



# General Assembly

Distr.: General  
24 June 2008

Original: English

[Start]

## Sixty-third session

Item 54 (d) of the preliminary list\*

**Globalization and interdependence: preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, consistent with the United Nations Convention against Corruption**

Item 99 of the preliminary list\*

**Crime prevention and criminal justice**

## **Preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, consistent with the United Nations Convention against Corruption**

### **Report of the Secretary-General**

#### *Summary*

The present report has been prepared pursuant to General Assembly resolution 62/202, entitled “Preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, consistent with the United Nations Convention against Corruption”.

It provides an overview of the second session of the Conference of the States Parties to the United Nations Convention against Corruption and the preparations for its third session. The report also provides information on measures taken by States to prevent and combat corruption and to work for the prompt return of assets of illicit origin. It gives an overview of international action being taken against corruption and for asset recovery and of the relevant work carried out by the United Nations Office on Drugs and Crime, individually and in partnership with other entities. Further, the report contains information on matters related to resources.

---

\* A/63/50.



## Contents

|  | <i>Paragraphs</i> | <i>Page</i> |
|--|-------------------|-------------|
| I. Introduction .....  | 1-3               | 3           |
| II. United Nations Convention against Corruption .....   | 4-17              | 4           |
| A. Status of ratification .....  | 4                 | 4           |
| B. Conference of the States Parties to the United Nations Convention against Corruption: roadmap to the third session .....  | 5-17              | 4           |
| III. Measures taken by States to prevent and combat corruption and to work for the prompt return of assets of illicit origin, consistent with the United Nations Convention against Corruption ..... | 18-23             | 8           |
| A. Preventing corruption .....   | 20                | 9           |
| B. Criminalizing corruption .....  | 21                | 10          |
| C. Recovering assets .....   | 22-23             | 11          |
| IV. International action against corruption and for asset recovery .....   | 24-38             | 12          |
| A. Technical assistance in implementing the United Nations Convention against Corruption .....   | 24-27             | 12          |
| B. The Stolen Asset Recovery initiative .....  | 28-30             | 14          |
| C. Other activities at the international level .....   | 31-36             | 15          |
| D. Cooperation with the private sector .....   | 37-38             | 17          |
| V. Resources .....   | 39                | 18          |
| VI. Conclusions and recommendations .....  | 40-43             | 18          |

## I. Introduction

1. In its resolution 62/202 of 19 December 2007, the General Assembly encouraged all Governments to prevent and combat corruption and to work for the return of illicitly acquired assets. It invited Member States to work on the tracing of financial flows linked to corruption and the freezing, seizing and return of such assets and also encouraged the promotion of human and institutional capacity-building in that regard. The Assembly welcomed the high number of Member States that had already ratified or acceded to the United Nations Convention against Corruption<sup>1</sup> and urged all Member States and competent regional economic integration organizations that had not yet done so to consider ratifying or acceding to the Convention. It called upon all States parties to fully implement the Convention and encouraged those that had not yet done so to submit information on their implementation efforts through the self-assessment checklist. The Assembly took note of the Stolen Asset Recovery (StAR) initiative of the United Nations Office on Drugs and Crime (UNODC) and the World Bank, and welcomed the cooperation of UNODC with relevant partners. It urged all Member States to abide by the principles of proper management of public affairs and public property and the need to safeguard integrity and to foster a culture of transparency, accountability and rejection of corruption. It encouraged all Member States that had not done so to require financial institutions to properly implement comprehensive due diligence and vigilance programmes. The Assembly called for further international cooperation to combat corruption and the transfer of assets of illicit origin, stressed the importance of mutual legal assistance and reiterated its request to the international community to provide technical assistance to support national efforts to strengthen capacity in that regard. The Assembly encouraged Member States to provide adequate financial and human resources to UNODC, including for the effective implementation of the Convention against Corruption, and encouraged UNODC to give high priority to technical cooperation. It requested the Secretary-General to continue to provide UNODC with the resources necessary to enable it to promote the implementation of the Convention against Corruption and to discharge its functions as the secretariat of the Conference of the States Parties to the United Nations Convention against Corruption. It called upon the private sector to remain fully engaged in the fight against corruption and welcomed the agreement to add anti-corruption as the tenth principle of the Global Compact. Finally, the General Assembly decided, in the same resolution, to include in the provisional agenda of its sixty-third session, under the item entitled "Globalization and interdependence", a sub-item entitled "Preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, consistent with the United Nations Convention against Corruption", bearing in mind the possibility of reviewing the future consideration of that sub-item.

2. Pursuant to General Assembly resolution 61/209 of 20 December 2006, a report of the Secretary-General on preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, was submitted to the Assembly at its sixty-second session (A/62/116). Prior to that report, other reports on the subject had been submitted to

---

<sup>1</sup> United Nations, *Treaty Series*, vol. 2349, No. 42146.

the Assembly at its fifty-sixth to sixty-first sessions (A/56/403 and Add.1, A/57/158 and Add.1 and 2, A/58/125, A/59/203 and Add.1, A/60/157 and A/61/177).

3. The present report contains an update on the status of adherence to the Convention against Corruption. It provides information on the outcome of the second session of the Conference of the States Parties to the Convention and on preparations for its third session. It also provides information on the status of implementation of the Convention, in particular those provisions relevant to the prevention and combating of corrupt practices and transfer of assets of illicit origin and the return of such assets. The report also contains an update on technical assistance needs and activities for the implementation of the Convention, on ongoing and recently established initiatives against corruption and for asset recovery, such as the StAR initiative of UNODC and the World Bank, and on cooperation with the private sector. The report provides information on voluntary contributions provided by Member States to enable UNODC to assist them in implementing the Convention and concludes with recommendations on the way forward.

