

Selected OECD Activities on Asset Recovery, Illicit Flows and Financial Crime

Inter-Governmental Working
Group on Asset Recovery
25-26 August, Vienna

PART 1

DAC/GOVNET/ACTT

Framework: **Policy Paper and Principles on Anti-Corruption: Setting an Agenda for Collective Action**

1. Reinvigorating AC efforts at country level

- joint analysis
- common benchmarks
- joint responses and consistent messages

2. Tackle the global incentive environment for corruption

- understand the international drivers of corruption
- supply side of corruption: ie: bribery, asset recovery, illicit flows
- work across institutions

So what are we doing?

1. Reinvigorating AC efforts at country level

Joint Assessments: principles on governance assessments

Uganda Case: Joint donor script, common country based actionable indicators (DTM), graduated response

Results: government action on commonwealth secretariat corruption case

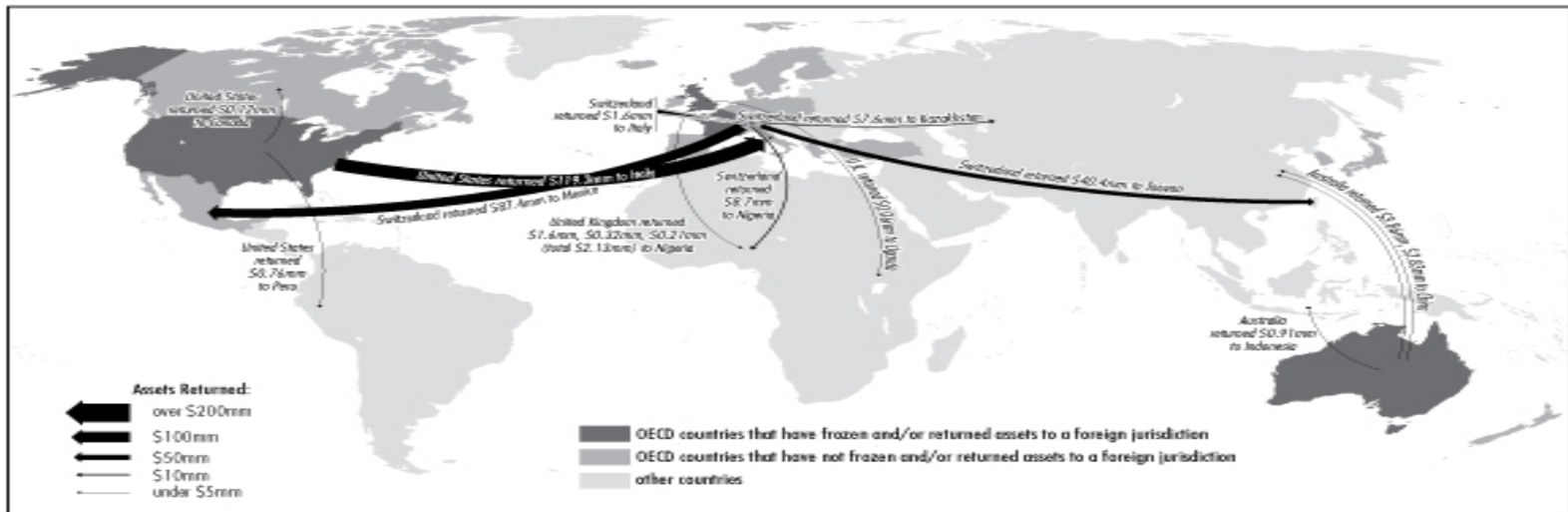
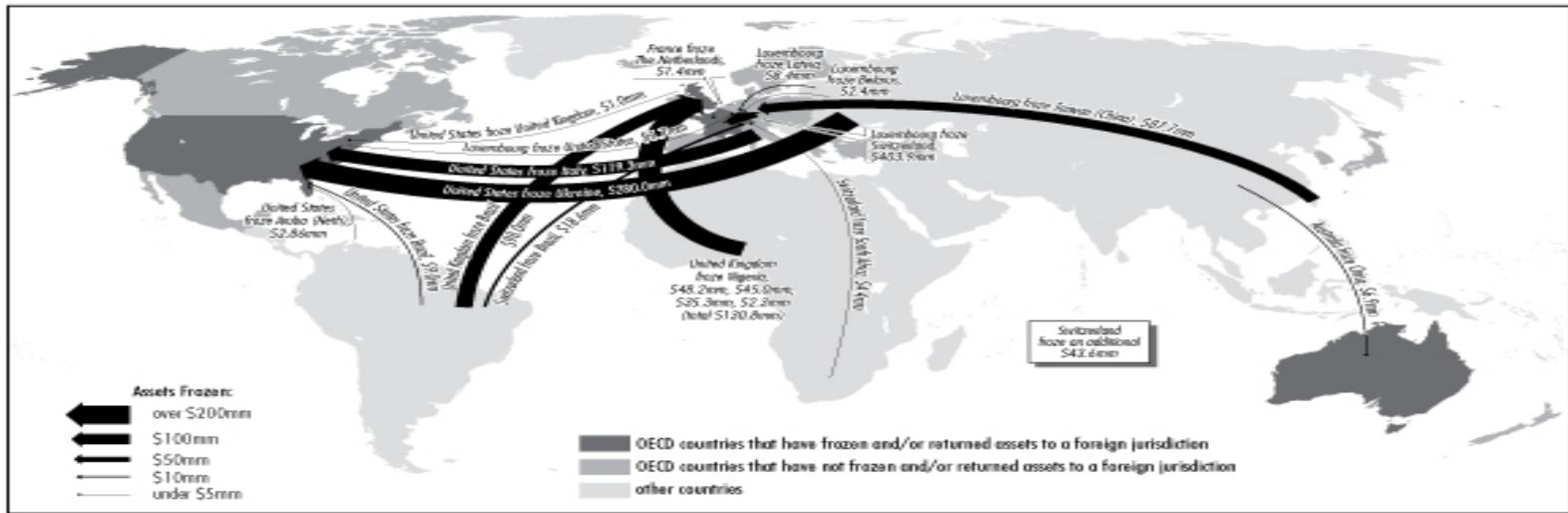
Other countries: Zambia, Burundi, Sierra Leone, Kenya, Mozambique, Cameroon.

