeover and misuse by corrupt politically exposed persons.

Looking at one of the key drivers of corruption involving vast quantities of assets, notably politically exposed persons' 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 politically exposed persons 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 utilization 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 United Nations 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.

Annex II

Oslo statement on corruption involving vast quantities of assets

From 12 to 14 June 2019, over 140 experts specialized in preventing, investigating and prosecuting corruption involving vast quantities of assets coming from more than 50 countries from all over the world met in Oslo for a second global expert group meeting on corruption involving vast quantities of assets. The Expert Group Meeting was organized in partnership with the Ministry of Foreign Affairs of Norway and with the support of the Norwegian Agency for Development Cooperation (Norad). H.E. Ms. Ine Marie Eriksen Søreide, the Minister of Foreign Affairs of Norway, H.E. Mr. Carlos Holmes Trujillo, the Minister of Foreign Affairs of Colombia, H.E. Dr. Harib al-Amimi, President of the Supreme Audit Institution of the United Arab Emirates and Chairman of the International Organization of Supreme Audit Institutions, and Mr. Rolando Ruiz Rosas, Minister, Director of International Organizations and Multilateral Policy, Ministry of Foreign Affairs of Peru, took part in the opening ceremony and shared their visions for international cooperation on corruption involving vast quantities of assets in the years ahead.

The second Global Expert Group Meeting on Corruption involving Vast Quantities of Assets comprised eight substantive sessions on the following topics:

1. The impact of corruption involving vast quantities of assets on peace and security, human rights and the environment;
2. Lessons learned from investigating cases of corruption involving vast quantities of assets and bringing them to justice;
3. Enhancing transparency in political party financing and electoral processes;
4. Ways to hold financial, legal and accounting intermediaries responsible for their role in facilitating corruption involving vast quantities of assets;
5. Improving international cooperation among law enforcement and judicial authorities to facilitate the investigation, prosecution and adjudication of cases of corruption involving vast quantities of assets;
6. Better ways to protect journalists and whistle-blowers, as well as investigators, prosecutors and judges and their independence, by the international community;
7. Innovative international standards required to prevent corruption involving vast quantities of assets more effectively; and
8. Sanctioning and compensating for corruption involving vast quantities of assets, including for social damage caused by it.

In each session, panellists shared experiences and introduced various ideas for improving international cooperation on corruption involving vast quantities of assets. Each session will be summarized in the forthcoming report of the meeting to be made available to the Conference of the States Parties to the United Nations Convention against Corruption. At the end of the meeting, the experts discussed the main outcomes of the meeting. They expressed support for the Lima Statement on Corruption involving Vast Quantities of Assets adopted in December 2018 in Lima, Peru. They agreed that the United Nations Convention against Corruption continued to provide the legally binding global framework in the fight against corruption and strongly urged all countries to fully implement the Convention. Furthermore, they agreed no regression from the obligations enshrined in the Convention should be accepted, as the fight against corruption continues to be a great challenge around the world. Finally, they made the following recommendations to be considered by

decision makers in the coming years, in order to effectively prevent and combat corruption involving vast quantities of assets effectively.

Recommendations on preventing and combating corruption involving vast quantities of assets

Participants made the following recommendations for consideration.

1. Prevention

(a) Asset disclosure and verification

Recommendation 1. Asset declarations systems for politically exposed persons should be established, including regular reporting, as well as sanctions for non-compliance, and public disclosure of those declarations should be encouraged, with due regard for national legislation.

Recommendation 2. International cooperation for asset verification should be strengthened, such as by exploring the possibility of entering into bilateral, regional or multilateral arrangements or instruments.

(b) Technology

Recommendation 3. Consideration should be given to the benefits and the risks associated with using technologies in efforts to prevent and combat corruption.

(c) State-owned or -controlled enterprises

Recommendation 4. State-owned or -controlled enterprises should disclose their management structures, revenues, expenditures and profits, and disclosure should be required of the beneficial ownership of the supplier companies providing services or goods, and the value accrued by public officials or politically exposed persons through contracts to private companies during their tenure at State-owned or -controlled enterprises, in line with national legislation.

Recommendation 5. State-owned or -controlled enterprises shall be subject to high standards of conduct and integrity and apply processes for hiring, retention, training, retirement and remuneration that are underpinned by the principles of efficiency, transparency and predetermined criteria, such as merit, equity and aptitude, in line with article 7 (1) of the United Nations Convention against Corruption. Private and public companies controlled by or affiliated with politically exposed persons and public officials, including security officials, should increase transparency in their operations, in line with national legislation.