## **II. United Nations Convention against Corruption**

### **A. Status of ratification**

4. As at 9 June 2008, there were 140 signatories and 117 parties to the Convention against Corruption. The continuing increase in the number of States parties, after its swift entry into force only two years after it opened for signature, demonstrates that the Convention continues to enjoy strong political commitment among Member States and that it is rapidly realizing its potential to function as the first truly global instrument against corruption.

### **B. Conference of the States Parties to the United Nations Convention against Corruption: roadmap to the third session**

5. Pursuant to decision 1/1 of the Conference of the States Parties at its first session, held in Amman from 10 to 14 December 2006, and article 63 of the Convention against Corruption, the Conference of the States Parties held its second session in Nusa Dua, Indonesia, from 28 January to 1 February 2008. The second session was attended by representatives of 80 States parties, 30 signatory States, 7 observer States, 1 observing entity and numerous regional, intergovernmental, international and non-governmental organizations. At its second session, the Conference adopted five resolutions (see CAC/COSP/2008/15 and A/63/86): resolution 2/1 on review of implementation (including information-gathering); resolution 2/2 on appeal to States parties and invitation to signatories to the Convention to continue to adapt their legislation and regulations; resolution 2/3 on asset recovery; resolution 2/4 on strengthening coordination and enhancing technical assistance for the implementation of the Convention; and resolution 2/5 on consideration of the issue of bribery of officials of public international organizations. In its decision 2/1, the Conference accepted the offer of the

Government of Qatar to act as host to its third session, to be held in Doha late in 2009.

## **1. Gathering information on the implementation of the Convention**

6. In order to initiate the process of gathering information on the implementation of the Convention, a self-assessment checklist was developed by the Secretariat pursuant to Conference of the States Parties resolution 1/2. On 15 June 2007, a CD-ROM containing associated software was distributed to States parties and signatories and, on 30 June 2007, a computer-based application was made available for downloading from the UNODC website ([www.unodc.org](http://www.unodc.org)). Based on the information submitted by 45 States parties by 30 November 2007, the Secretariat submitted a report entitled "Self-assessment of the implementation of the United Nations Convention against Corruption" to the Conference of the States Parties at its second session (see CAC/COSP/2008/2 and Add.1). As at 9 June 2008, 70 Member States, including 61 States parties to the Convention, had submitted self-assessment reports, thus representing a response rate of 53 per cent only one year after the software had become available.

7. In its resolution 2/1, the Conference of the States Parties requested the Secretariat to explore the option of modifying the self-assessment checklist to create a comprehensive information-gathering tool. Thus, an expert group meeting was held in Vancouver, Canada, from 15 to 17 April 2008, on the formulation of comprehensive software to gather information on the implementation of the five crime-related international legal instruments that fall under the mandate of UNODC: the Convention against Corruption and the United Nations Convention against Transnational Organized Crime and the three Protocols thereto.<sup>2</sup> The comprehensive information-gathering tool is expected to be finalized by the end of 2008 and to be the subject of tests and of extensive consultations with Member States during the first quarter of 2009. The final version of the comprehensive, computer-based tool for gathering information on the Convention against Corruption will be presented for endorsement to the Conference of the States Parties at its third session.

## **2. Review of implementation of the Convention**

8. The 1st meeting of the Open-ended Intergovernmental Working Group on Review of the Implementation of the United Nations Convention against Corruption, established pursuant to Conference of the States Parties resolution 1/1, was held in Vienna from 29 to 31 August 2007 (see CAC/COSP/2008/3). At the meeting, participants considered the collection of information on the implementation of the Convention, the characteristics of an appropriate and efficient review mechanism and the link between review of implementation and technical assistance. It closed with recommendations aimed at assisting the Conference in its deliberations on the issue at its second session.

9. In its resolution 2/1, the Conference of the States Parties reaffirmed the characteristics for the review mechanism outlined in its resolution 1/1. Moreover, it decided that any such mechanism should: assist States parties in the effective implementation of the Convention; take into account a balanced geographical approach; be non-adversarial and non-punitive and promote universal adherence to

<sup>2</sup> United Nations, *Treaty Series*, vols. 2225, 2237, 2241 and 2326, No. 39574.

the Convention; base its work on clear, established guidelines for the compilation, production and dissemination of information; identify difficulties and good practices; and be of a technical nature and promote constructive collaboration. The Conference also decided that the Working Group should prepare terms of reference for a review mechanism for consideration, action and possible adoption by the Conference at its third session. It further decided that the Working Group should hold at least two meetings prior to the third session of the Conference. It called upon States parties and signatory States to submit proposals to the Working Group for the terms of reference of the mechanism for its consideration. The Secretariat will invite States to submit proposals for the terms of reference on 1 July 2008. The Working Group will hold two meetings in Vienna in 2008: one from 22 to 24 September and the other from 15 to 17 December. Additional meetings will take place in 2009.

10. A pilot project was initiated in 2007, pursuant to Conference of the States Parties resolution 1/1, to test methods for reviewing the implementation of the Convention and to assist the Conference and its Working Group in reaching an informed decision on which elements should be part of a mechanism on the review of implementation. The lessons learned and experience gained by the 16 States participating in the initial phase were transmitted to the Conference at its second session, on which occasion it was decided to expand the membership of the programme and extend its duration to 2009. Subsequently, 12 additional States volunteered to participate, bringing the total number of participating States to 28 (almost 25 per cent of the total number of the States parties to the Convention). The project is expected to end in June 2009. The Secretariat will compile information on lessons learned and experience gained and convey findings and recommendations to the Conference at its third session.