What are we doing (cont.)

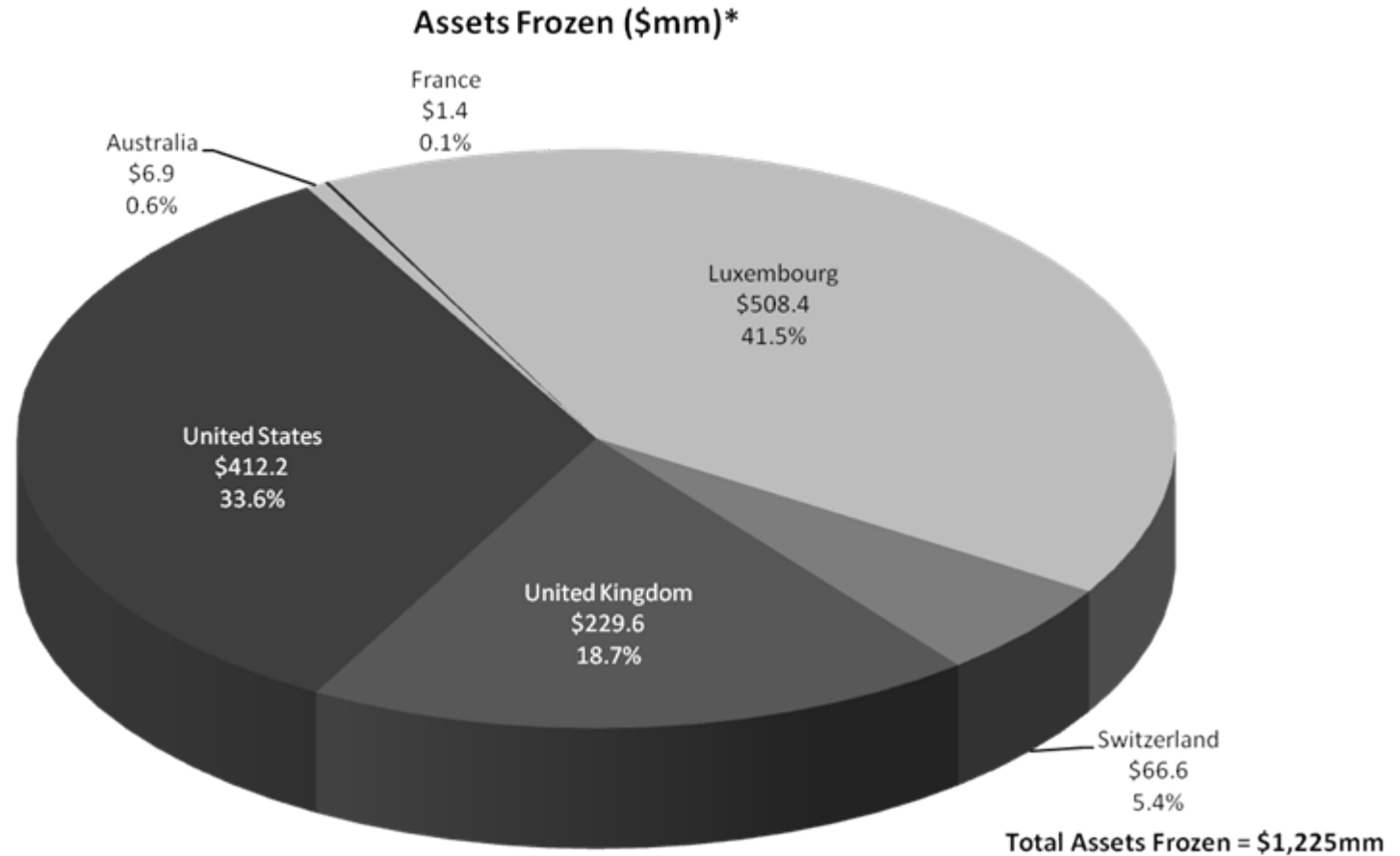
2. Tackle the global incentive environment for corruption

