

Collaboration Key to the G20 Tackling Corruption

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The G20 was founded during the 1999 global economic crisis with the world's largest economies to minimize adverse impact on human lives. Today, the world is again experiencing a major economic crisis, exacerbated by geopolitical emergencies and the rising threat of kleptocracy. It is essential that the G20—which comprises over 80% of global gross domestic product (GDP) and two thirds of the globe's population—continue to promote principles of collective action and inclusive collaboration to address not only the issues affecting the global economy but also the threat of grand corruption that risks running unencumbered. As highlighted by the Indonesian G20 presidency, stronger cooperation in fighting corruption is needed. The G20 should adopt innovative and hard-hitting policies and legislation that target kleptocratic leaders where it hurts the most—their pockets. It is in the interest of G20 countries to work together to tackle corruption and kleptocracies to “Recover Together, Recover Stronger.”

G20 countries should use their financial leverage to combat grand corruption and kleptocracy by increasing financial pressure on high-level corrupt actors, their corporate networks, and their enablers (including businesspersons, lawyers, bankers, real estate agents, and accountants) to deprive spoilers of the lifestyle and affluence they desperately covet. Only by focusing on the key networks involved in corruption and human rights abuses will the G20 be able to help achieve real accountability and change in the systems that enable corruption and pillage.

There is an opportunity to use financial tools of pressure such as targeted network sanctions, anti-money laundering (AML) measures, and law enforcement action, which are critical to creating leverage for peace, human rights, democracy, and good governance. The impact and effectiveness of these tools—when deployed strategically and robustly—is key to transforming kleptocratic systems of governance around the world. The G20 should utilize financial pressures on the elite and their networks to curtail their ability to exploit the global financial system and limit their ability to personally profit while stealing from state coffers.

The Sentry recommends that the G20 take the following actions:

- 1. Commit to using a wider range of tools of financial pressure to target systemic corruption.** To effectively bring about systemic change and tackle corruption, consideration should be given to adopting a multifaceted approach to targeting kleptocracies that includes AML measures, targeted network sanctions, and law enforcement action.
- 2. Signal an intention to adopt accountability measures, such anti-corruption sanctions regimes, in due course.** G20 countries that have not yet done so should commit to enacting anti-corruption accountability measures, such as targeted sanctions, against the networks of elites and their enablers looting state coffers and stealing from their own people. They should also commit to closing loopholes as sanctioned entities and individuals take steps to evade these measures. Where



possible, G20 countries should work together to increase pressure on corrupt actors by coordinating the issuance of sanctions and other accountability measures.

3. **Pledge additional resources to help improve the effective implementation and monitoring of anti-money laundering and anti-corruption measures.** This could include (1) a commitment to explore the coordinated issuance of country advisories and public notices detailing money laundering and corruption risks for kleptocracies that can assist in sharing vital information across the public and private sectors; (2) a pledge to bolster efforts to improve the supervision of banks and designated non-financial businesses and professions (DFNBPs) and to commit to impact-focused outcomes; (3) the creation of a task force to monitor G20 compliance with commitments on anti-corruption measures and show leadership in this space; and (4) the promotion of the adoption of technology and use of data to make the fight against corruption and financial crime more effective.
4. **Commit to introducing additional transparency requirements—including beneficial ownership disclosures—for state-owned enterprises, military-owned enterprises, and their joint ventures.** The United Nations Office on Drugs and Crime (UNODC) Oslo Statement on Corruption Involving Vast Quantities of Assets recommends that “state-owned or controlled enterprises should disclose their management structures, revenues, expenditures, and profits, and disclosure should be required [to be obtained] of the beneficial ownership of the supplier companies providing services or goods, and the value accrued by public officials or PEPs [politically exposed persons] through contracts to private companies during their tenure at State-owned or controlled enterprises, in line with national legislation” (R4). This requirement should be extended to military-owned enterprises. State-owned enterprises and military-owned enterprises should also be required to maintain and make publicly available their beneficial ownership information.
5. **Commit to introducing legislation detailing civil recovery powers.** This would allow law enforcement in countries to be able to freeze and seize assets and compel individuals to explain the source of wealth used to purchase those assets (similar to unexplained wealth orders in the United Kingdom). It would also allow the freezing of illicit funds in banks and financial institutions without the need for a criminal conviction, which can be a lengthy process.
6. **Encourage the adoption of public private partnerships including collaboration with civil society to address anti-money laundering and countering the financing of terrorism (AML/CFT) and corruption.** Innovative collaboration between the public and private sector is essential. The UNODC Oslo Statement on Corruption Involving Vast Quantities of Assets (VQA) recommends that “consideration should be given to developing formal and informal mechanisms and encouraging closer public-private sector collaboration to tackle corruption involving VQA, including by cooperating with civil society to complement the work of governments and the private sector” (R13).
7. **Condemn the worsening crisis in Myanmar and coordinate on a decisive and forceful response.** The junta’s recourse to violence, repression, and unsophisticated policies to solidify its political control and interests have been catastrophic for the people in Myanmar. The response



should include the ratcheting up of financial tools of pressure against the junta and its enablers. Targeted network sanctions should be adopted and enforced by G20 governments to disrupt the ability of the military regime to earn foreign currency and to purchase items such as aircraft and jet fuel that are crucial to the brutal war it wages against its own people. G20 financial regulators should require that their financial institutions, as gatekeepers protecting the integrity of the international financial system, adopt enhanced due diligence on all Myanmar-related transactions, in line with the recommendations of the Financial Action Task Force (FATF). In parallel, G20 governments should coordinate with the Association of Southeast Asian Nations (ASEAN) and the United Nations (UN) to ensure that humanitarian aid is delivered to all beneficiaries in ways that do not benefit the junta.

8. **Protect fragile economies against de-risking.** De-risking remains a major concern for many countries, particularly those subject to greylisting or blacklisting by the FATF. The G20 should request that the FATF continue to address de-risking as an unintended consequence of AML/CFT measures so as to guard against wholesale de-risking and protect responsible business and employment practices. The G20 should task the FATF to work with civil society coalitions and financial institutions to develop guidance for both financial institutions and civil society to reduce harm in country. Additionally, G20 countries should call on financial institutions to prevent de-risking and ensure that humanitarian aid organizations and essential sectors of the economy can maintain unhindered access to the international financial system.