### **3. Asset recovery**

11. The Open-ended Intergovernmental Working Group on Asset Recovery, established pursuant to Conference of the States Parties resolution 1/4, held its 1st meeting in Vienna on 27 and 28 August 2007 (see CAC/COSP/2008/4). The Working Group made a number of recommendations on developing practical tools for asset recovery, including with regard to gathering information on specific types of money-laundering cases, analysing legal and regulatory frameworks and increasing the responsibility of financial institutions and the financial intelligence units overseeing them. It stressed the importance of close cooperation, trust and exchange of knowledge between competent authorities in requesting and requested States and recommended the establishment of a global network of focal points for asset confiscation and recovery and the organization of annual meetings of those focal points.

12. In its resolution 2/3, the Conference of the States Parties decided that the Working Group should: continue its deliberations on the conclusions and recommendations contained in the report of its meeting with a view to identifying ways and means of translating those recommendations into concrete action; hold at least two meetings prior to the third session of the Conference; and explore means of building confidence, facilitate the exchange of information and ideas on the expeditious return of assets and encourage cooperation between requesting and requested States. The Conference requested the Working Group to continue its

deliberations with a view to further developing cumulative knowledge in the area of asset recovery. The Conference also requested UNODC and invited other organizations to continue to support States in strengthening their capacities, taking into account the conclusions and recommendations contained in the report of the meeting of the Working Group. The 2nd meeting of the Working Group will be held in Vienna on 25 and 26 September 2008.

13. On 17 September 2007, UNODC and the World Bank jointly launched the StAR initiative (see paras. 28-30 below). At the second session of the Conference of the States Parties, a ministerial round table on the StAR initiative was held on 29 January 2008. At the round table, participants highlighted the importance of having a sound legal framework and the fact that asset recovery required a joint effort by requesting States and requested States. It was agreed that the StAR initiative could play an important role in facilitating asset recovery. Also at the second session of the Conference and in the framework of the StAR initiative, a workshop on the handling of mutual legal assistance, co-hosted by the Government of Indonesia, UNODC and the World Bank, was held on 31 January 2008. Participants stressed the importance of political commitment for the successful recovery of assets and concluded the workshop with a number of practical recommendations for formal and informal international cooperation, as well as on strategies for managing asset recovery cases. The Conference will be informed of activities carried out in the framework of the StAR initiative at its third session.

#### **4. Coordination and technical assistance**

14. The Open-ended Intergovernmental Working Group on Technical Assistance, established pursuant to Conference of the States Parties resolution 1/5, held its 1st meeting in Vienna on 1 and 2 October 2007 (see CAC/COSP/2008/5). At the meeting, the Working Group requested the Secretariat to establish, for use by practitioners, an electronic repository of national anti-corruption measures and of legislation implementing the relevant provisions of the Convention against Corruption. It also suggested that the Secretariat organize a round table during the second session of the Conference to bring together representatives of States and of bilateral and multilateral donor agencies. Accordingly, a round table on corruption and development was held at the second session of the Conference, on 29 January 2008. Participants acknowledged the ability of the Convention to serve as a framework for the effective provision of technical assistance and discussed ways to bring issues concerning the Convention into the mainstream of development assistance.

15. In its resolution 2/4, the Conference of the States Parties requested donors to continue their coordination efforts, invited providers of technical assistance to emphasize coordination efforts in host countries and urged donors to enhance their technical assistance by giving high priority to using the provisions of the Convention in the formulation of their general development policies and other relevant policies on anti-corruption assistance. In that resolution, the Conference reaffirmed that the delivery of development assistance should not be linked to the implementation of the Convention and that it should be based on the needs and priorities identified by the requesting States and respect the sovereignty of States. Further, the Conference decided that the Open-ended Intergovernmental Working Group on Technical Assistance should continue its work and hold at least

two meetings prior to the third session of the Conference. The Working Group will hold its next meeting in Vienna on 18 and 19 December 2008.

#### **5. Bribery of officials of public international organizations**

16. Pursuant to Conference of the States Parties resolution 1/7, adopted by the Conference at its first session, UNODC has initiated a consultative process for reviewing the internal rules and regulations of the members of the United Nations System Chief Executives Board for Coordination (CEB) with a view to aligning and harmonizing those rules and regulations with the principles contained in the Convention against Corruption. An informal meeting of CEB members was held on 28 September 2007. At the second session of the Conference of the States Parties, a round table on bribery of officials of public international organizations was held on 31 January 2008. A total of 17 CEB members participated in the voluntary consultative process to review internal regulations and rules against the standards set by the Convention. Seven of the participants provided documentation attesting to an in-depth review against the checklist; 10 provided comments during the meetings on 28 September 2007 and 31 January 2008.

17. In its resolution 2/5, the Conference of the States Parties invited the Secretariat to continue the dialogue it had initiated and recommended that an open-ended workshop of practitioners and experts should be held before the end of 2008 in order to facilitate the exchange of best practices and address technical issues such as cooperation between public international organizations and States parties. The outcome of the workshop could lead, inter alia, to the setting up of a network capable of allowing further exchanges between participants. Subject to the availability of extrabudgetary resources, the open-ended workshop will be held late in 2008. The Conference also requested the Secretariat to coordinate its work as relevant with the Ad Hoc Committee on criminal accountability of United Nations officials and experts on mission, established by General Assembly resolution 61/29 of 4 December 2006.

