

G20 2014 – Brisbane Anti-Corruption Update

G20 Leaders established the Anti-Corruption Working Group (ACWG) in 2010 in recognition of the significant negative impact of corruption on economic growth, trade and development. In 2014 corruption remains a very significant threat to global growth and financial stability. The *G20 High-Level Principles on Corruption and Growth* highlight clearly that the G20's growth goals will not be achieved without ongoing and concerted effort to tackle corruption, which is a key barrier to growth – by discouraging foreign investment, increasing the cost and risk of doing business, distorting the allocation of government resources and reducing public confidence in government institutions.

In 2014 the ACWG has continued to lead G20 efforts to combat corruption. Particular attention has been given to the transparency of beneficial ownership of legal persons and arrangements, and implementing commitments to implement and enforce foreign bribery legislation, given the impact of these issues on the broader G20 growth agenda. There is a clear link between illicit financial flows and company structures: a 2011 study by the Stolen Assets Recovery Initiative reported that 150 of the 213 grand corruption cases investigated worldwide involved the misuse of at least one corporate vehicle to hide information about the beneficial owners and that the estimated proceeds of corruption in these cases was USD 56.4 billion. Furthermore, G20 countries recognise that bribery imposes a heavy price on the public and private sectors, with the annual cost of bribery estimated by the World Bank to be USD\$1 trillion. Recognising the need to continue the G20 anti-corruption campaign, the ACWG has also developed a new *2015-16 Anti-Corruption Action Plan* for consideration by G20 Leaders.

Progress in 2014

In 2014 the ACWG under the co-chairmanship of Australia and Italy has continued to focus on implementing the commitments contained in the 2013-14 Action Plan. This Plan contains a range of commitments by G20 countries such as ratifying and implementing the *United Nations Convention against Corruption*, adopting and enforcing foreign bribery legislation, making legal structures such as companies more transparent and resistant to misuse, denying entry and safe haven to corrupt officials and those who corrupt them, and implementing effective whistleblower protections in the public and private sector. As part of the Group's practice of ensuring we hold ourselves accountable for our commitments, the ACWG has finalised and published its annual report on progress made by G20 countries in implementing our anti-corruption commitments. The 2014 Accountability Report for the G20 Anti-Corruption Working Group has been made publicly available on the G20 website.

As of November 2014, eighteen G20 countries have ratified the *United Nations Convention against Corruption* and the remaining two countries have committed to do so as a matter of priority. Sixteen G20 countries have ratified the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* and the remaining G20 countries have committed to actively participate with the OECD Working Group on Bribery with a view to exploring possible adherence to the OECD Anti-Bribery Convention.

In 2014 the ACWG developed and agreed **G20 High-Level Principles on Beneficial Ownership Transparency**, which outline concrete actions G20 countries will take to ensure legal entities are transparent and are not being misused for illicit purposes such as money laundering, tax evasion and corruption. These Principles are

a significant step towards fulfilling the mandate set by Leaders and Finance Ministers for G20 countries to lead by example on this issue. The Principles were developed jointly by experts from the Finance and Sherpa tracks, and are an excellent example of the G20 taking coordinated action in response to a shared threat. The Principles will be sent to Leaders for possible endorsement at the Brisbane Summit.

A high priority for the ACWG in 2014 has been ensuring G20 countries lead by example in implementing and enforcing **foreign bribery offences**. Building on the momentum of 2013, when Leaders endorsed the *Principles on the Enforcement of the Foreign Bribery Offence*, in 2014 eighteen G20 countries completed individual self-assessments of their implementation of their G20 Foreign Bribery commitments, and will identify further steps they intend to take to strengthen their efforts to combat foreign bribery. In 2015-16 the ACWG will continue to monitor countries' efforts to implement these next steps.

In accordance with a specific commitment in the 2013-14 Action Plan, in 2014 the ACWG finalised and published **G20 Guides to Asset Recovery**. These Guides provide practical, step-by-step information on how to request assistance from G20 countries in the identification, seizure and return of the proceeds of corruption, and will be a useful tool for both G20 and non-G20 countries.

Further to a commitment to strengthen the transparency of the public sector and ensure transparent procurement processes, the ACWG finalised and published the **G20 Compendium of Good Practices on Public Procurement**. The Compendium identifies good practices in procurement in G20 countries, and is a useful tool to assist all countries in detecting and preventing integrity risks in the procurement process. Building on the **G20 High-Level Principles on Asset Disclosure by Public Officials**, the ACWG also endorsed **Asset Disclosure Profiles** for G20 countries prepared by the World Bank and finalised a review of **G20 Good Practices in Asset Disclosure Systems**.

In 2014 the ACWG has continued to ensure it is focusing efforts on those sectors at greatest risk of corruption. In particular, as requested by Leaders in St Petersburg, the ACWG has continued its efforts to combat corruption in the **high-risk extractives sector** by providing information through a questionnaire and gathering best practices for further actions.

Cognisant of the continued importance of **international cooperation** to combat corruption, ACWG members completed a detailed assessment of their systems to provide assistance in corruption cases on a civil and administrative basis.

2015-16 G20 Anti-Corruption Action Plan

As requested by sherpas, the ACWG has prepared a *2015-16 G20 Anti-Corruption Action Plan* for consideration by Leaders. The ACWG has also developed a detailed *2015-16 G20 Anti-Corruption Implementation Plan* which outlines how all commitments in the Action Plan will be implemented. In developing the new mandate, the ACWG agreed that new actions should be concrete, action-oriented, and directly support the G20 growth agenda. The ACWG conducted an extensive consultation process in developing this mandate, and invited all G20 members, guest countries, international organisations represented at the ACWG, and G20 engagement groups to submit proposals for the 2015-16 Action Plan. The ACWG conducted a full-day Roundtable with the G20 engagement groups at its February meeting to discuss the development of the post-2014 mandate, and also invited G20 engagement groups to present their proposals for the 2015-16 Action Plan at the ACWG's June meeting.

Cooperation with International Organisations and G20 Engagement Groups

In 2014 the ACWG has continued to work very closely with the international organisations who are members of the ACWG (OECD, World Bank Group, United Nations Office on Drugs and Crime, and Financial Action Task Force). These international organisations continue to make a vital contribution to the work of the ACWG, and have played a key role in the successful implementation of many G20 commitments. The ACWG extends its sincere gratitude to them, and has committed to continue this collaboration going forward.

In 2014, the ACWG has also continued to place a high priority on cooperation with G20 engagement groups. These engagement groups have played a key role in shaping the development of the ACWG's new mandate, through both their detailed submissions to the group and participation in every ACWG meeting in 2014. Their commitment to supporting and encouraging ACWG efforts has been vital to the Group's successes, and 2015-16 Action Plan contains a specific commitment by G20 countries to continue this important engagement. In particular, we note that supporting a stable, predictable environment in which to invest and do business is an important part of the ACWG's agenda, and we have continued to work closely with the B20 throughout this year.