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**Review of the implementation of the United Nations
Convention against Corruption**

Implementation at the regional level of chapters II (Preventive measures) and V (Asset recovery) of the United Nations Convention against Corruption

Report prepared by the Secretariat

Summary

The present report complements the thematic report on the implementation of chapter II (Preventive measures) of the United Nations Convention against Corruption ([CAC/COSP/2021/5](#)) and the thematic report on the implementation of chapter V (Asset recovery) of the Convention ([CAC/COSP/2021/6](#)). It provides an overview of the implementation of the provisions on asset declarations, financial disclosure systems and the prevention of conflicts of interest in the public sector (art. 7, para. 4; art. 8, para. 5; and art. 52, paras. 5 and 6, of the Convention); and the identification of beneficial owners (art. 14, para. 1 (a) and art. 52, para. 1, of the Convention) by regional groups of States parties under review in the second cycle of the Mechanism for the Review of Implementation of the Convention.

* [CAC/COSP/2021/1](#).



I. Introduction, scope and structure of the report

1. In accordance with paragraphs 35 and 44 of the terms of reference of the Mechanism for the Review of Implementation of the United Nations Convention against Corruption, the present report contains supplementary information, organized by geographical region, to the thematic report on the implementation of chapter II (Preventive measures) of the Convention (CAC/COSP/2021/5) and the thematic report on chapter V (Asset recovery) of the Convention (CAC/COSP/2021/6). It provides an overview of successes, good practices, challenges and observations in relation to the implementation of article 7, paragraph 4; article 8, paragraph 5; article 14, paragraph 1 (a); and article 52, paragraphs 1, 5 and 6, of the Convention.¹ The report has been drafted on the basis of information included in 57 executive summaries completed under the second cycle of the Implementation Review Mechanism, including 19 executive summaries completed for the Group of African States, 17 for the Group of Asia-Pacific States, 10 for the Group of Western European and other States, 6 for the Group of Latin American and Caribbean States and 5 for the Group of Eastern European States.² The present report does not purport to be comprehensive, but instead endeavours to provide a summary of the information available in the country reviews completed under the second review cycle.

2. Two topics were selected from the thematic reports for further analysis on a regional basis: prevention of conflicts of interest in the public sector, asset declarations and financial disclosure systems (art. 7, para. 4; art. 8, para. 5; and art. 52, paras. 5 and 6, of the Convention) and the identification of beneficial owners (art. 14, para. 1 (a); and art. 52, para. 1, of the Convention).

3. In several resolutions, the Conference of the States Parties to the Convention against Corruption and the General Assembly have reiterated the importance of asset declaration and financial disclosure systems applicable to public officials³ and promoting the transparency of legal persons, including by collecting information on beneficial ownership⁴ covered in the present report.

4. Further analysis and additional articles of the Convention will be included in future iterations of the regional reports.

II. Implementation of select provisions of chapters II (Preventive measures) and V (Asset recovery) of Convention

A. Prevention of conflicts of interest in the public sector, asset declarations and financial disclosure systems (art. 7, para. 4; art. 8, para. 5; and art. 52, paras. 5 and 6, of the Convention)

5. Article 7, paragraph 4, of the Convention requires States parties to endeavour to adopt, maintain and strengthen systems that promote transparency and prevent conflicts of interest. This article provides the basis for the implementation of article 8, paragraph 5, of the Convention, pursuant to which States parties are to endeavour to establish measures and systems requiring public officials to make declarations regarding, inter alia, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result. Furthermore, in implementing these articles, States parties might have also considered

¹ In line with the outcome of the discussions of the Implementation Review Group, the thematic reports and the reports on implementation at the regional level will no longer be anonymized; countries used as illustrative examples of good practices have therefore been identified throughout the report.

² The present data are based on executive summaries completed as at 24 September 2021.

³ See Conference resolutions 5/4, 7/2 and 8/9.

⁴ See Conference resolutions 6/3 and 7/1, General Assembly resolution 74/206 and the political declaration adopted by the General Assembly at its special session against corruption, held in June 2021.

establishing effective financial disclosure systems for appropriate public officials, which may also include the disclosure of interests in or signature or other authority over foreign financial accounts, as prescribed by article 52, paragraphs 5 and 6, of the Convention.⁵ The present section analyses global and regional trends in relation to the implementation of the above-mentioned provisions.

6. With regard to the aggregated data on the provisions analysed in this section, gathered from the outcome documents of the review process, the highest number of recommendations were made in relation to article 8, paragraph 5, of the Convention. However, in comparison with the other articles analysed, a high number of good practices were identified. The majority of States parties analysed (47 out of 57) had received one or more of a total of 69 recommendations relating to this provision. As for article 7, paragraph 4, of the Convention, a total of 39 recommendations were issued to 31 States parties. The broader range of measures that can be implemented by States parties to comply with this provision might explain the lower number of recommendations issued.

7. A total of 37 States parties received recommendations in relation to article 52, paragraph 5, of the Convention. Moreover, it was found that the vast majority of States parties that had received recommendations relating to this provision (30 out of 37) had not established an asset declaration system in accordance with article 8, paragraph 5, of the Convention. This resulted in the provision of joint recommendations relating to both articles by the reviewing experts in several cases.

8. A total of 39 States parties received recommendations relating to article 52, paragraph 6, of the Convention. Moreover, more than two thirds of the States parties that received recommendations relating to article 52, paragraph 5, also received a recommendation relating to paragraph 6, evidencing the link between the two provisions.

9. Lastly, several States indicated that legislative and other measures were in the process of being implemented at the time of the country visit or had been implemented after the country visit. This confirms the role of the Implementation Review Mechanism as a catalyst for change in fight against corruption.

10. The following tables and figures provide an overview of the aforementioned data. To reflect the different sample sizes of States with completed reviews and make the data comparable, the numbers are portrayed relative to the size of the sample. For each regional group, total and proportional numbers are provided with regard to the number of States per group that received recommendations and the number of recommendations received per regional group.