(d) Charities

Recommendation 6. Not-for-profit organizations established or controlled by individuals holding high political office, their families and associates should provide full transparency on their revenues and expenditures, in line with national legislation.

(e) Vast quantities of assets contracts

Recommendation 7. For all contracts and subcontracts involving vast quantities of assets concluded between public authorities and private contractors, the ultimate beneficiaries should be disclosed publicly, in line with national legislation.

(f) Sectors

Recommendation 8. Strategies to reduce the risks of corruption involving vast quantities of assets should be developed for corruption-prone sectors, including security and defence, infrastructure, energy, extractive industries, water, health, education, sports, election administration, humanitarian assistance and foreign aid.

(g) High-value real estate, yachts, aircraft and other vehicles, and art works

Recommendation 9. The ultimate beneficial ownership information of high-value real estate, yachts, aircraft and other vehicles, and art works should be maintained, so that it can be accessible to the appropriate public authorities, including law enforcement.

(h) Beneficial ownership transparency

Recommendation 10. Global standards on beneficial ownership transparency could be further developed following in-depth study of the existing and emerging systems. Public beneficial ownership registries of legal entities, such as companies, trusts and limited liability partnerships, should be considered for introduction in all jurisdictions.

(i) Procurement in the defence sector

Recommendation 11. Economic offset offers in the context of defence procurement decisions should be prohibited, and transparency should be ensured as regards intermediaries, the services provided and the fees received, in line with national legislation.

(j) Effectiveness and monitoring

Recommendation 12. The evaluation of anti-corruption and anti-money-laundering systems should continue to go beyond formal compliance with international standards and also assess their effectiveness, including by collecting relevant data and encouraging its publication. Synergies among anti-corruption monitoring mechanisms should be further pursued to strengthen the impact of these mechanisms on evaluating and improving the effectiveness of States' anti-corruption measures.

(k) Public-private collaboration

Recommendation 13. Consideration should be given to developing formal and informal mechanisms and encouraging closer public-private sector collaboration to tackle corruption involving vast quantities of assets, including by cooperating with civil society to complement the work of Governments and the private sector.

2. Intermediaries

(a) Enablers

Recommendation 14. Further research, policy development, and programming should be undertaken to address the enablers of corruption involving vast quantities of assets.

(b) Legal privilege

Recommendation 15. International standard setters, lawmakers and bar associations should remove existing uncertainties around the interpretation of legal privilege or professional secrecy by clarifying which activities are and which activities are not covered by these protections in their jurisdiction.

Recommendation 16. To prevent the facilitation of corrupt activities, legal privilege or professional secrecy should protect only activities that are specific to the legal profession, such as ascertaining the legal position of a client, providing legal advice or representing a client in legal proceedings. These protections should not extend to activities performed by a legal professional that are purely financial or administrative in nature, such as handling client funds, acting as a nominee director or shareholder on behalf of a client or acting as a formation agent of legal persons.

Recommendation 17. Legal professionals should be required to conduct thorough due diligence on their clients, especially high-risk clients, which should always include maintaining up-to-date beneficial ownership information on legal entities. In the context of investigations, legal professionals should cooperate with law enforcement, whenever a disclosure requirement for beneficial ownership information exists and

make such information readily available to law enforcement. Reporting obligations should be considered when lawyers have reasonable grounds to believe that the conduct of their client is or may become illegal.

(c) Corporate formation agents

Recommendation 18. Lawyers, accountants, notaries, bankers, non-bank financial service providers and corporate professionals should not knowingly or negligently (e.g., failing to undertake the necessary due diligence) engage in or assist in corrupt practices, including by setting up shell companies and other legal arrangements. When failing to do so, they should be held accountable, individually or as legal entities.

Recommendation 19. Professional standards should also be strengthened for lawyers and accountants and other relevant professionals.

(d) Financial intelligence

Recommendation 20. All existing standards and norms on anti-money-laundering should be implemented and supervisory and enforcement bodies should be properly resourced and enabled to carry out their functions.

Recommendation 21. Consideration should be given to improving international information-sharing systems with timely access to cross-border financial transactions.

Recommendation 22. Dissuasive sanctions should be established by national authorities to effectively address cases of non-reporting of suspicious transactions.

(e) Banks

Recommendation 23. All beneficial owners of banks and non-bank financial institutions operating in a country should be known to the bank licensing and supervisory authorities in that country and accessible to the relevant law enforcement and anti-corruption authorities.