### **III. Measures taken by States to prevent and combat corruption and to work for the prompt return of assets of illicit origin, consistent with the United Nations Convention against Corruption**

18. The Convention against Corruption is the first legal instrument to provide the international community with a body of provisions for asset recovery. In order to make chapter V of the Convention a truly practical and operational tool for asset recovery, it is essential that States parties fully implement its provisions and those provisions linked to chapter V throughout the Convention. States need to criminalize corruption in all its forms (chapter III of the Convention). They need to establish measures for preventing corruption by promoting the proper management of public affairs and public property, fairness, responsibility and equality before the law and the need to safeguard integrity and to foster a culture of transparency, accountability and rejection of corruption (chapter II of the Convention). The identification and tracing of financial flows linked to corruption and the return of assets of illicit origin must be guaranteed, the widest measure of mutual legal

assistance must be provided and international cooperation must be enhanced. Financial institutions must be required to properly implement comprehensive due diligence and vigilance programmes (chapter V of the Convention).

19. On the basis of the information provided by States parties in completing the self-assessment checklist, UNODC has been able to get a first impression of the measures taken by States parties with regard to the objectives contained in the Convention. However, the information gathered only refers to some of the provisions of the Convention and only reflects the situation in those States parties that completed the self-assessment checklist and submitted the relevant information.<sup>3</sup> Nonetheless, the analysis carried out on the available data reveals some trends and gives an initial overview; findings will become more accurate as more replies are submitted and as all provisions of the Convention are included in what will be a comprehensive information-gathering tool.

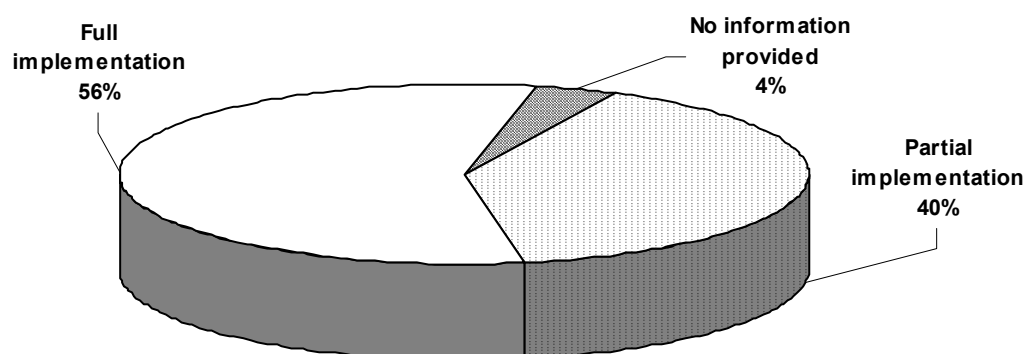
## **A. Preventing corruption**

20. According to the information received by the Secretariat, States have taken a number of measures to prevent corruption. With regard to the implementation of article 5 of the Convention against Corruption, on preventive anti-corruption policies and practices, 78 per cent of responding States had put in place anti-corruption policies and 60 per cent had established preventive anti-corruption bodies. On the implementation of article 9, on public procurement and management of public finances, some States had well-functioning procurement systems or efficient and effective reporting mechanisms on revenues and expenditures. Further, some States had saved large amounts of funds by installing efficient systems of procurement, in line with the Convention. However, much remains to be done. Only 56 per cent of responding States indicated full compliance with the obligations contained in article 9, while 40 per cent reported partial implementation and 4 per cent provided no information in that regard (see figure I).

---

<sup>3</sup> The observations in this and the following chapter are based on the information contained in the replies to the self-assessment reports received by the deadline for inclusion in the reports of the Secretariat to the Conference of the States Parties at its second session (CAC/COSP/2008/2 and Add.1). The observations therefore give an initial impression of the global implementation of the Convention based on the self-assessment of 45 States parties.

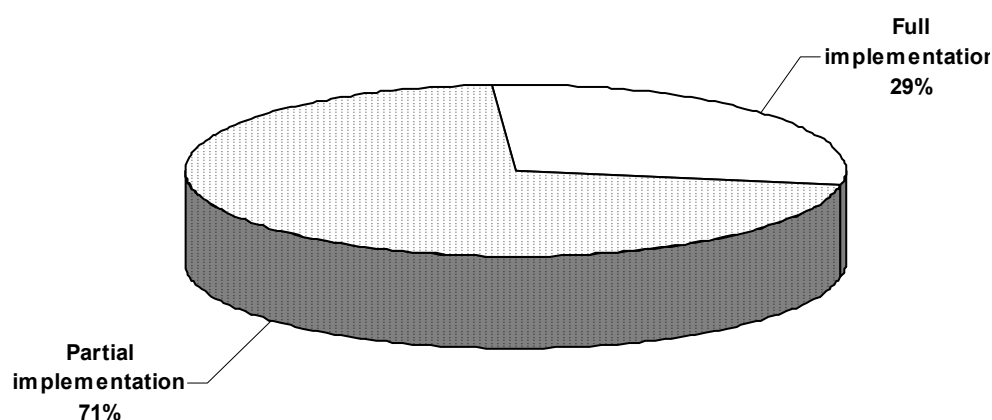
Figure I  
**Implementation of article 9 of the United Nations Convention against Corruption, on public procurement and management of public finances**



## B. Criminalizing corruption

21. With regard to criminalization and law enforcement (chapter III of the Convention), article 15 of the Convention against Corruption, on bribery of national public officials, and article 17, on embezzlement, misappropriation or other diversion of property by a public official, enjoyed the highest rate of reported full implementation (over 80 per cent in both cases). Similarly, three quarters of responding States have implemented article 25 of the Convention criminalizing the obstruction of justice. Some responding States indicated the availability of statistics confirming that those offences were being punished by the courts, sometimes severely, including with imprisonment. However, the rate of full implementation of article 16, on the bribery of foreign public officials and officials of public international organizations, was relatively low (under 50 per cent). Only 29 per cent of responding States had fully implemented article 23, on laundering of proceeds of crime, while 71 per cent had implemented it partially (see figure II).