Table 1
**Recommendations issued with regard to the implementation of article 7,
paragraph 4**

	<i>Number of States with completed reviews</i>	<i>Number of States that received recommendations</i>	<i>Total number of recommendations received</i>	<i>Percentage of States per group that received recommendations</i>	<i>Number of recommendations issued per State with completed reviews</i>
Group of African States	19	10	14	53	0.74
Group of Asia-Pacific States	17	10	10	59	0.59
Group of Eastern European States	5	3	5	60	1
Group of Latin American and Caribbean States	6	2	4	33	0.67
Group of Western European and other States	10	6	6	60	0.60

⁵ Further information on the implementation of article 52, paragraph 5, of the Convention at the regional level can be found in the report prepared by the Secretariat entitled “Implementation at the regional level of chapter V (Asset recovery) of the United Nations Convention against Corruption” (CAC/COSP/IRG/2021/8).

Figure I
Recommendations issued with regard to the implementation of article 7, paragraph 4, per State with completed reviews, by regional group

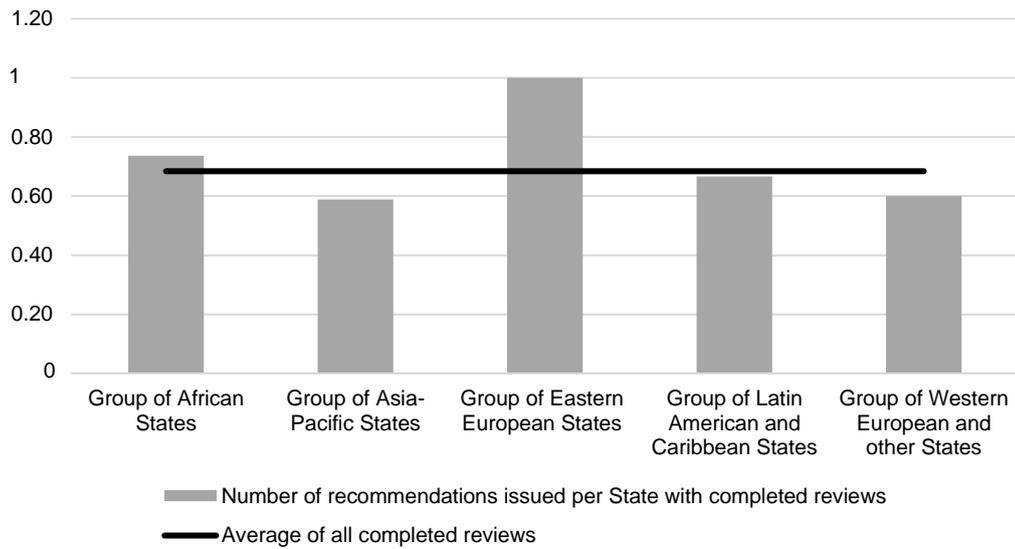


Table 2
Recommendations issued with regard to the implementation of article 8, paragraph 5

	<i>Number of States with completed reviews</i>	<i>Number of States that received recommendations</i>	<i>Total number of recommendations received</i>	<i>Percentage of States per group that received recommendations</i>	<i>Number of recommendations issued per State with completed reviews</i>
Group of African States	19	15	30	79	1.58
Group of Asia-Pacific States	17	15	18	88	1.06
Group of Eastern European States	5	5	6	100	1.20
Group of Latin American and Caribbean States	6	4	4	67	0.67
Group of Western European and other States	10	8	11	80	1.10

Figure II
Recommendations issued with regard to the implementation of article 8, paragraph 5, per State with completed reviews, by regional group

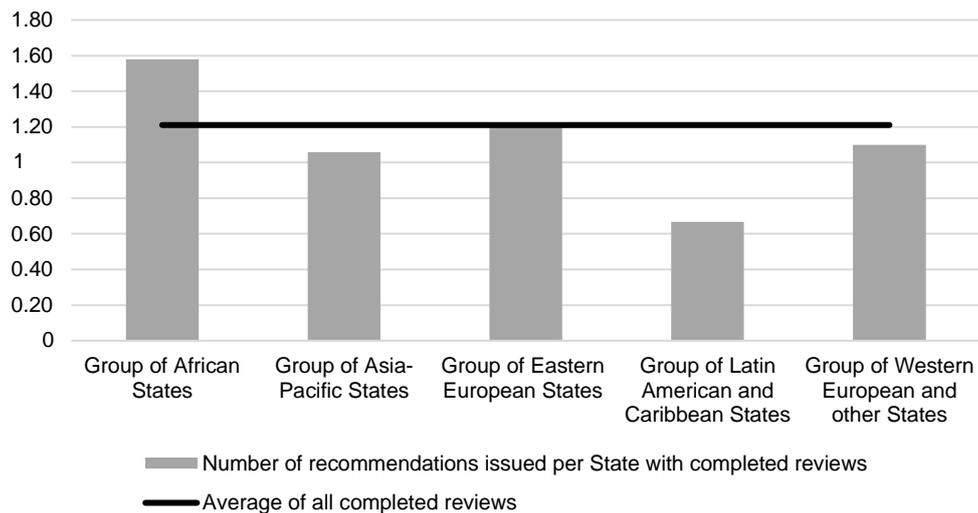


Table 3
Recommendations issued with regard to the implementation of article 52,
paragraph 5

	<i>Number of States with completed reviews</i>	<i>Number of States that received recommendations</i>	<i>Total number of recommendations received</i>	<i>Percentage of States per group that received recommendations</i>	<i>Number of recommendations issued per State with completed reviews</i>
Group of African States	19	14	17	74	0.89
Group of Asia-Pacific States	17	11	12	65	0.71
Group of Eastern European States	5	4	5	80	1
Group of Latin American and Caribbean States	6	3	3	50	0.50
Group of Western European and other States	10	5	8	50	0.80