Recommendation 24. As part of the “fit and proper tests for directors and senior managers”, bank licensing and supervisory authorities should apply enhanced scrutiny to politically exposed persons and related parties who are proposed to take up positions as directors or senior managers in a bank.

Recommendation 25. Licensing and supervisory authorities for banks and non-bank financial institutions should have strong involvement in combating corruption, including having the necessary powers, independence and resources to enforce banking regulations.

Recommendation 26. Greater attention should be paid to the enforcement of obligations on correspondent banks to conduct due diligence on the ownership and management structure of respondent institutions, their clients, including banks, and the sources of their initial investment. They should take the necessary measures when suspicious influence of politically exposed persons is detected.

Recommendation 27. Institutions offering payable-through-accounts capabilities should know the counterparties of those accounts and conduct due diligence on them, including the identification of ultimate beneficial owners.

Recommendation 28. Banks and non-bank financial institutions should strengthen and implement compliance systems, including through the use of appropriate innovative technology. Procedures should be established through which compliance officers, in appropriate cases, can flag suspicious patterns of transactions or those involving vast quantities of assets to relevant higher authorities in cases of disagreement between compliance officers and their managers.

Recommendation 29. Greater attention should be paid to the use of undisclosed related party transactions to further corruption schemes involving vast quantities of assets, and this issue should be further studied.

3. Impact**(a) Gender**

Recommendation 30. More gender-differentiated analyses of corruption should be undertaken by international organizations and other stakeholders, and the findings of such analyses should be made publicly available to inform gender-appropriate responses.

(b) Human rights and human security

Recommendation 31. Additional research on the impact of corruption involving vast quantities of assets on global peace and security, the enjoyment of human rights, the climate and biodiversity should be conducted.

(c) Victims

Recommendation 32. Further study on the identification and compensation of victims of corruption involving vast quantities of assets should be carried out both nationally and internationally.

(d) Urban planning

Recommendation 33. Public administration, especially local institutions, involved in urban planning and other related stakeholders should cooperate with anti-corruption bodies in order to improve implementation of measures for preventing the use of real estate for money-laundering.

4. International cooperation**(a) Transnational nature**

Recommendation 34. The transnational nature of corruption involving vast quantities of assets should be properly acknowledged and addressed by using all the tools available for international cooperation, including using the full extent of a country's jurisdiction.

Recommendation 35. When initiating a case involving vast quantities of assets, law enforcement officials should think and act globally and proactively and should consider coordination with additional relevant jurisdictions, in line with article 53 of the Convention against Corruption, taking into account the practical steps laid out in the *Guidelines for the Efficient Recovery of Stolen Assets*.

(b) Informal cooperation

Recommendation 36. In order to complement mutual legal assistance frameworks, national practitioners are encouraged to use informal cooperation channels for the purpose of sharing information and building trust and confidence and to make full use of regional and international platforms to establish direct contact and channels of communication.

Recommendation 37. Global networks of law enforcement authorities working on cases involving vast quantities of assets should be strengthened and, in this regard, full use should be made of the forums provided by the Conference of the States Parties to the Convention and its subsidiary bodies, the meetings of other international organizations, regional meetings and meetings of experts.

(c) Joint investigations

Recommendation 38. Articles 48 and 49 of the Convention against Corruption on law enforcement cooperation and joint investigations should be used to their full potential.

Recommendation 39. The use of parallel or joint investigations should be considered in transnational cases in order to access all necessary evidence, and the parties should fully support each other's proceedings by furnishing relevant information

spontaneously whenever possible and promptly processing valid requests for mutual legal assistance.

(d) Tax authorities

Recommendation 40. Tax authorities are encouraged to further strengthen their cooperation with each other and with other law enforcement authorities internationally in cases of corruption involving vast quantities of assets.

(e) Foreign bribery

Recommendation 41. Legislation on foreign bribery should be adopted and enforced as a matter of priority by national authorities.

(f) Non-trial resolution

Recommendation 42. Where appropriate and consistent with national legal systems, non-trial resolutions can be considered as one effective means for settling cases of corruption involving vast quantities of assets. It should be ensured that settlements and non-trial resolutions in foreign bribery cases meet adequate standards of transparency, accountability and due process and, as far as possible, involve the jurisdictions affected and persons harmed by foreign bribery.

(g) Immunities

Recommendation 43. No functional immunity from prosecution should be granted to public officials engaged in corruption involving vast quantities of assets.

(h) Mutual legal assistance

Recommendation 44. Central authorities for mutual legal assistance or other competent authorities should proactively and in a timely manner assist requesting States in cases of corruption involving vast quantities of assets to meet the national requirements for mutual legal assistance, including by, where feasible, providing a contact person. Statistics on mutual legal assistance requests made, received and successfully responded to should be collected and published.