Figure II  
Implementation of article 23, on laundering of proceeds of crime



### C. Recovering assets

22. Chapter V, on asset recovery, is the most innovative and most complex chapter of the Convention against Corruption. States have taken clear steps to guarantee the identification and tracing of financial flows linked to corruption and the return of illicit assets. For example, promising examples have been reported on the implementation of measures relating to the establishment of financial disclosure systems and on the reporting of suspicious transactions. There have also been some cases of successful international cooperation leading to the return of assets, based on measures consistent with the Convention. However, challenges remain with respect to the implementation of the asset recovery provisions as a whole. The self-assessment responses concerning chapter V indicate the lowest rate of full implementation of all the chapters of the Convention. The percentage of States parties that provided no information on chapter V was also the highest.

23. With regard to article 52, on the prevention and detection of transfers of proceeds of crime, only 27 per cent of responding States had fully implemented the relevant obligations (see figure III). Taking into consideration article 53, on the implementation of measures for the direct recovery of property, the rate of full implementation increased to half of responding States, while 36 per cent of responding States indicated partial implementation. Only 38 per cent of responding States had complied with article 54 and had, therefore, established sufficient mechanisms for the recovery of property through international cooperation in confiscation. Similarly, only 44 per cent of responding States had fully implemented article 57, on the return and disposal of assets (see figure IV). Only article 55, on international cooperation for purposes of confiscation, was reported to have been fully implemented by two thirds of responding States.

Figure III  
Global implementation of article 52, on the prevention and detection of transfers of proceeds of crime

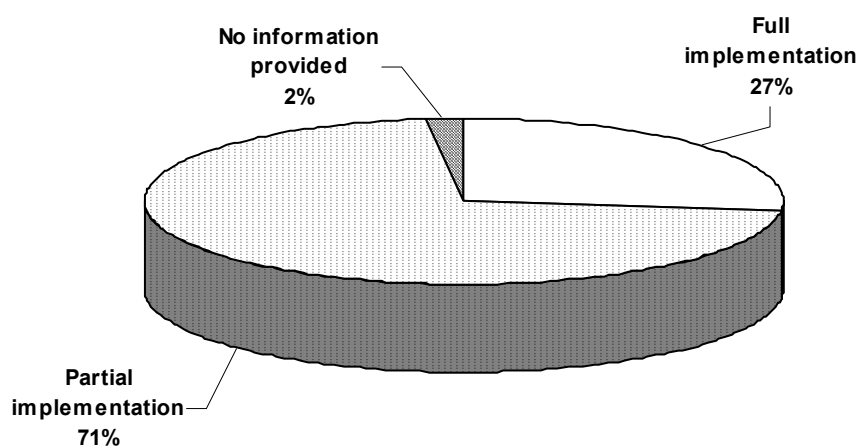
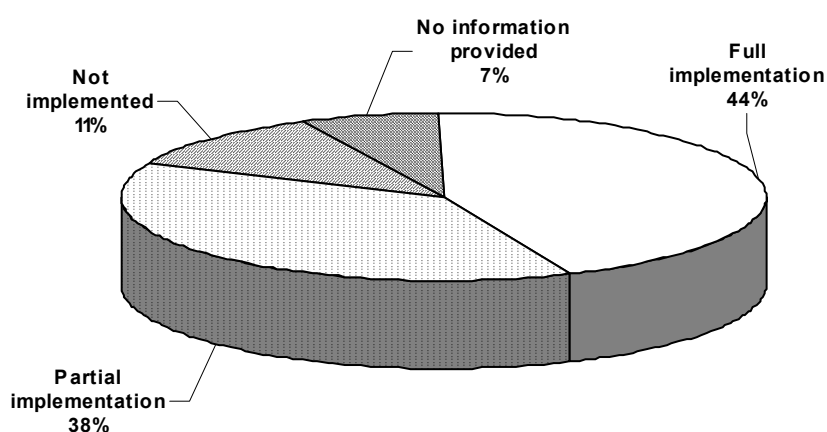


Figure IV  
Global implementation of article 57, on the return and disposal of assets



