



# Policy Pack

## Anti-Corruption Working Group (ACWG) C20

# Key Messages

The G20 has repeatedly expressed commitments to combat corruption. These commitments cannot be realized unless the G20 puts the anti-corruption agenda front and center of all its policy priorities, and holds itself to account for implementation of past commitments. In terms of process, the G20 has made progress- through [communiqués](#), a more focused [Accountability Reporting questionnaire](#) introduced in 2020, and the creation of a [digital resource library](#) in 2021 for example. But the process is still less transparent than it should be; implementation of commitments remains a challenge; and priority issues continue to be discussed without enough input from groups that are most affected by the recommended policy outcomes.

The C20 reiterates the need for the G20 to:

**Ensure accountability through improved target setting and reporting.** Work plans should have clear goals and timelines, matched with formalized, consistent annual reports on progress against targets at the country level. G20 countries should follow-through on the revised approach for accountability reporting (as adopted in 2020) and strengthen the process by including an additional process for assessment of implementation as well as a peer review mechanism to bolster accountability.

**Build a culture of learning among member countries to identify both successes and failures** through reporting clearly on challenges faced,

lessons learned and ways forward. Beyond the compendium of best practices, there should also be a focus on sharing what has not worked to better understand local complexities that delay or prevent implementation of commitments and to identify ways to address them through a collaborative learning process.

**Prioritize greater engagement with civil society through ongoing consultations with CSOs** in countries before and during the G20 process. This should involve sharing relevant outcome documents with civil society in a timely manner, and deeper engagement of CSOs in G20 Working Group meetings, including through the presence of C20 representatives in all discussions. As noted in previous C20 recommendations in [Argentina](#), [Japan](#), [Saudi Arabia](#) and [Italy](#), the G20 ACWG also needs to engage more closely with other G20 Working Groups to ensure that anti-corruption is considered a cross-cutting issue.

**Commit to ongoing efforts to ensure citizens and CSOs can participate in monitoring and oversight** of the delivery of G20 anti-corruption commitments. A collective commitment should be made to update, develop and broaden the G20 Anti-Corruption Learning Tool so that progress against commitments can be independently verified by citizens, experts, civil society and the media.

# Preface

Corruption remains at the center of the global challenges we face- from conflict to climate change to pandemic recovery efforts. We know what needs to be done to build integrity and accountability- the missing piece in the political will

to do so. We call on G20 countries to match their rhetoric with action and meaningfully deliver on their anti-corruption commitments- the world has waited too long for this leadership.

# Background

In 2021, the [G20 renewed its commitments](#) to “zero tolerance for corruption in the public and private sectors and to achieving common goals in the global fight against corruption”. It also adopted the [2022-2024 Anti-Corruption Action Plan](#), highlighting its priorities for the next 2 years, informed by the first-ever special session

of the United Nations General Assembly (UN-GASS) against corruption. The plan identifies 3 objectives: strengthen the implementation of existing anti-corruption G20 commitments; build on existing G20 anti-corruption commitments; and promote actions to prevent and counter corruption in priority areas.

# Recommendations

The C20 Anti-Corruption Working Group has identified five issues in line with the 2022-2024 Action Plan and the G20 anti-corruption priorities

for 2022- matched with specific ideas for action- on which we would like to see clear movement from the G20.

# 1. Anti-money Laundering (AML) and Asset Recovery:

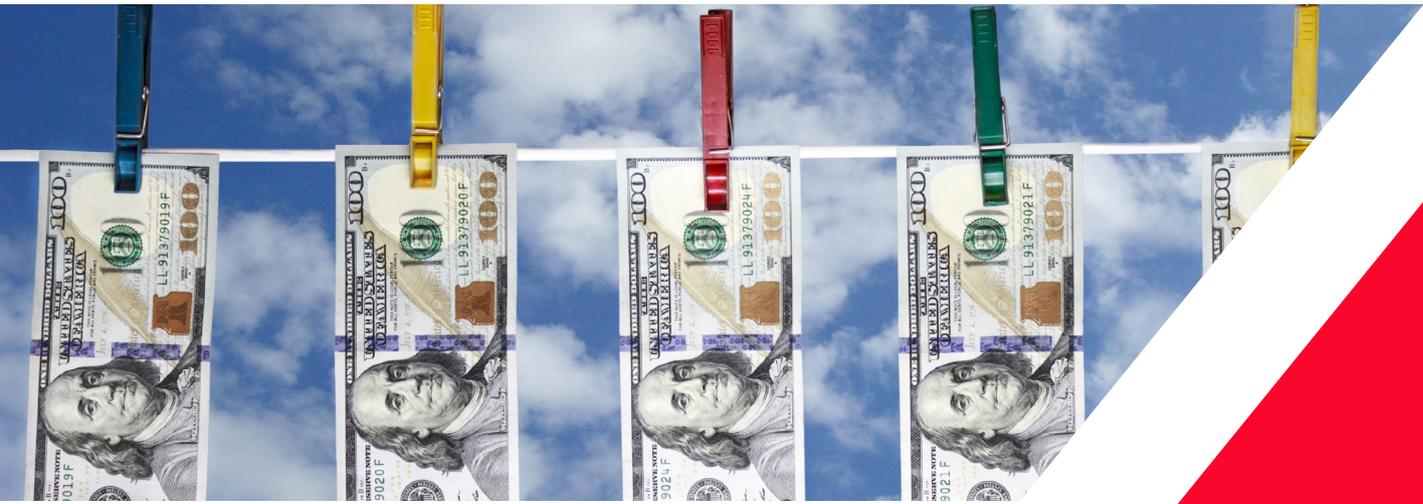


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Effective anti-money laundering efforts are key to detecting illicit financial flows from corrupt activities. The [G20 ACWG 2020 Accountability Report](#) highlighted the lack of timely provision of mutual legal agreements, inflexibility in legal measures, the absence of minimum tools to trace, freeze, and confiscate the proceeds of corruption, and