(i) Information on beneficial ownership

Recommendation 45. Parties, where possible, should provide the details of the beneficial ownership of companies or other legal entities holding assets in the requesting jurisdiction in a timely manner, and ideally within three months, to the investigatory agency lawfully requesting those details.

(j) Impunity

Recommendation 46. Innovative ideas to end impunity should be explored. To this effect, some proposals could be further analysed and discussed in more detail, including, for example, the establishment of regional mechanisms for prosecution or international mechanisms, such as establishing an international anti-corruption court, with respect for the sovereignty of States.

Recommendation 47. Other innovative ideas which could be further analysed and discussed were, with respect for sovereignty of States, for example, the establishment of an international special rapporteur for anti-corruption, the development of a protocol to the Convention against Corruption on corruption involving vast quantities of assets, exploring the possibility of extending the jurisdiction of the International Criminal Court to include corruption involving vast quantities of assets, creating international commissions against corruption and impunity, as well as elevating the Jakarta Principles to a more binding instrument, as well as the promotion of the three zero principles as enshrined in the Beijing Initiative for the Clean Silk Road.

Recommendation 48. National audit institutions should strengthen their cooperation with national anti-corruption authorities, where appropriate, including by using the full potential of audits and ensuring appropriate follow-up action to their reports. As with other oversight bodies, measures should be put in place to ensure that their actions are in accordance with international standards.

5. Protection of enforcers

(a) Enforcement

Recommendation 49. Authorities involved in the investigations, prosecution and adjudication of corruption cases involving vast quantities of assets should have the necessary powers, independence and resources to investigate and prosecute such cases.

(b) Anti-corruption bodies

Recommendation 50. Investigators, prosecutors and judges dealing with cases of corruption involving vast quantities of assets should be given special protection against retaliatory action and threats.

(c) Support funds

Recommendation 51. Consideration should be given to support funds for anti-corruption practitioners in difficult circumstances and similar initiatives to protect anti-corruption fighters, such as investigative journalists and other activists.

(d) Whistle-blowers

Recommendation 52. Whistle-blowers should be able to report corruption involving vast quantities of assets through effective, confidential and secure channels and should be encouraged to use internal disclosures (i.e., to their employer, including at the highest level of senior management) or report to designated bodies, including anti-corruption authorities, relevant civil society organizations and the media, as appropriate, and receive proper protection for doing so.

(e) Threats

Recommendation 53. All threats against whistle-blowers, witnesses, journalists and civil society activists involved in pursuing cases of corruption involving vast quantities of assets should be taken seriously, and protection should be granted in a timely manner by relevant authorities. In addition, protection could be extended through international, regional and bilateral channels.

Recommendation 54. Public figures should refrain from making menacing statements against investigators, prosecutors, judges, as well as whistle-blowers and witnesses, and journalists and civil society activists, particularly in cases of corruption involving vast quantities of assets.

6. Political finance

Transparency

Recommendation 55. Political finance should be transparent, in line with article 7 (3) of the Convention against Corruption, taking into consideration the principles on transparency in political finance recommended by the Expert Group at its meeting held in Prague in May 2019.

Recommendation 56. Any authority mandated to oversee and enforce political finance regulations should be granted the necessary powers, independence and resources required to fulfil its role, as well as the support of other enforcement agencies, where appropriate.

Recommendation 57. Civil society and media should provide oversight over political financing and be encouraged to monitor the sources of funds, costs and expenditures of political campaigns and parties, and they should be afforded the necessary protections to do so.

Recommendation 58. Addressing State capture, foreign funding in politics and the penetration of political parties by organized crime groups should be prioritized by national and international stakeholders.

7. Sanctions

(a) Non-conviction-based measures

Recommendation 59. Non-conviction-based measures should be considered to be introduced and further promoted, in particular in cases of corruption involving vast quantities of assets, in line with national legislation. Foreign non-conviction-based forfeiture orders should be enforced, and requesting countries should be granted mutual legal assistance during the investigation phase by requested countries, in line with national legislation.

(b) Network sanctions

Recommendation 60. Measures to address consequences of corruption, in particular when it involves vast quantities of assets, may include curtailing the activities of natural and legal persons and, in order to be more effective, encompass all actors involved at the national and international levels and their networks. Legal measures, such as denial of entry and asset blocking or freezing in relation to corrupt individuals, enablers and beneficiaries, can have a powerful deterrent effect. The more effective use of existing authorities and the development of new authorities that address human rights abuses and corruption could be further considered and analysed.