Figure III
Recommendations issued with regard to the implementation of article 52,
paragraph 5, per State with completed reviews, by regional group

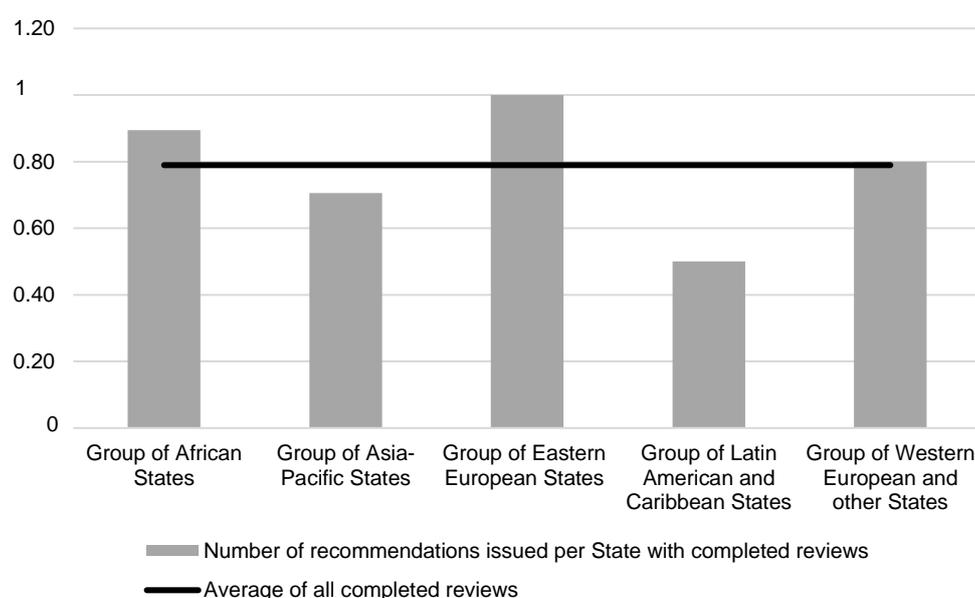
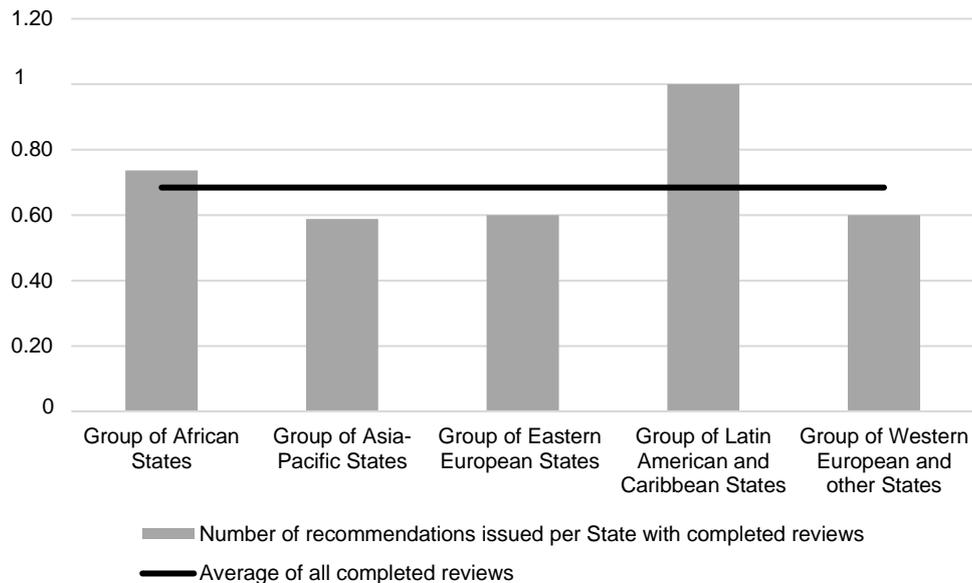


Table 4
Recommendations issued with regard to the implementation of article 52,
paragraph 6

	<i>Number of States with completed reviews</i>	<i>Number of States that received recommendations</i>	<i>Total number of recommendations received</i>	<i>Percentage of States per group that received recommendations</i>	<i>Number of recommendations issued per State with completed reviews</i>
Group of African States	19	14	14	74	0.74
Group of Asia-Pacific States	17	10	10	59	0.59
Group of Eastern European States	5	3	3	60	0.60
Group of Latin American and Caribbean States	6	6	6	100	1
Group of Western European and other States	10	6	6	60	0.60

Figure IV
Recommendations issued with regard to the implementation of article 52, paragraph 6, per State with completed reviews, by regional group



11. In terms of good practices, one good practice was identified in relation to article 7, paragraph 4 (in the Group of African States); three in relation to article 8, paragraph 5 (one each in the Group of African States, the Group of Asia and Pacific States and the Group of Eastern European States); six in relation to article 52, paragraph 5 (one each in the Group of African States, the Group of Asia-Pacific States, the Group of Eastern European States and the Group of Western European and other States and two in the Group of Latin American and Caribbean States); and one in relation to article 52, paragraph 6 (in the Group of African States).

Group of African States

12. The majority of the 19 States of the Group of African States analysed in the present report received recommendations in relation to article 7, paragraph 4, of the Convention. Five of those recommendations related to the need to adopt or amend legislation on conflicts of interest. In addition, three of them specifically related to the definition of conflicts of interest. One of the three States lacked a definition of conflict of interest and the reviewing experts recommended to the other two States that they expand the scope of the definition of conflict of interest.

13. The reviewing experts considered the structured approach taken by South Africa to promote transparency and prevent and manage conflicts of interest among different categories of public officials to be a good practice.

14. Almost half of the recommendations issued with regard to article 8, paragraph 5, of the Convention related to the broadening of the scope of systems relating to the declaration of assets and conflicts of interest to include, inter alia, foreign assets, gifts, family members of public officials or outside activities. Furthermore, the need to make asset declaration mandatory for a broader category of public officials was specifically recommended to four States.

