

## G20

### G20 Anti-Corruption Working Group Progress Report 2013

September, 2013

#### Introduction

1. The renewal of the G20 Anti-Corruption Working Group at the Los Cabos Summit in 2012 reflects the ongoing commitment of G20 leaders to rid their economies and societies of the corrosive effects of corruption. Corruption remains a serious challenge, impeding economic growth and development, threatening the integrity of markets, undermining fair competition, distorting resource allocation and undermining public trust and the rule of law.

2. The Working Group is monitoring progress in fulfilling the commitments G20 leaders have made to put in place and strengthen the treaty and legislative framework necessary to fight corruption both at home and abroad. In addition, the Working Group is sharing experiences and identifying best practices to effectively enforce anti-corruption laws and measures, and to instill values of transparency, accountability and integrity into the way that governments and the private sector function. In this respect, the Group's dialogue with business and civil society is critical to making real progress against corruption. The Group remains focused on the commitment made by leaders in the Los Cabos Declaration to close implementation and enforcement gaps if the G20 is to truly lead by example in the global fight against corruption.

3. The Working Group is now implementing its second two-year action plan. Action Plan 2013-14 is ambitious, comprising over 35 work elements, which address relevant international conventions, as well as legislation and other measures: to combat foreign bribery and solicitation; to prevent money laundering; to deny entry and safe haven to corrupt officials; to recover assets derived from corruption; to strengthen international cooperation, including facilitating mutual legal assistance in the investigation and prosecution of corruption offenses; to strengthen whistleblower protections; to promote the independence of anti-corruption authorities; and to prevent corruption in the public sector, international organizations and business.

4. The Working Group has also addressed proposals from the Russian G20 Presidency regarding corruption in sporting, cultural and major international events, as well as in the privatization of state-owned assets. It has also reviewed a study by the OECD on the impact of corruption on economic growth, to support the leaders' discussions on this topic.

5. This report provides highlights of progress being made by the Group in 2013 to implement Action Plan 2013-14. National progress is summarized in the attached chart and annex.

6. As an important innovation in 2013, we have published this report, along with its chart and annex on a special page for the Working Group on G20.org ([http://g20.org/docs/g20\\_russia/materials.html](http://g20.org/docs/g20_russia/materials.html)) along with a full set of the agreed Working Group products which have enduring value. This will help to disseminate our work and support implementation of best practices, as well as enable our citizens to

hold their governments to account. In 2014, we will also publish the national responses to our annual questionnaire.

7. Co-chaired by Russia and Canada, the Group launched work on implementing the Action Plan 2013-2014 at its meetings on 25-26 February 2013 in Moscow and 6-7 June 2013 in Ottawa. A third meeting will be held in the fall. The Group's work was complemented by the Third Annual High Level Anti-Corruption Conference for G20 Governments and Business in Paris April 25-26 organized jointly by the G20 Russian Presidency and the Organisation for Economic Cooperation and Development (OECD), with the support of the United Nations Office on Drugs and Crime (UNODC). The Group is grateful for the invaluable technical advice and support provided by the OECD, World Bank, UN Office for Drugs and Crime, the International Monetary Fund and the Financial Action Task Force, which has underpinned the progress noted in this report. The Group acknowledges also the important initiatives which the international organizations are undertaking themselves to address corruption.

#### Highlights of Progress in 2013

8. Since 2009, G20 leaders have committed to strengthen treaty and legislative frameworks necessary to fight corruption. There are two important anti-corruption treaties – the United Nations Convention against Corruption (UNCAC) and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention). Leaders have called for all G20 members to ratify the UNCAC and for non-parties of the OECD Convention to engage in the OECD Working Group on Bribery with a view to exploring adherence to the Convention. We are pleased that in 2013 Saudi Arabia has ratified the UNCAC: now, only two G20 members have not yet ratified the UNCAC. Recognizing the importance of transparency and accountability in the UNCAC review process, to date 12 of 13 G20 members which have undergone reviews have allowed or have agreed to allow on a voluntary basis country visits for their reviews, while 11 of 13 are engaging with civil society on their reviews. A number are also publishing those reviews, and are responding to deficiencies that have been identified through the review process. Sixteen G20 states are party to the OECD Anti-Bribery Convention, and most of those that are not are however engaging on a regular basis with the OECD Working Group.

9. In order to improve our effectiveness in combatting bribery and solicitation, in 2013, we adopted G20 Guiding Principles on Enforcement of the Foreign Bribery Offence, as well as G20 Guiding Principles to Combat Solicitation. These Principles identify measures that have proven useful at all stages of an effective enforcement process, including detection, investigation, prosecution and sanctioning of the offence, and also provide a reference for countries wishing to step up their actions against solicitation, including in partnership with the private sector. We will promote these principles in our national governments, and with our business communities. These principles are part of a body of principles which the ACWG has adopted.

10. To remove incentives for corruption, it is critical to deny corrupt individuals and entities the benefits of their corruption. To do this, G20 governments have supported measures to stop money laundering, to identify those who are the true owners and controllers of legal entities and arrangements (beneficial ownership) and to recover illicitly obtained assets hidden abroad. In 2013, the Working Group has continued its close collaboration with the Financial Action Task Force and welcomed the FATF's ongoing work to ensure implementation of its revised standards to combat money laundering and terrorist financing, including the standards on beneficial ownership. The Group will hold a joint meeting with the FATF in the fall to further this information sharing and collaboration.