- International Drivers of Corruption: an analytical tool.
- Upcoming report on how OECD countries fight illicit flows
- Stolen Asset Recovery: Progress Report on Asset Recovery in 30 OECD countries between 2006-2009: ready for HLF4 in Busan

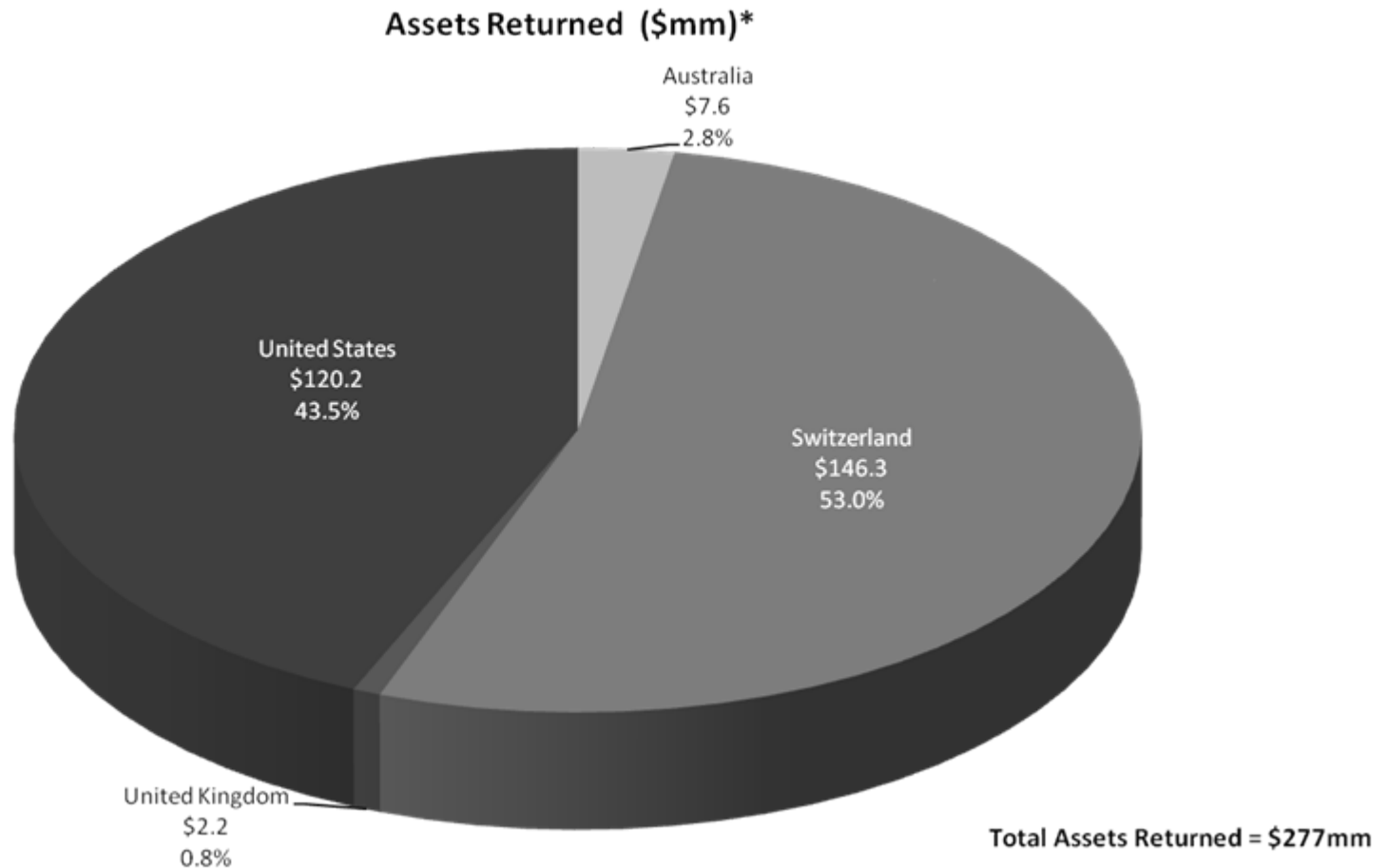
Assets Frozen and Returned by 30 OECD Countries (2006–2009)