15. In addition, in the majority of States, the reviewing experts identified obstacles to the effective enforcement of the declaration systems in place. This is also in line with the analysis of the recommendations relating to article 52, paragraph 5, of the Convention. In particular, the most frequent observation in that regard was that States lacked verification systems or, if such systems were in place, they had deficiencies. Furthermore, in one State, the reviewing experts found that, owing to the high volume of documents received, the verification of declarations was impossible. In another State, the manual nature of the financial disclosures systems was identified as an

obstacle to the conducting of effective oversight. Lastly, the absence of proper sanctions for non-compliance was noted in five cases.

16. With regard to gifts, eight States had put in place measures to either limit their acceptance or mandate public officials to disclose such acceptance. In that regard, two States indicated that they had imposed a zero-tolerance policy on the acceptance of gifts by public officials and three States reported that it was prohibited for public officials to accept gifts. However, all of these States indicated having exceptions to those measures. The reviewing experts noted that, in one State, gifts with a value over a certain threshold needed to be declared but did not need to be handed over to the appropriate authorities, and a recommendation to establish a gift registry was issued to that State.

17. The vast majority of the African States covered in the present report received a recommendation regarding article 52, paragraph 6, of the Convention. Specifically, 13 African States did not include accounts domiciled abroad in their financial disclosure systems or did not require public officials to report having an interest in or signature or other authority over such accounts. Nevertheless, it is also worth mentioning that two States limited the capacity of certain public officials to open accounts in foreign countries.

18. Regarding good practices identified in the review process, the efforts of Sierra Leone in reinforcing its asset declaration system were commended by the reviewing experts.

Group of Asia-Pacific States

19. Ten of the 17 States parties analysed in the present report received recommendations related to the implementation of systems that promote transparency and prevent conflicts of interest (art. 7, para. 4). However, all of the recommendations related to the enhancement or enforcement of the existing systems in terms of expanding their scope or raising awareness of their contents and requirements. One State reported having prepared a proposed law on conflicts of interest that covered a wider range of situations, but it had lapsed, and a recommendation was therefore issued in that regard.

20. Regarding the reporting of conflicts of interest, eight States indicated having established such an obligation and one State had made such reporting mandatory only when the public official sought to take part in private sector activities. In one State, the disclosure of apparent conflicts of interests was also mandatory. However, three States explained that no measures in that regard were in place.

21. Regarding the establishment of asset declarations and financial reporting systems, all of the States of the Asia-Pacific region covered in the present report that received recommendations in relation to article 52, paragraph 5, of the Convention, also received a recommendation relating to article 8, paragraph 5. However, although the number of recommendations in that regard was high, only 2 of the 17 Asia-Pacific States covered had not adopted asset declarations and financial reporting systems for public officials, thus recommendations were issued in that regard.

22. In one State, disclosures were only filed when specifically requested. This was found to significantly diminish the effectiveness of the system and its potential use in preventing and combating corruption. Similarly, another State reported that financial disclosures remained sealed unless a criminal investigation was opened; otherwise, they were returned to the reporting person. Four States reported the use of electronic systems, while the use of paper-based declarations was still the practice in at least two States.

23. Regarding article 52, paragraph 6, of the Convention, the majority of States in the Asia-Pacific region did not regulate the disclosure of interest in or signature or other authority over accounts in foreign countries, and recommendations in that regard were therefore issued. One State that did implement this obligation imposed a reporting threshold under which public officials were not obliged to make financial

disclosures. However, the reviewing experts did not consider the threshold as imposing an obstacle to the effective implementation of this provision, and no recommendation was issued in that regard.

24. The reviewing experts found that, in Thailand, the obligation to submit supporting evidence proving the actual existence of assets and liabilities, including evidence of the income tax of a natural person in previous tax years, was a good practice in relation to article 52, paragraph 6.

Group of Eastern European States

25. Three of the five Eastern European States covered in the present report received recommendations regarding the establishment of systems that promote transparency and prevent conflicts of interest (art. 7, para. 4). One State had developed draft legislation on the prevention of conflicts of interest that contained detailed procedures for public officials to disclose interests and manage potential and actual conflicts of interest, and it was recommended that the State endeavour to adopt such legislation.

26. Regarding the declarations stipulated in article 8, paragraph 5, of the Convention, although all five States in the Eastern European region had established asset declaration systems, they nevertheless all received recommendations. Two of the recommendations related to the establishment of obligations to declare gifts or conflicts of interest and the others touched upon the enhancement of the effectiveness of the existing asset declaration regimes, including by implementing automated or electronic systems. Moreover, one State obliged public officials to submit two different types of interest disclosure: a preliminary interest disclosure regarding their involvement with private entities and ad hoc interest disclosures applicable when a potential conflict of interest arose upon taking office or during the performance of their duties.

27. Regarding the good practices identified in relation to article 8, paragraph 5, of the Convention, the efforts of Armenia in establishing a system of interest declaration aimed at preventing and resolving conflicts of interest were commended.

28. In addition to asset declaration systems, all five Eastern European States had adopted financial disclosure systems in accordance with article 52, paragraph 5, of the Convention. However, four of the States nevertheless received recommendations in that regard, including one State to which it was recommended to effectively implement its existing financial disclosure system. The reviewing experts considered it to be a good practice that declarations of property and income, with the exception of the personal data they contained, were available on a dedicated website in Armenia.

29. Three States of the Group of Eastern European States had not considered requiring appropriate public officials having an interest in or signature or other authority over a financial account in a foreign country to report that relationship to appropriate authorities (art. 52, para. 6), and recommendations were issued in that regard.

Group of Latin American and Caribbean States

30. Two of the six Latin American and Caribbean States covered in the present report received recommendations related to the implementation of systems to prevent conflicts of interests. Specifically, the recommendations focused on the adoption of systems to declare potential conflicts of interests and the broadening of the scope of such declarations.