#### IV. International action against corruption and for asset recovery

##### A. Technical assistance in implementing the United Nations Convention against Corruption

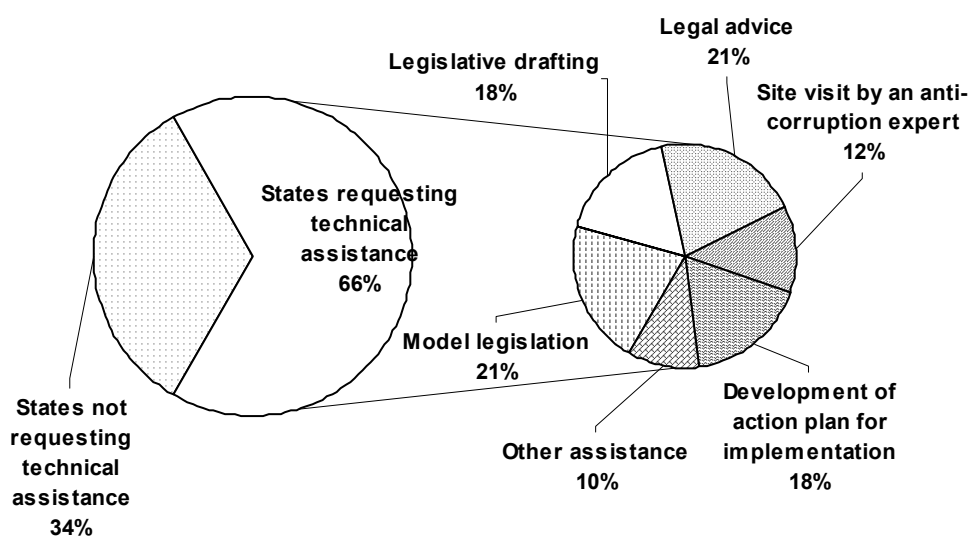
24. According to article 60, paragraph 2, of the Convention against Corruption, States parties should consider affording one another the widest measure of technical assistance, especially for the benefit of developing countries. The full

implementation of chapter V, in particular, will depend not only on legislative and institutional measures but also on the development of human and institutional capacity. In its resolution 1/6, the Conference of the States Parties recognized the need to mobilize support from the international community for the effective implementation of the Convention and, in its resolution 2/4, emphasized that the coordination of technical assistance must be an absolute priority, in part so as to avoid, to the extent possible, duplication in the delivery of technical assistance. Those resolutions were taken into account when designing the self-assessment checklist. Additional information was elicited from those States which had indicated partial compliance or complete non-compliance with one or several of the provisions included in the self-assessment checklist. In particular, States were asked which kinds of available technical assistance would assist them in adopting certain measures and whether the assistance necessary to implement provisions contained in the Convention had already been provided. In cases in which assistance had been provided, States were requested to specify who was providing the assistance and whether the extension or expansion of its provision would further facilitate implementation.

25. Of the States that had completed the self-assessment checklist, 66 per cent expressed the need for technical assistance. The technical assistance needs identified are shown in figure V. Model legislation and legal advice (both 21 per cent), as well as legislative drafting and the development of an action plan for implementation (18 per cent) were the most requested types of technical assistance.

Figure V

**Technical assistance needs of 44 States parties**



26. Similarly, 83 per cent of States that reported partial compliance or full non-compliance with chapter V of the Convention requested technical assistance. The provision of legal advice (19 per cent), model legislation (18 per cent) and support in legislative drafting (17 per cent) were the most frequently requested types of assistance.

27. A number of technical assistance activities for the implementation of the Convention are currently being carried out by bilateral and multilateral donors. Based on the information received through the self-assessment checklist, technical assistance has been provided by the Governments of Canada, Denmark, Germany, the Netherlands, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America. Assistance was also provided by the Asian Development Bank (ADB), the Council of Europe, the European Commission, the Financial Action Task Force on Money Laundering, the Inter-American Development Bank, the Organization for Economic Cooperation and Development (OECD), the Organization for Security and Cooperation in Europe, the Organization of American States and entities of the United Nations system, such as UNODC, the United Nations Development Programme (UNDP) and the World Bank.

## **B. The Stolen Asset Recovery initiative**

28. UNODC and the World Bank launched the StAR initiative in New York on 17 September 2007. Presentations on the initiative were given at the World Bank and the International Monetary Fund in Washington, D.C., on 12 and 13 April 2008. The StAR initiative is a collaborative effort that aims to create a global partnership and to help ensure that there are no safe havens for the proceeds of corruption. It was created in recognition of the fact that developed and developing countries share responsibility for combating corruption and that the proceeds of corruption in poor countries are often hidden in the major financial centres of rich countries. In order to further shape the work programme of the initiative, a number of consultation missions have been conducted to identify possible pilot countries by determining their needs and political commitment. A conference entitled “Strategic Directions in Controlling Corruption: the Recovery of Stolen Assets” was held in Bangkok from 10 to 12 March 2008.

29. The objectives of the StAR initiative are threefold:

(a) To assist States in recovering assets that have been stolen by public officials and hidden in other countries. Activities to achieve this goal include providing assistance to States drafting mutual legal assistance requests or responses to such requests and assisting countries to develop capacity for managing all aspects of asset recovery cases, including the tracing, freezing, seizing and return of assets. Case coordination meetings could be organized to bring together all parties involved in a case at the national level and regional StAR initiative events could be carried out, in particular to train individuals in the various practical issues involved in asset recovery;

(b) To promote full implementation of chapter V of the Convention against Corruption and institutional reform to deter further asset theft. Specifically, the StAR initiative will help States build sufficient capacity to identify suspicious transactions, including the receipt of illicit income, and to seek help from other

States in: collecting evidence on corruption; investigating and adjudicating corruption-related cases; prosecuting individuals involved in corruption-related cases; and freezing, seizing and confiscating assets. To achieve that goal, experts working for the StAR initiative will help States develop and put in place the necessary legislative and regulatory framework to ensure full implementation of chapter V of the Convention and the successful recovery of assets. Successful and unsuccessful asset recovery cases will be analysed, capacities and vulnerabilities will be assessed, training on asset tracing, mutual legal assistance and legal tools will be provided and model guides will be prepared. Points of contact will be created in each country involved to facilitate communication and work on asset recovery cases. In that respect, two technical expert meetings were held on confiscation, in particular in cases without prior criminal conviction: one in Vienna, from 11 to 13 March 2008 and the other in Cancún, Mexico, from 17 to 19 June 2008. The objective of those meetings was to draft a best practices guide that would support States in the implementation of the confiscation provisions of the Convention;

(c) To lower legal barriers obstructing international cooperation for asset recovery. The StAR initiative will help States make use of the legal tools contained in the Convention against Corruption to ease legal requirements for asset recovery by carrying out advocacy and research activities and by engaging directly with partners in financial centres on actions they can take to improve the prospect of recovering stolen assets. In order to be effective, that work needs to be based on empirical evidence and research that recognizes and disseminates good practices. Activities to achieve this goal include: assisting States to evaluate obstacles in their legal and structural requirements for mutual legal assistance; identifying barriers to implementing the provisions of the Convention; and promoting research and knowledge on asset recovery experiences in order to develop best practices.