(c) Legal entities

Recommendation 61. The legal sanctions for legal entities engaged in corruption involving vast quantities of assets should be effective, proportionate and dissuasive, and established by law.

(d) Investment funds, including pension funds

Recommendation 62. Investment funds, including pension funds, should establish mechanisms for divesting from companies where complicity in offences in relation to corruption involving vast quantities of assets has been confirmed or established and where there is an unacceptable risk that they do not establish adequate prevention mechanisms.

Recommendation 63. Institutional investors, sovereign wealth funds, State investors and other investors should ask all the companies in which they invest to report routinely on the progress of their anti-corruption efforts and to publish summaries of these efforts annually.

8. Remedial action

Assets recovered

Recommendation 64. Assets recovered from corruption involving vast quantities of assets should benefit, to the extent possible, the victims, the society and local communities that have been harmed by the corruption, in accordance with principles of domestic law. Experts, civil society and grass-roots organizations and the private sector should be invited to significantly participate in the decision-making process over the managing and disposition of parts of returned assets for compensation of social damage, in line with national legislation. When States decide to enter into case-specific arrangements, as foreseen in article 57 of the Convention against Corruption, such arrangements can serve to further promote the principles of the

Convention to ensure transparency, as well as the accountable use of repatriated funds for the benefit of people harmed by the corruption. Such arrangements should not in any way interfere in the domestic affairs.

Annex III

Principles on transparency in political finance

The participants in the Expert Group Meeting on Transparency in Political Finance held in Prague on 21 May 2019 recommended that the following principles on transparency in political finance be submitted at the Expert Group Meeting held in Oslo, in June 2019.

1. Political finance

(a) Accounts

Bookkeeping. Political parties and political candidates ought to keep records of all their revenues and expenditures, including loans and in-kind donations; all off-the-books accounts ought to be prohibited; and political parties and political candidates ought to establish separate bank accounts for political campaigning.

Reporting. Political parties and political candidates ought to report in a comprehensive, standardized and detailed form, on a regular basis, at least on an annual basis and at least post-election within a reasonable time frame, all revenues and expenditures to an appropriate regulatory authority.

Disclosure. All donations to political parties and political candidates above a certain threshold established by law ought to be reported publicly, disclosing at least the amount and the identity of the donors; the same holds for all expenditures; and the data ought to be accessible, downloadable, detailed, comparable, user-friendly, timely and searchable.

(b) Sources

State-controlled entities. State-controlled entities ought to be prohibited from contributing financial or in-kind contributions to political parties, political candidates and election campaigns.

Foreign donations. Donations by foreign entities to political parties and candidates ought to be prohibited.

Donations by legal entities. All donations by legal entities to political parties and political candidates ought to be regulated, either by prohibiting them or capping them and requiring the disclosure of their beneficial ownership.

Loans. All loans granted under favourable conditions, written-off or unpaid for political parties and political candidates need to be considered as donations and all loans ought to be reported.

Third-party campaigning. Everyone involved in campaigning in favour or against specific political parties or candidates ought to report on their political campaign-related revenues and expenditures to an appropriate regulatory authority, if their spending is above a certain limit defined by law.

(c) Expenditures

Spending. Spending caps and recording ought to be considered by Governments in order to avoid escalating political campaigns costs, which, in turn, may lead political contestants to engage in corruption involving vast quantities of assets.

Election administration costs. Election administration costs ought to be made public.

2. Oversight

Supervision body. Any authority mandated to oversee and enforce political finance regulations should be granted the powers, independence and resources required to fulfil its role, including providing guidance to candidates and disclosing financial

reports received from political parties and candidates, and issue public reports on the authority's activities and findings.

Civil society and media. Civil society and media oversight over political financing ought to be encouraged, including monitoring the sources and costs of political campaigns.

Enforcement. Public prosecutors of corruption cases involving vast quantities of assets ought to have the necessary independence and resources to investigate and prosecute such cases.

3. Sanctions

Sanctions. The sanctions for political parties and candidates that do not comply with established rules and regulations on political finance ought to be effective, proportionate and dissuasive, and established by law.

Criteria for standing for office. Political contestants convicted for offences established in the United Nations Convention against Corruption ought to be prohibited from running for office.

4. Scope

Intraparty elections. All candidates running for public office ought to keep records of all their revenues and expenditures on intraparty elections.

Referendums. All rules and regulations applicable to political campaign financing ought to be equally applicable to national referendums.