31. As for the declaration of gifts that might result in a conflict of interest (art. 8, para. 5), the confusion generated by inconsistencies in legislation was mentioned in the review of two States. Although both States had general rules prohibiting the acceptance of gifts in any circumstances, they also had other provisions containing exceptions. Recommendations to clarify those regulations were issued to both States. In one State, however, the acceptance by public officials of gifts or other offerings was prohibited and no exceptions were noted.

32. Although all of the Latin American and Caribbean States covered in the present report had established asset declaration systems, certain obstacles to the effective implementation of article 8, paragraph 5, of the Convention were found. The verification of the declarations was identified as an obstacle in three States. In one State, although the relevant authority could investigate changes in the declaration of assets when there was a suspicion of illicit enrichment, the fact that spot checks were not carried out was considered an obstacle to their effective verification. In another State, the relevant authority could only verify the form but not the content of the declarations, thus a recommendation was issued in that regard. Lastly, in another State, the reviewing experts noted a high rate of non-compliance with the obligation to submit the declarations. The reviewing experts also noted that declarations could only be opened under certain conditions, and that the relevant authority could not evaluate certain information because it was protected by bank secrecy.

33. Five of the six States of the Group of Latin American and Caribbean States analysed had implemented financial disclosure systems (art. 52, para. 5). With regard to the remaining State, the reviewing experts noted that its financial disclosure system was limited in nature and recommended that the State consider establishing an effective system, as well as broadening its scope and providing for appropriate sanctions for non-compliance. Two other States received recommendations on strengthening their existing financial disclosure systems.

34. Two good practices were identified in relation to the implementation of article 52, paragraph 5, of the Convention in this regional group. The process in the Plurinational State of Bolivia dedicated to the verification of the information contained in the sworn declarations of assets and income and the fact that summaries of the information in the declarations were published on a dedicated website (as was also the case in one State in the Group of Asia-Pacific States) was identified as a good practice. In addition, Cuba obliged all public officials to report the origin of the funds when depositing large amounts in bank accounts. That was also commended as a good practice by the reviewing experts.

35. None of the six Latin American and Caribbean States analysed in the present report required public officials to report having an interest in or signature or other authority over financial accounts in a foreign country (art. 52, para. 6), thus recommendations in that regard were issued. In one State, however, the reviewing experts noted that there were no restrictions with respect to the location of the assets that must be declared. In that regard, it was recommended that the State require public officials to report, in addition to ownership of foreign accounts, other interests in such accounts.

Group of Western European and other States

36. Regarding the adoption of systems that promote transparency and prevent conflicts of interest (art. 7, para. 4), the majority of States in the Group of Western European and other States received recommendations. In one State, the existence of numerous regulations on conflicts of interest raised concerns regarding their coherence in terms of both form and application. In that regard, it was recommended that the State streamline, centralize and strengthen the requirements for the verification and disclosure of possible conflicts of interest.

37. Of the 10 States in the Group of Western European and other States analysed in the present report, 8 received recommendations regarding article 8, paragraph 5, of the Convention. Four of the recommendations issued in relation to that provision referred to the enhancement or establishment of a verification procedure for declarations. In one State, although an asset declaration system was in place, the reviewing experts found that no institution was in charge of verifying the accuracy of the declarations. The verification process in France, which was carried out in close cooperation with the tax authorities and using specialized software, was regarded as a good practice. Additionally, it was recommended to five States that they consider extending to all public officials or other persons, such as family members, the

obligation to submit declarations. In one State, ambiguity as to who exactly should make the declarations was identified and a recommendation in that regard was issued.

38. Judicial decisions related to the declaration of assets and interests were assessed in two States. In one State, the Constitutional Court had deemed unconstitutional the declaration of professional activities of children, parents and other family members of a public official. In another State, the requirement to disclose certain sources of income, assets and outside positions by members of the Government was suspended pending the decision of the Constitutional Court.

39. The vast majority of the States of the Group of Western European and other States covered in the present report had adopted financial disclosure systems for appropriate public officials. However, half of the States received recommendations in relation to article 52, paragraph 5, of the Convention and six of them received recommendations in relation to article 52, paragraph 6, of the Convention. In particular, five States specifically indicated that they did not require public officials having signature or other authority over financial accounts in a foreign country to report such relationships. In addition, one State noted that its legislation was silent in that regard. Lastly, in one State, the reviewing experts noted that the obligation of public officials to disclose their interests in or control over foreign financial accounts had been considered but not implemented. In that case, given the level of obligation required under article 52, paragraph 6, no recommendation was issued.

B. Identification of beneficial owners (art. 14, para. 1 (a), and art. 52, para. 1)

40. Article 14, paragraph 1 (a), of the Convention mandates State parties to institute a comprehensive domestic regulatory and supervisory regime for banks and non-bank financial institutions that emphasizes the requirements for beneficial owner identification, where appropriate. This provision is to be read in conjunction with article 52, paragraph 1, of the Convention, which obliges States parties to require financial institutions to, inter alia, take reasonable steps to determine the identity of beneficial owners of funds deposited into high-value accounts.

41. The present section analyses the measures taken by States parties to identify beneficial owners pursuant to article 14, paragraph 1 (a), and article 52, paragraph 1, of the Convention. Although the provisions of article 14, paragraph 1 (a), and article 52, paragraph 1, are intricately connected, the recommendations identified in relation to them are analysed separately by article and by regional group for statistical purposes.

42. The following tables and figures provide an overview of the level of implementation of the identification of beneficial owners pursuant to article 14, paragraph 1 (a), and article 52, paragraph 1, of the Convention. To reflect the different sample sizes of States with completed reviews and make the data comparable, the numbers are portrayed relative to the size of the sample. For each regional group, total and proportional numbers are provided with regard to the number of States per group that received recommendations and the number of recommendations received per regional group.