30. UNODC and the World Bank are creating an efficient and transparent institutional framework for the StAR initiative. To oversee the work of the initiative, the two organizations have established a joint secretariat, housed in the offices of the World Bank in Washington, D.C., composed of World Bank and UNODC staff. The secretariat coordinates all activities that fall under the StAR initiative work programme, serves as a central point of contact for States seeking or receiving support and for donors providing voluntary contributions and will administer funds related to the StAR initiative. To strengthen the collective effort, the initiative benefits from the advice and guidance of the “Friends of StAR”, a small group composed of influential, experienced individuals from developed and developing countries. The group, which held its inaugural meeting on 29 February 2008, has an advocacy role in promoting the implementation of the asset recovery provisions of the Convention and cooperation between States on asset recovery.

### **C. Other activities at the international level**

31. The Council of the European Union decided, in its decision 2007/845/JHA of 6 December 2007, that each member State of the European Union should set up or designate a national asset recovery office in order to facilitate the tracing and identification of proceeds of crime and other crime-related property and should ensure that those offices cooperate with each other by exchanging information and

best practices upon request and spontaneously. A high-level conference on establishing national asset recovery offices was held in Brussels on 6 and 7 March 2008, at which participants recommended ways and means of establishing asset recovery offices. Those offices complement the Camden Asset Recovery Inter-Agency Network, an informal network of judicial and law enforcement expert practitioners established in The Hague, the Netherlands, in 2004.

32. The Leading Group on Solidarity Levies to Fund Development is an informal intergovernmental body that explores innovative ways of financing development. During the 3rd plenary meeting of the Leading Group, held in Seoul on 3 and 4 September 2007, the Government of Norway was invited to establish and chair the International Task Force on Illicit Financial Flows. The Task Force has decided to interpret "illicit financial flows" broadly to include all capital flows that go unrecorded and whose origin, destination and true ownership are hidden. The term also includes flows associated with public loss and public gain and national wealth permanently put beyond the reach of State authorities in the source country and funds that are not part of "fair value" transactions that would stand up to public scrutiny if all the information about them were disclosed. Although important, the proceeds of corruption are only one of the many types of illicit financial flows addressed by the Task Force. Others include the proceeds resulting from wrongly invoiced commercial transactions, wrongly priced financial transfers, illegal wire transfers and petty smuggling. The Task Force held its 1st meeting in Oslo on 12 and 13 December 2007 and its 2nd meeting, also in Oslo, on 1 and 2 April 2008. The Task Force aims to help stop illicit financial flows by, inter alia, contributing to the financing for development process leading to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha from 29 November to 2 December 2008.

33. The International Centre for Asset Recovery (ICAR), which is part of the non-profit Basel Institute on Governance and a member of the United Nations Crime Prevention and Criminal Justice Programme network, has launched an Internet-based Knowledge Centre ([www.assetrecovery.org](http://www.assetrecovery.org)). ICAR aims to address the lack of easily accessible, comprehensive and practical information on asset recovery, a problem identified by a number of States at the 1st meeting of the Open-ended Intergovernmental Working Group on Asset Recovery. The ICAR Knowledge Centre, which was the subject of a presentation at the second session of the Conference of the States Parties, contains legal resources and information on relevant cases, publications, country profiles, training opportunities and events. In addition, ICAR has started its training programme on tracing, confiscating and recovering the proceeds of corruption, money-laundering and related crimes. Training was delivered to officials in Indonesia (17-28 September 2007), Bangladesh (3-6 November 2007), the United Republic of Tanzania (3-13 December 2007) and Madagascar (23 June-1 July 2008). Training was also given to members of the Bangladesh StAR Inter-Agency Task Force on Tracing and Recovering Stolen Assets, in Basel, Switzerland, from 27 February to 7 March 2008.

34. The International Association of Anti-Corruption Authorities (IAACA) was established at the High-level Political Conference for the Purpose of Signing the United Nations Convention against Corruption, held in Merida, Mexico, from 9 to 11 December 2003. The primary objective of IAACA is to promote the effective implementation of the Convention against Corruption and, in particular, to promote

international cooperation, relationship-building and coordination between anti-corruption authorities. The second annual meeting of IAACA was held in Bali, Indonesia, from 21 to 24 November 2007. Representatives of the anti-corruption authorities participating in that meeting adopted a declaration (CAC/COSP/2008/13, annex) containing concrete recommendations for the full implementation of the Convention against Corruption. In the declaration, participants called upon States parties to the Convention to develop an appropriate programme of work to maintain, sustain and strengthen the momentum generated by the Convention. Regarding asset recovery, participants welcomed the StAR initiative, pledging their full cooperation with it within their respective competence, and called upon all States to actively support the full implementation of the provisions of the Convention on asset recovery. The third annual conference and general meeting of IAACA will be held in Kyiv from 3 to 6 October 2008. IAACA has also carried out two seminars on implementation of the Convention; both were held in China, the first from 17 to 26 June 2007 and the second from 14 to 23 May 2008. IAACA is currently engaged in consultations with UNODC and other partners, including ICAR, on implementing joint programmes for the collection, preparation, management and dissemination of informational products.