Assets Frozen: 1,225 USD Millions



Assets Returned: 227 USD Millions



Findings

- There is a scarcity of data on international corruption and asset recovery cases.
- Many donor countries have no criminal convictions for foreign bribery.
- Few donor countries have taken steps to trace, freeze and return the proceeds of corruption to a foreign jurisdiction.
- Strong and sustained political leadership backed by necessary laws is directly linked to actual progress on foreign corruption and asset recovery.

Recommendations

- Adopt and implement comprehensive strategic policies.
- Ensure that laws effectively target corruption and asset recovery, in particular have the capacity to rapidly trace and freeze assets.
- Implement institutional reforms that build capacity in pursuing cases and improve trust and cooperation with foreign counterparts.
- Ensure adequate funding for domestic law enforcement efforts and foster international cooperation in kleptocracy cases.
- Collect statistics to measure results

How can ACTT help implement the UNCAC? And in particular Chapter V

- **Suggestions?**
- **What OECD does: policy development, monitoring of commitments by OECD countries**
- **Future asset recovery agenda: based on working group members' experiences, elaborate clear and measurable commitments at HLF4 on asset recovery - and then measure them?**

PART 2

The Tax and Whole of Government Dimension in fighting financial Crime

- **Unlocking the potential that tax administrations can bring to the table**
- **Improving inter-agency and international co-operation**