43. Tables 5 and 6 below reflect identical figures in relation to both provisions (art. 14, para. 1 (a), and art. 52, para. 1) for the Group of Latin American and Caribbean States, and very similar figures for the other regional groups. This is due to the close relationship between the two provisions, which often results in the same recommendation being issued in relation to both provisions.

44. Two good practices were identified in relation to article 14, paragraph 1 (a), (one in the Group of Asia-Pacific States and one in the Group of Western European and other States), and three in relation to article 52, paragraph 1 (two in the Group of Eastern European States and one in the Group of Western European and other States). The good practices identified are analysed according to regional group.

Table 5
Recommendations issued with regard to the identification of beneficial owners pursuant to article 14, paragraph 1 (a)

	<i>Number of States with completed reviews</i>	<i>Number of States that received recommendations</i>	<i>Total number of recommendations received</i>	<i>Percentage of States per group that received recommendations</i>	<i>Number of recommendations issued per State with completed reviews</i>
Group of African States	19	4	5	21	0.26
Group of Asia-Pacific States	17	4	4	24	0.24
Group of Eastern European States	5	1	1	20	0.20
Group of Latin American and Caribbean States	6	1	1	17	0.17
Group of Western European and other States	10	3	3	30	0.30

Figure V
Recommendations issued with regard to the identification of beneficial owners pursuant to article 14, paragraph 1 (a), per State with completed reviews, by regional group

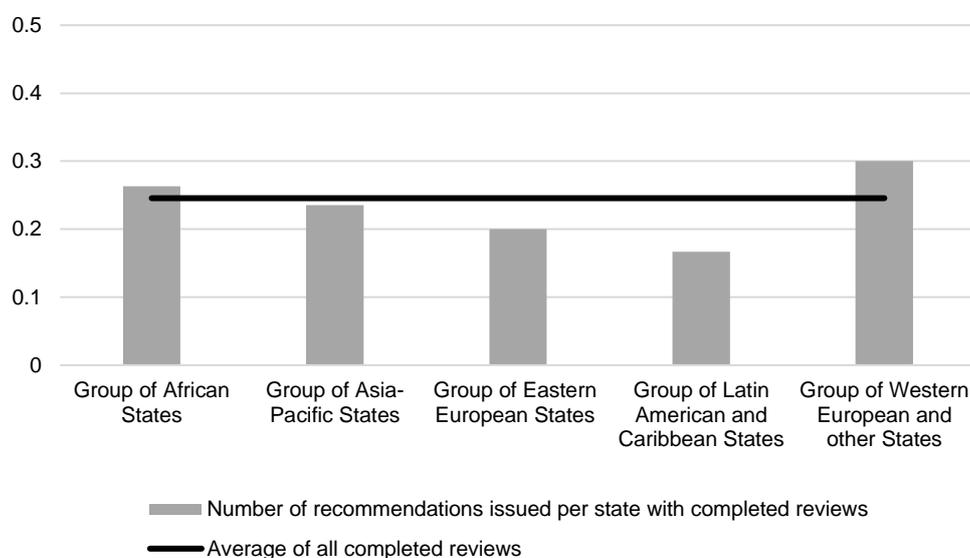
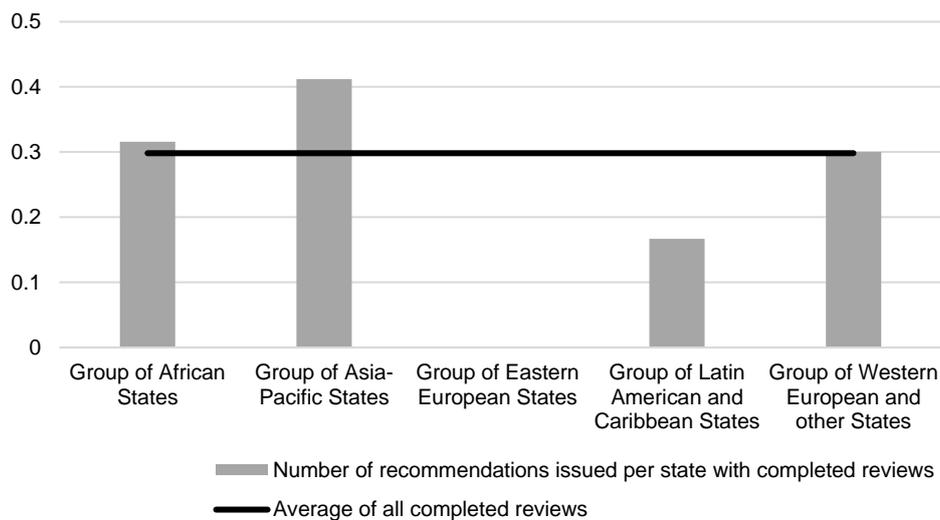


Table 6
Recommendations issued with regard to the identity of beneficial owners of funds deposited into high-value accounts, pursuant to article 52, paragraph 1

	<i>Number of States with completed reviews</i>	<i>Number of States that received recommendations</i>	<i>Total number of recommendations received</i>	<i>Percentage of States per group that received recommendations</i>	<i>Number of recommendations issued per State with completed reviews</i>
Group of African States	19	5	6	26	0.32
Group of Asia-Pacific States	17	6	7	35	0.41
Group of Eastern European States	5	0	0	0	0
Group of Latin American and Caribbean States	6	1	1	17	0.17
Group of Western European and other States	10	3	3	30	0.30

Figure VI
Recommendations issued with regard to the identity of beneficial owners of funds deposited into high-value accounts, pursuant to article 52, paragraph 1, per State with completed reviews, by regional group



45. Overall, a total of 32 recommendations relating to the identification of beneficial owners⁶ were issued to 20 of the 57 States covered in the present report, which means that challenges in implementation were identified in about half of the States with completed executive summaries. In the majority of cases, the recommendations referred to the establishment, or the improvement or strengthening, of the identification and verification of beneficial owners by financial institutions. A limited number of recommendations called for more profound measures and encouraged the establishment of a beneficial ownership register and the improvement and accelerated implementation of the regulatory framework for the transparency of beneficial ownership.