11. Since its creation in 2010, the Working Group has developed measures to facilitate the recovery of illicitly obtained assets hidden abroad. With the support of the

World Bank / UNODC StAR Initiative, in 2013 the Group has undertaken a review of each member's approach relative to the asset recovery principles we adopted in Los Cabos. These assessments will be available online. These reviews complement the asset tracing profiles released on line at the Los Cabos Summit (<http://g20.org/load/781360546>), and provide information on measures G20 members have in place to support asset tracking and recovery. In 2013, the Group has continued work to develop national guides which identify contact points, and set out procedures and requirements in order to facilitate requests to G20 governments to recover assets, building on work led by the G8 in the context of the Arab Forum on Asset Recovery.

12. Corruption knows no borders, and corrupt individuals and entities often exploit borders to hide from prosecution. Consequently, G20 governments are adopting measures to help each other bring such individuals to justice. In 2013, to build on the principles endorsed in Los Cabos, we established a network of contact points in each G20 government to enable our authorities to share information, and to identify and deny entry to our countries of corrupt officials. We have also reviewed the status of the United Nations Office on Drugs and Crime (UNODC) data base of legal instruments for Mutual Legal Assistance (MLA) and will update national information as needed to ensure that this data base is current and useful. We are also adopted G20 High-Level Principles on Mutual Legal Assistance, developed with the support of the OECD and UNODC.

13. It is essential that anti-corruption authorities -- be they national commissions, police forces, judiciaries or other government institutions with anti-corruption related responsibilities -- operate independently, with adequate resources and free from external influence. We therefore welcomed the report provided by Indonesia at our February meeting in Moscow on the APEC Workshop it hosted on Challenge and Strategy of Strengthening Anti-Corruption Authorities to Combat Corruption in a Modern World that was held in Jakarta in January 2013 and will consider further follow-up.

14. We have continued our work to increase the fairness and transparency of the processes through which our governments procure goods and services, and also those processes by which they sell or distribute assets, licenses or rights. In 2013, with the support of the OECD, we began the process to develop best practises for procurement, including electronic procurement, and together with the World Bank and OECD, reviewed our current systems for the disclosure of the financial and other assets of public officials, as well as potential conflicts of interest, which act as an important disincentive to corruption. We also gathered information on the immunities from prosecution that may be granted to certain public officials in some of our countries to assess the impact this may have on corruption. And, we examined the risks of corruption in the privatization of state-owned assets, reviewing a scoping paper by the World Bank on the challenges and drawing on a paper by the OECD on Privatization in the 21st Century: Summary of Recent Experiences.

15. The Working Group also discussed how it might address other sectors that are particularly vulnerable to corruption, for example the organization of sporting, cultural and other major international events. Indeed, there were a series of round tables on combating corruption in sports at the Third Annual High Level Anti-Corruption Conference for G20 Governments and Business in Paris in April, and the Group discussed a report by the UNODC on mitigating the risk of corruption in the organization of major public events. To take this sectoral work forward, the Group considered a methodology for assessing corruption risks prepared by the World Bank.

16. We also continued to discuss how to improve transparency in sectors vulnerable to corruption, notably the extraction of natural resources and construction sectors, and were briefed in particular on the functioning of the Extractives Industry Transparency Initiative and its new standard for reporting on payments made by extractive companies to governments. Given the important role which the extractive sector plays in support-

ing growth and development in many G20 countries, transparency is essential to ensure that citizens can hold their governments accountable for the way revenues from their natural resources are used.

17. Legislation and enforcement of laws must be bolstered by a culture of intolerance towards corruption. To that end, we have also examined the education and training programs we use to raise awareness of corruption and instil values of integrity, honesty, fairness and probity. Of particular value, the UNODC provided us with an overview of the full range of educational and training tools available on their website, and we have agreed to promote awareness of this site in our countries (<http://www.track.unodc.org/Pages/home.aspx>).

18. Rooting out corruption is as much in the interests of business as it is of governments. Corruption distorts markets, undermines fair competition, deters investors and misdirects revenues and profits. Reputation is a key component of the value of any business: transparency and integrity are essential to attract and maintain investors, and to sustain the social license that underpins business operations. Business, civil society and government can collaborate to promote awareness and implementation of the highest codes of conduct against corrupt practises.

19. To this end, in 2013 we invited the B20 Task Force on Transparency and Anti-Corruption and also, for the first time, the C20 (the “civil 20”, represented by Transparency International) to meet with us in both Moscow and Ottawa. With meetings in advance with the co-chairs, the Group was able to discuss the B20 and C20 recommendations, as well as a number of key issues, including: how to combat solicitation; how to build the capacity of small and medium sized enterprises to combat corruption; and how to advance ‘collective action’ and integrity pacts among private companies and with governments. A shared goal is to disseminate anti-corruption practices down the supply chain throughout the G20. In this respect, we noted with appreciation the proposal by the B20 to establish a ‘Collective Action Hub’ with eventual links to the business communities in each of our countries to act as conduits for B20 anti-corruption efforts.

20. The members of the Working Group, as well as the B20 and C20 partners, believe that the Group is making a valuable contribution to our collective and individual efforts to combat corruption throughout the G20. They feel it would be useful to look beyond the two year horizon of the Group’s mandate and Action Plan, and to that end, have recommended adoption of the St. Petersburg Strategic Framework to guide the work of the Group.

21. To conclude, we believe that we are making good progress in 2013 towards fulfilling the commitments our governments made in Action Plan 2013-14. In 2014, Australia will take over the G20 Presidency and will carry this work forward.