Resolution on Upcoming G20 Meeting including Governance of Stolen Assets

The 2011 Annual Membership Meeting of Transparency International, particularly concerned about the sovereign debt crisis and the impact it has on the most vulnerable, calls on global leaders to recognize that financial reforms will not be sustainable unless they are built on the principles of integrity, transparency and accountability.

As the global leaders convene at the upcoming G20 meeting in Cannes on 3-4 November, the Transparency International movement calls on them to ensure that transparency, integrity and accountability become the foundation of the vital reforms needed to rebuild the world’s financial system. TI’s members emphasized the importance of multi-stakeholder initiatives in the process of reform, including the active engagement of civil society.

In order to demonstrate that they comply with their commitment to set an example in the global fight against corruption all G20 countries must ratify the UN Convention against Corruption (UNCAC) by 2012.

Furthermore, there must be demonstrated, measurable progress in the implementation of the Convention. Civil society participation in the UNCAC review mechanism is a crucial aspect of the accountability of states in their anti-corruption commitments.

Specifically, the Transparency International movement calls on the leaders of the G-20 to address the following key areas:

1. **Require real transparency and an effective control of the financial institutions, markets and products of the shadow banking system (off-shore centres, derivatives markets, hedge funds):** The lack of transparency of financial markets and financial products have been one of the key causes of the financial crisis in 2008. The G20 should:
   - Require mandatory national level registers disclosing the beneficial ownership of companies and the settlors, trustees and beneficiaries of trusts or regulatory systems with equivalent effect. The information should be shared with relevant investigative and judicial authorities both domestically and internationally and should also be made available to financial institutions to assist with their customer due diligence processes.
   - Enhance corporate transparency by obliging companies to publish key financial and legal data in every country where they operate, including country-by-country reporting on revenues.

2. **Implement effective supervision and address policy capture:** Regulators require ample resources and independence to exercise their oversight over the financial services industry with appropriate authority. International institutions like the Financial Stability Board must become more transparent in their decision-making. Regulatory arbitrage must be avoided, and likewise, those who guide the sector, such as accountants, lawyers and credit rating agencies, must be incentivised away from conflicts of interest and toward transparent practices. The G20 should:
   - Enhance rules on revolving doors, to ensure a ‘cooling off’ period between public office and private sector work related to it, and vice-versa.
   - Assess and improve resources to financial regulators, to ensure their independence and their capacity to fulfil their mandate.
   - Strengthen and improve whistleblower protection procedures.

3. **Ensure better governance, including corporate governance:** Not only do the international financial markets need stronger enforcement of their many regulatory frameworks, but governments must also promote the kind of multi-stakeholder initiatives
that create best practice and incentives for corporate governance of the sector. The G20 should:

- In 2012, fully implement and enforce laws criminalising foreign bribery and prohibiting off book accounts, in accordance with the OECD Anti-Bribery Convention and the UNCAC, and report regularly on the enforcement of these laws.
- Ensure G20 export credit agencies adopt rules that forbid deals secured through bribery, fraud or collusion.
- Support the adoption of a single, understandable set of global accounting standards for asset valuation in financial services firms.
- Encourage and support private sector commitments to anti-corruption systems, including collective action, based on the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance and the UN Global Compact – Transparency International Reporting Guidance on the UNGC’s 10th principle on anticorruption.

4. Prevent impunity and make effective the recovery of stolen assets: A lack of political will has often led to impunity for those who have stolen assets from the public purse. The G20 should:

- Comply with relevant UNCAC requirements and other international standards for the prevention of money laundering, e.g. the FATF standards, with a focus on their application. We welcome the FATF reference to UNCAC implementation in their standards.
- Carry out an in-depth review of how their banks handle the risk associated with Politically Exposed Persons (PEPs) and publish the results.
- Deny entry and safe haven to corrupt government officials and business people in cases where the individual has been convicted of corruption offences or where there is credible evidence that they are involved in corruption. This should be subject to a fair and accessible appeals system for any excluded individual.
- Endorse the recommendations in the Stolen Assets Recovery Initiative (StAR) report “Barriers to Asset Recovery” and encourage states to implement them. This includes an improved process for quick and effective mutual legal assistance.
- Enact and implement a legal framework that makes it possible to: (i) freeze assets believed to be the proceeds of corruption on an emergency basis without waiting for a request from the requesting state (comparable to measures that already exist in Switzerland), (ii) create a presumption that assets have been acquired in an illicit way if they have been acquired by a public official during his/her term of office in an amount out of proportion with his/(her) remuneration and (iii) return funds including in cases where there is limited capacity in the country from which the assets were stolen and in situations where it is difficult or impossible to bring prosecutions against corrupt officials. This should include assets transferred to trusts and assets owned or used by political leaders still in office.
- Create an international fund dedicated to providing technical assistance in the area of asset recovery for countries with weak legal and administrative capacity.
- Study the possibility of introducing a complaints mechanism in connection with public asset recovery efforts as well as the possibility of using escrow accounts for frozen assets.
- Implement UNCAC Art. 9 to take appropriate measures to promote transparency and accountability in the management of public finances, including calling on States to ensure such transparency and accountability also with respect to returned assets.

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