46. In the 57 executive summaries analysed, five good practices were identified, two for States in the Group of Western European and other States, two for States in the Group of Eastern European States, and one for a State in the Group of Asia-Pacific States.

Group of African States

47. Out of the 19 African States covered in the present report, four received recommendations on the identification of beneficial owners pursuant to article 14, paragraph 1 (a), of the Convention. All of them received one recommendation, except for one State that received two. Similar figures are presented in relation to the identification of beneficial owners pursuant to article 52, paragraph 1, of the Convention.

48. The majority of the recommendations touched upon the establishment of legal requirements for financial institutions to obtain information on beneficial ownership and the establishment of a system to require financial institutions to take reasonable steps to determine the identity of beneficial owners of funds deposited into high-value accounts. A total of 7 out of the 19 States indicated explicitly in their executive summaries that they had in place systems covering customer due diligence requirements, including “know your customer” rules, while the remaining States made no mention of such requirements and rules in their executive summaries. Such

⁶ For the purposes of the present analysis, recommendations were considered in terms of quality and quantity. When a State received the same recommendation for both articles (art. 14, para. 1(a), and art. 52, para. 1), the recommendation was counted twice. Recommendations issued in relation to articles 14 and 52 that did not refer to the specific subject of this analysis were not taken into consideration.

measures establish the basis for the beneficial owner identification requirements necessary to contribute to the prevention of money-laundering as part of a comprehensive regulatory and supervisory regime. It was recommended to two States that beneficial owners be identified systematically and not only in case of doubt. For one State, the recommendation referred to extending customer identification obligations to occasional customers.

49. Disparities in criteria were observed among the reviewing experts concerning the issuance of recommendations. The vaguer and less developed the regulatory and supervisory regimes for banks and non-financial institutions were found to be, the more often only generic recommendations were issued in relation to the paragraph concerned, not targeting the specific provision on beneficial owner identification. Generic recommendations, for example, to consider developing and updating a list of entities subject to requirements relating to the prevention of money-laundering, are not reflected in the present analysis. Two States in the Group of African States indicated that they were working on the establishment of a beneficial ownership registry at the time of the country visit.

50. In terms of good practices, the reviewing experts identified five good practices in five States of this region pertaining to article 14, paragraph 1, and article 52, paragraph 1. However, none of the good practices identified referred specifically to the identification of beneficial owners. The fact that in Burkina Faso, Cabo Verde and Mozambique the definition of politically exposed persons included domestic politically exposed persons, in line with article 52, paragraph 1, of the Convention, was identified as a good practice. The reviewing experts considered to be a good practice in Mauritius the setting up of live reporting of money changers to address risks identified in the risks assessment of the banking sector carried out by the Bank of Mauritius (arts. 14, para. 1, and 52, para. 1). The undertaking of outreach activities to raise awareness in major cities and provinces of obligations to counter money-laundering and the financing of terrorism (art. 14, para. 1) was identified as a good practice in South Africa.

Group of Asia-Pacific States

51. Of the 17 Asia-Pacific States covered in the present report, four States received recommendations relating to the identification of beneficial owners pursuant to article 14, paragraph 1 (a), of the Convention, one recommendation each. On the identification of beneficial owners pursuant to article 52, paragraph 1, of the Convention, six States received recommendations, all of which received one recommendation, except for one State which received two. The most repeated recommendation received by this Group of States referred to taking reasonable steps to determine the identity of beneficial owners of funds deposited into high-value accounts.

52. The majority of States in this group indicated having customer due diligence and “know your customer” systems, along with rules on beneficial owner identification. However, the reviewing experts noted weaknesses in the identification of beneficial owners in practice. In that regard, “soft” recommendations were issued, such as to consider strengthening beneficial owner identification and verification requirements, to continue efforts to strengthen beneficial ownership identification and verification by financial institutions or to consider improving the regulatory framework for the transparency of beneficial ownership.

53. In some cases, recommendations on the identification of beneficial ownership were not issued because the State’s focus was placed on other aspects of the same provision. In other instances, more generic recommendations were issued. In this regard, in one State, although verification of the identity of customers and beneficial owners was regulated in legislation, the reviewing experts noted that there was no requirement to systematically verify the identity of the beneficial owner, unless the financial institution had reasonable grounds to believe that a person undertaking a

transaction was not the beneficial owner. However, in that particular case, no recommendation was issued.

54. In the Group of Asia-Pacific States, a total of three good practices were identified in three countries in relation to article 14, paragraph 1 (a), and article 52, paragraph 1. Of those good practices, only one related specifically to the identification of beneficial owners. The good practice identified in relation to article 14 referred to the adoption by Nauru of the Beneficial Ownership Act 2017, which required the registration of all beneficial owners with the beneficial ownership authority. The reviewing experts also commended Malaysia for the Bank Negara Malaysia Standard Operating Procedures on Receipt, Analysis and Dissemination of Financial Intelligence with Foreign States (art. 52), and Thailand for the significant outreach activities undertaken by the Anti-Money-Laundering Office and for having conducted seminars for financial institutions and some designated non-financial businesses and professionals (art. 14, para. 1 (a)).

Group of Latin American and Caribbean States

55. Out of the six Latin American and Caribbean States covered in the present report, one received a recommendation relating to the identification of beneficial owners pursuant to article 14, paragraph 1 (a), of the Convention. With regard to the identification of beneficial owners pursuant to article 52, paragraph 1, of the Convention, the same recommendation was issued, but to another State.

56. All six States considered in this regional group required reporting entities to identify the beneficial owner of the funds deposited into an account. However, legislation varied in terms of the scope of the definitions and requirements. In that regard, the recommendations received in relation to the provisions of article 52, paragraph 1, referred to the strengthening of the requirements.

57. Although none of the six States had established a definition of high-value accounts, in all six, reporting entities were required to identify and take reasonable steps to verify the identity of all beneficial owners, regardless of the value of the account.