35. The 28 member States of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific have been engaged since 2005 in strengthening their frameworks for mutual legal assistance, extradition and asset recovery and in implementing the Convention against Corruption and other anti-corruption instruments. In the period 2006-2007, the Initiative reviewed the countries' frameworks and supported the provision of adequate powers of investigation and prosecution and the building of suitable institutions in the region. It has published two reports: one on denying safe haven to corrupt individuals and the proceeds of corruption<sup>4</sup> and one on mutual assistance, extradition and asset recovery.<sup>5</sup>

36. A regional seminar of the Anti-Corruption Initiative for Asia and the Pacific was held in Bali, Indonesia, from 5 to 7 September 2007, with UNODC as a partner. The seminar addressed the legal and institutional challenges of mutual legal assistance and asset recovery; the various paths for obtaining international legal assistance; challenges in the tracing, freezing, confiscation and repatriation of proceeds of corruption in requesting and requested States; lessons learned from case studies; and the needs and priorities of Asia and the Pacific.

## **D. Cooperation with the private sector**

37. The role of the private sector in the fight against corruption is increasingly being recognized as crucial, at both the international and national levels. The business community is rapidly becoming conscious of the fact that investing in fighting corruption is not only a way of preventing costly litigation and damage to

<sup>4</sup> ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, *Denying Safe Havens to the Corrupt and the Proceeds of Corruption: Enhancing Asia-Pacific Cooperation on Mutual Legal Assistance, Extradition, and Return of the Proceeds of Corruption* (Manila, Asian Development Bank, 2006), available online at [www.oecd.org/dataoecd/5/1/37574816.pdf](http://www.oecd.org/dataoecd/5/1/37574816.pdf).

<sup>5</sup> ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, *Mutual Legal Assistance, Extradition and Recovery of Proceeds of Corruption in Asia and the Pacific*, available online at <http://www.oecd.org/dataoecd/28/47/37900503.pdf>.

reputation, but sound business practice. At the same time, it is essential for policymakers to establish and maintain close cooperation with the private sector to ensure the appropriateness and enforceability of regulatory measures. At the second session of the Conference of the States Parties, on 30 January 2008, a special event for representatives of the business community was organized jointly by the Global Compact Office of the Secretariat, the International Chamber of Commerce, the World Economic Forum Partnering against Corruption Initiative, Transparency International and UNODC. The outcome of the event was reflected in a declaration that was brought to the attention of the Conference.

38. UNODC and the Global Compact Office organized jointly the 3rd meeting of the Global Compact Working Group on the Tenth Principle, held in Vienna on 5 and 6 June 2008. The Working Group chartered a new course for implementing the tenth principle of the Global Compact by emphasizing the achievement of tangible results in several key areas, including reporting on progress in implementation and education.

## **V. Resources**

39. UNODC is grateful for the generous contributions made by Australia, Austria, Canada, Finland, France, Germany, Greece, the Netherlands, Norway, Poland, Sweden, Switzerland, the United Kingdom and the United States, as well as UNDP for its work in favour of the implementation of the Convention against Corruption. Thanks to voluntary contributions, UNODC has been able to carry out its programme of activities, including those mandated by the Conference of the States Parties such as the pilot programme for the review of implementation.

## **VI. Conclusions and recommendations**

40. The ongoing increase in the number of States parties to the Convention against Corruption offers hope that the Convention will become a truly global and fully operational instrument, in line with the aspirations and expectations of Member States. Every effort should be made to increase the number of ratifications and to implement the provisions of the Convention. In that context, the General Assembly may wish to encourage Member States to ratify or accede to the Convention and thus support its full implementation.

41. Consolidating the achievements made at the first and second sessions of the Conference of the States Parties and ensuring appropriate preparations for the third session will require the undiminished commitment of all Member States. The greatest challenge (and expectation) facing the third session will be that of reaching agreement on the terms of reference of the mechanism for reviewing the implementation of the Convention. The working groups of the Conference need to engage in constructive dialogue on the possible terms of reference for such a mechanism. Further, they need to discuss next steps for the full implementation of chapter V of the Convention, on asset recovery, and the technical assistance to be provided. It will be important to fully support the working groups in their preparations for the third session of the Conference.

42. Asset recovery will continue to be a priority. It is an area where success will depend on the ability of the Conference of the States Parties to focus on substantive issues and the full implementation of the relevant provisions of the Convention. It will be important to approach the implementation of the asset recovery provisions with full appreciation for the complexity of the related actions and a willingness to invest time, energy and resources in identifying the best possible ways forward, in particular with regard to fostering mutual trust, confidence and strengthened cooperation. Equally important will be the participation in that process of national experts in a way that combines substantive expertise, practical experience and political decision-making power.

43. As the number of States parties and the dynamism of international cooperation for implementation of the Convention rise, expectations of UNODC will also increase exponentially. More financial and human resources will be required to meet those expectations and to enable UNODC to promote the implementation of the Convention and discharge its functions as the secretariat of the Conference of the States Parties to the Convention. In particular, when States parties reach agreement on the terms of reference of the mechanism for the review of the implementation of the Convention at the third session of the Conference of the States Parties, the Secretariat will be expected to perform a high volume of new and complex tasks. It will not be possible to undertake such an increased volume at the present level of resources. The General Assembly may wish to give appropriate early consideration to the needs of UNODC and explore ways of addressing these in the biennium 2010-2011.

---