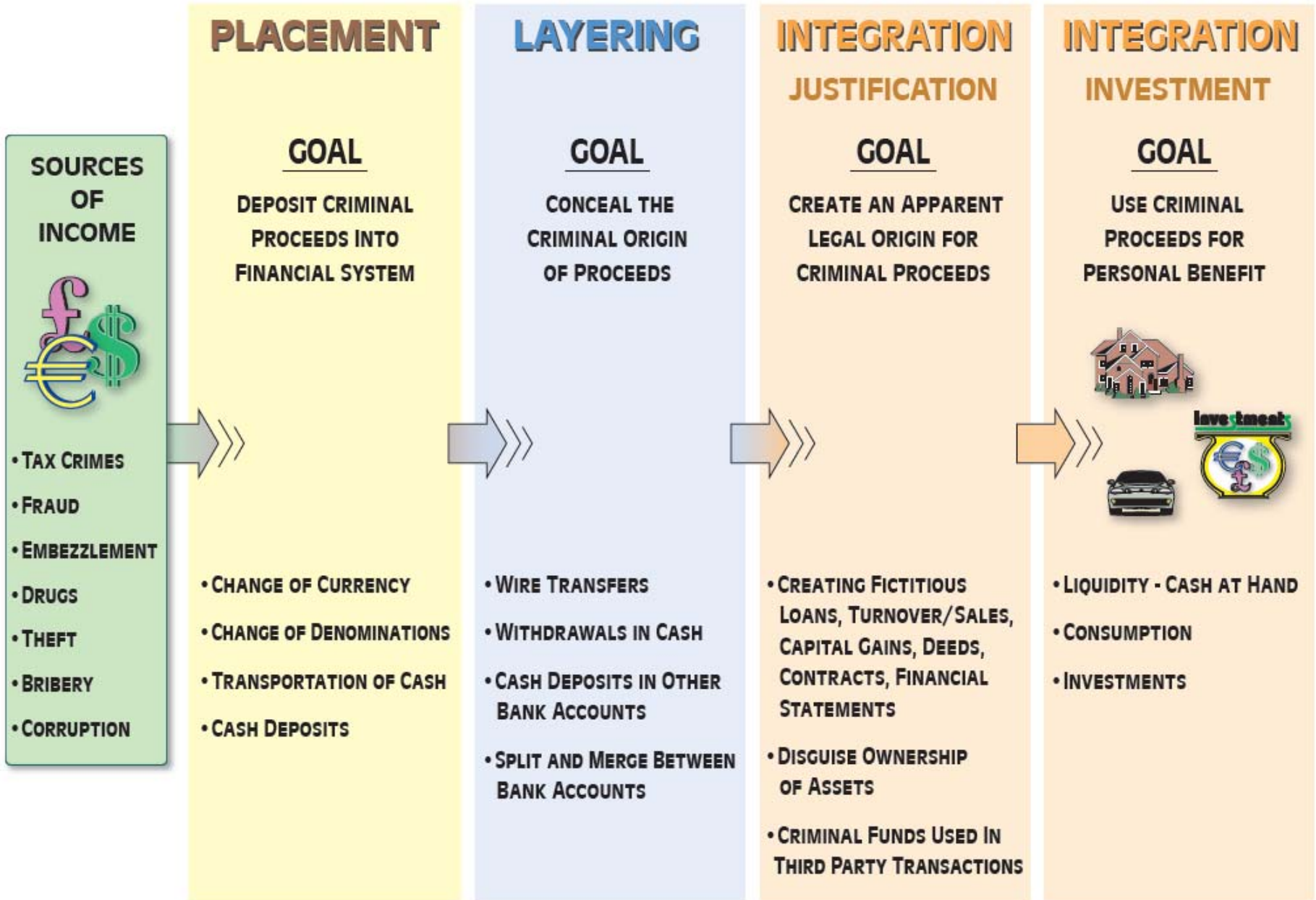
Unlocking tax administration potential – Anti bribery tax provisions

- UN and OECD anti-bribery tax provisions disallow the tax deductibility of bribes to foreign public officials
- OECD 2009 Recommendation on Tax Measures for further Combating Bribery of Foreign Public Officials
 - Requires explicit legislation to prohibit the deductibility of bribes;
 - Tax authorities should establish an effective system to facilitate reporting of suspicions of serious crimes to the appropriate domestic law enforcement authorities;
 - Tax authorities should allow the information provided by a treaty partner for tax purposes to be used to combat serious crimes such as corruption (also provided in Multilateral Convention on Mutual Administrative Assistance in Tax

Unlocking Tax Administration Potential – Making it happen

- Tax examiners check the books and records of taxpayers and can detect suspicious transactions and patterns of such transactions
- Tax auditors are well placed to identify suspicions of bribery and money laundering
- OECD Bribery awareness handbook translated into 17 languages (see oecd.org/ctpa/nobribes)
- Money laundering awareness handbook (see oecd.org/ctpa/laundrying)
- International training programme covering both issues

OVERVIEW OF MONEY LAUNDERING



Improving Domestic Cooperation

- **Reduce silo approach and duplication**
- **Joint task force**
 - Australia's Wickenby project
- **Explore and improve cooperation between tax administrations, FIUs, other law enforcement agencies**
- **Best practices in cooperative methods**
 - Use of multi-agency units
 - Data fusion centres

Improving Domestic Cooperation

- **Range of instruments to enable international information sharing**
 - Bilateral Tax treaties
 - Multilateral tax convention
 - MLATs
 - FIU MOUs
- **Mapping how best to use these and ensure effective use of information on tax crimes, corruption, money laundering and other crimes**

OSLO

CAPITAL OF CULTURE AND NATURE



Tax and Crime Conference Oslo 21–23 March 2011



Where we are at

- Task Force on Tax Crimes and Other Crime – TFTC
- Oslo Tax and Crime conference, March 2011
 - See <http://www.oecd.org/dataoecd/14/0/47425987.pdf>
- Business , NGOs, developing and developed countries
- Called for increased cooperation between agencies in tackling financial crime domestically (whole of government) and internationally with particular focus on developing countries.