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Your Excellencies,

Transparency International (TI) commends the G20 for agreeing on a comprehensive Anti-Corruption Action Plan and extending the mandate of the Working Group on Anti-Corruption to ensure its implementation. The proposed reforms are critical for G20 success in achieving a sound, stable and sustainable global financial system, enabling global development, contributing to the attainment of the Millennium Development Goals and protecting the world's most vulnerable people. Furthermore, improved global security requires measures that prevent corruption, reduce poverty, impede money laundering and enhance transparency in particular in the defense and extractive industries sectors.

Concrete anti-corruption implementation strategies need to include benchmarks and timeframes for G20 action. Thus, we welcome the G20's ambitious goal of leading by example and of committing itself to an annual progress report on anti-corruption measures.

Our recommendations for G20 action concern the key areas of the Working Group's programme, which are derived from the G20 commitment to ratification and full implementation of the United Nations Convention against Corruption (UNCAC). These include its provisions on foreign bribery, anti-money laundering, asset recovery, extradition, access to information, civil society participation and whistleblower protection (G20 Anti-Corruption Action Plan (ACAP), point 1).

**1) Combat foreign bribery and corruption in the private sector (ACAP, point 2)**

- Implement and enforce laws criminalising foreign bribery and prohibiting off-book accounts by 1<sup>st</sup> January 2012.
- Oblige companies to report on key financial and legal data by country for all countries where they operate. They should also be required to report on any transactions with offshore financial centres, as well as subsidiary registration in those centres.
- Support the Extractive Industries Transparency Initiative (EITI). All G20 countries rich in natural resources should join the EITI as implementing countries.
- Ensure that export credit agencies enforce rules forbidding bribery, fraud or collusion.
- Encourage companies to adopt sound anti-corruption programmes and report on them according to the UN Global Compact – Transparency International Reporting Guidance.
- Ensure that beneficiaries of government rescue packages, economic stimulus funds and multilateral lending facilities publicly report on their use and their implementation of anti-corruption programmes.

## 2) Prevent illicit financial flows and facilitate asset recovery (ACAP, points 3-6)

- Implement global mandatory national-level registers of shell corporations, such as trusts, foundations, and Anstalt, along with their operators, trustees and beneficial owners, and share this register with the tax, customs, and judicial authorities of other countries for the purpose of investigations.
- Oblige banks and other institutions in major financial centres to undertake enhanced due diligence (in accordance with FATF Recommendations) on customers who are Politically Exposed Persons (PEPs); and oblige financial institutions to publicly report on their assets in or transactions with offshore financial centres.
- Implement sanctions against non-cooperative financial centres.
- Declare tax evasion a criminal offense.
- Take concrete steps to facilitate the success of the World Bank and UNODC Stolen Assets Recovery Initiative, including mutual legal cooperation in the asset tracing and investigation stage, and fully support all legal actions aimed at recovering stolen assets, including assets transferred to trusts and assets owned or used by political leaders still in office.
- Create escrow accounts managed by the World Bank and/or Regional Development Banks for frozen assets and ensure the swift transfer of all frozen assets to these accounts.
- Create a fund to assist developing countries in their asset recovery efforts.
- Put in place legal frameworks that would enable victims of corruption and civil society to take asset recovery cases to court, both in the countries from where the assets have been stolen and in the countries where the assets are deposited.

## 3) Implement whistleblower protection rules (ACAP, point 7)

- Assess existing whistleblower protection legislation in all G20 countries against best practice principles, such as those developed by international experts and published by Transparency International in 2009<sup>1</sup>.
- Enact and implement whistleblowing legislation and enforcement mechanisms that comply with best practice by the end of 2012. Such legislation should cover the public and private sector, protect whistleblowers against reprisals and ensure a fair compensation for damage, support the establishment of appropriate and reliable reporting channels and provide for an independent review.
- Promote whistleblowing as an effective tool against corruption and malpractice by lending support to public information campaigns and collecting and publishing data about the public benefit of whistleblowing.

In addition to the work outlined in the Anti-Corruption Action Plan, we continue to be highly concerned, as is the leadership of the G20, about the stability of the international financial system. We seek recognition by the G20 that its further actions on strengthening global regulation and supervision are based on the principles of transparency, accountability and integrity. The G20 should:

- Advise the Financial Stability Board (FSB) to publish a schedule for single-country reviews on adherence to international regulatory and prudential standards and other regulatory initiatives as well as the resulting reports together with recommendations for concrete action plans in order to ensure country compliance; FSB reports on thematic peer reviews should include more information on the status of implementation of reforms at country level.

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- Ensure publication of the findings of all Early Warning Exercises.
- Mandate enhanced transparency of Supervisory Colleges, including for which institutions and how they have been formed as well as public reporting on their activities.
- Oblige supervisory authorities to regularly report on the condition of institutions that pose systemic risks because of their size or leverage.
- Ensure mandatory bank reporting -at a minimum on an annual basis- to their shareholders regarding measures adopted or in process to strengthen risk management at the executive level along with board governance of all aspects of risk management.
- Introduce concrete and more rigorous regulation of hedge funds which receive funds as well as services from banks in G20 countries or operate in G20 countries, including the obligation to publish their rationale for registering offshore; this regulation can be enforced through the bank oversight entities of G20 countries.
- Require financial services firms to publicly report on their lobbying activities.

TI, with its more than 85 national chapters across the world, stands ready to support the G20 Working Group on Corruption in its important tasks. The Action Plan rightly emphasises that a multi-stakeholder approach at national and international levels, promoting dialogue and cooperation among government, private sector and civil society, is effective in creating sustainable solutions. The Working Group should lead by example, operating with the highest degree of transparency. This would include publishing the schedule of its meetings and agendas, making publicly accessible draft recommendations and providing opportunities for civil society participation.

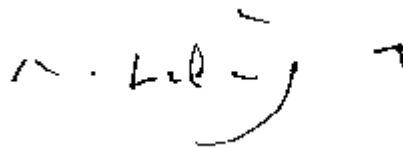
It is very important for the credibility and future success of the G20's leadership in the fight against corruption that all G20 members ratify UNCAC by the end of 2011. Furthermore, we recommend that the G20 countries whose implementation of the UNCAC is currently under review should commit to onsite reviews with active civil society participation and publication of country reports to establish best practice. In addition, the G20 should provide technical assistance to developing countries to implement the UNCAC. This would be complementary and additional to the current development assistance provided.

We thank you for considering our recommendations and look forward to working with you to curb corruption and thereby contribute to the reduction of poverty, the sustainability of global economic growth and the enhancement of international security.

Yours sincerely,



Huguette Labelle  
Chair



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