58. Concerning the identification of beneficial owners pursuant to article 14, paragraph 1 (a), the reviewing experts observed that, in one State, there was no consolidated register for the verification of information provided by clients. In that regard, it was recommended that the State further strengthen the regulatory and supervisory regime for banks with regard to the gathering of information for the identification of beneficial owners.

59. Regarding the identification of beneficial owners pursuant to article 52, paragraph 1, it was recommended to one State that it strengthen the requirement for financial institutions to enhance their scrutiny of accounts sought or maintained by or on behalf of legal persons that are close associates of any publicly exposed person, in addition to the existing requirement to do so in cases where the owner or beneficiary of the legal person is a foreign publicly exposed person.

60. In three of the States, the establishment of anonymous accounts or accounts held under fictitious or incorrect names was prohibited.

61. In this regional group, one good practice was identified by the reviewing experts in connection with article 52, paragraph 1, although it did not relate to the identification of beneficial owners. In that connection, the reviewing experts considered a good practice in Uruguay the fact that the Financial Information and Analysis Unit published a non-exhaustive list of national politically exposed persons on its website (art. 52, para. 1).

Group of Eastern European States

62. Of the five States of the Group of Eastern European States covered in the present report, one received a recommendation on the identification of beneficial owners

pursuant to article 14, paragraph 1 (a), of the Convention. No recommendations were issued to States in this regional group relating to the identification of beneficial owners pursuant to article 52, paragraph 1, of the Convention.

63. All five States analysed required financial institutions and non-financial business and professions to identify their customers, including occasional ones, and the beneficial ownership of the accounts, and applied due diligence measures. In one State, the reviewing experts encountered challenges relating to the identification of foreign beneficial owners. In that regard, it was recommended that efforts aimed at increasing the ability to identify beneficial owners, while increasing the transparency of the related database, be continued.

64. A total of three good practices in relation to article 14, paragraph 1, and article 52, paragraph 1, were identified by the reviewing experts in three States in this regional group. Two of the three good practices referred to the identification of beneficial owners, in particular to the establishment of registers of information on beneficial ownership, in North Macedonia and Slovenia, respectively. In the case of the other good practice, the reviewing experts commended Bosnia and Herzegovina for its definition of politically exposed persons, which included domestic politically exposed persons (art. 52, para. 1).

Group of Western European and other States

65. Of the 10 States of the Group of Western European and other States covered in the present report, three received a recommendation relating to the identification of beneficial owners pursuant to article 14, paragraph 1 (a), of the Convention and three received a recommendation in relation to the identification of beneficial owners pursuant to article 52, paragraph 1, of the Convention. With the exception of one State that received a recommendation in relation to both provisions, the recommendations in relation to article 14, paragraph 1 (a), and those in relation to article 52, paragraph 1, were issued to different States. All 10 of the States considered had well-established anti-money-laundering systems, but the level of implementation of requirements for the identification of beneficial owners differed slightly among them; the differences often related to the transposition of the corresponding European Union anti-money-laundering directive (namely, the fourth or fifth anti-money-laundering directive), where applicable, or the establishment of a registry of beneficial ownership.

66. All 10 States analysed followed relevant requirements set out in the recommendations of the Financial Action Task Force, and all but one were subject to European Union regulations. Among the States subject to those regulations, it was observed that only some of them had received a recommendation to finalize the transposition of the relevant European Union anti-money-laundering directive, specifically, the fourth anti-money-laundering directive. In that regard, three of the recommendations issued encouraged States to finalize the transposition of the fourth anti-money-laundering directive to address existing gaps in their legislation on anti-money-laundering and countering the financing of terrorism, notably in relation to beneficial ownership registers.

67. Most of the recommendations touched upon the maintenance of and access to information on beneficial ownership. In that regard, pursuant to article 14, paragraph 1 (a), a recommendation was issued to one State to ensure that information on the beneficial owners of legal persons and legal arrangements was maintained and accessible to competent authorities in a timely manner. A recommendation relating to the same provision was issued to another State to study the possibility of establishing a verification mechanism to ensure the validity of data entered in the transparency register and to facilitate access by persons and entities having a legitimate interest in accessing the register, with a view to enhancing transparency.

68. In relation to the identification of beneficial owners pursuant to article 52, paragraph 1, of the Convention, a recommendation was issued to one State to review the application of the exemptions relating to the identification of beneficial owners in

order to ensure that they would not create loopholes in the regime for anti-money-laundering and countering the financing of terrorism.

69. A total of four good practices in four States of the Group of Western European and other States were identified by the reviewing experts in relation to article 14, paragraph 1, and article 52, paragraph 1, of the Convention. Of those four good practices, two related to the identification of beneficial owners, in particular to the creation of beneficial ownership registers in Portugal and the United Kingdom of Great Britain and Northern Ireland. Another State had created a register of beneficial owners at the time of the country visit. However, it was not identified as good practice, owing to the lack of verification of the entered data. The State had nevertheless indicated that, following the implementation of the fifth European Union anti-money-laundering directive, access to the registry was to be broadened, thereby granting access to every member of the public and not exclusively to the competent authorities. With regard to the other two good practices, the reviewing experts commended Ireland for its Anti-Money-Laundering Steering Committee (art. 14) and Liechtenstein for its well-established domestic regime for anti-money-laundering and countering the financing of terrorism, which included annual anti-money-laundering audits of financial institutions (art.14, para. 1 (a)).

C. Outlook

70. The present report reflects the analysis of 57 completed executive summaries and more detailed information provided in the country review reports and self-assessment checklists. As more data become available from completed country reviews, more comprehensive trends and analysis will be identified in future regional reports and will be used to keep the Conference of the States Parties and its subsidiary bodies informed of successes and challenges identified in the course of the reviews. With regard to the future regional reports, different topics will be selected from among those that lend themselves to more nuanced regional analysis.