undefined focal points for cooperation on issues of AML and asset recovery. The current G20 Presidency has prioritized the role legal professionals can play in combating corruption and has called for a G20 ACWG compendium to review regulations and supervision of gatekeepers and share practices across G20 members.

## Recommendations to the G20:

1.1 Ensure that all G20 countries expand Anti-Money Laundering (AML) and Counter Financing of Terrorism (CTF) obligations to non-financial businesses and professions. All gatekeepers should be required to carry out the same anti-money laundering background checks as banks and other institutions, including in relation to the formation of legal entities and with respect to the management of funds.

1.2 Commit to introducing legislation detailing civil recovery powers. This would allow law enforcement agencies to freeze and seize assets and compel individuals to explain the source of

wealth used to purchase assets (similar to [Unexplained Wealth Orders in the UK](#)) and to freeze illicit funds in banks and financial institutions without the need for a criminal conviction.

1.3 Require state parties to change incorporation laws to prohibit all corporations operating in the international financial system from listing an independent incorporator or attorney incorporator as a shareholder, nominee director, or corporate management. Additionally, require the listing or separate filing of a designated individual or publicly traded legal entity as the ultimate beneficial owner (UBO) of every corporation. Failing to

identify a UBO should be considered a red flag for money laundering.

1.4 Address de-risking and de-banking of Non-Profit Organizations (NPOs) in order to reverse the financial exclusion of these organizations as a result of the perceived higher risk and costs to banks looking to comply with AML-CTF laws and regulations.

1.5 Ensure faster, wider, and more effective use of mutual legal assistance through the applica-

tion of a Mutual Recognition Agreement among G20 Members and/or bilateral agreements of this kind. These should include mutual enforcement of “freeze and confiscate” orders, authentication of public records, and transparency of documents. When assets are returned they need to be aligned to [GFAR principles](#), including through the engagement of civil society and community groups to support the transparency of this process.

## 2. Beneficial Ownership Transparency:



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The G20 has committed to lead by example on beneficial ownership transparency and has the opportunity to strengthen this commitment by strengthening [G20 High-Level Principles on Beneficial Ownership](#) Transparency in line with improved global standards, including [amended recommendations](#) adopted by the Financial Ac-

tion Task Force (FATF) in early 2022 to fight kleptocracy. One challenge is integrating and sharing data more easily- which would dramatically improve the ability of citizens to understand who owns companies that might be involved in corruption.

### Recommendations to the G20:

2.1 Define and commit to global standards on beneficial ownership transparency, i.e. the disclosure of the ultimate owners of an entity- in a

central, public registry with free and open data, and supported by international cooperation on these issues among law enforcement agencies.

Such standards should be drafted with consideration of the specific characteristics of non-profit entities and public benefit foundations to ensure that they do not disrupt these legitimate activities.

2.2 Mandate that beneficial ownership laws include information on the different persons involved in the creation and maintenance of trusts. Specifically, the definition of beneficial owners of trusts should be comprehensive enough to include all parties to a trust within its scope – settlor(s), the trustee(s), protector(s) (if any), and beneficiaries or class(es) of beneficiaries, as well as any natural person exercising control over the trusts.

2.3 Implement measures to verify data about beneficial owners, the legal entity that is the subject of disclosure, and how the beneficial ownership or control relationship is held by: cross-checking information against existing authoritative systems and other government registers and requiring them to report discrepancies or suspicious patterns; pro-actively checking to identify potential errors, inconsistencies, and outdated entries; and prohibiting ownership types that are difficult or impossible to verify, such as bearer shares.

2.4 Adopt and champion international standards for beneficial ownership information to facilitate the sharing and interoperability of data between countries. The [Beneficial Ownership Data Standard](#), already being implemented by over 10 countries and embedded within leading commercial registry software, provides a standardized yet flexible format for the analysis and exchange of beneficial ownership data.

2.5 Commit to introducing additional transparency requirements for state-owned enterprises, including beneficial ownership disclosures in line with the [UNODC Oslo Statement on Corruption Involving Vast Quantities of Assets](#).

2.6 Set a robust definition of beneficial ownership. Many countries, in particular those early to implement beneficial ownership reforms, have opted for using a threshold of 25% to define beneficial ownership held in this way. Applying a lower threshold—particularly in the business sector with a high-risk of financial crime—will make it more difficult for corrupt individuals to hide ownership. Other than that, persons can control entities by other means such as personal connections, Politically-Exposed Persons (PEPs), the financing of the enterprise, historical or contractual associations, or enjoy the benefits of company assets. The legal definition of beneficial ownership should be clear, comprehensive and enforceable and capture beneficial ownership as a substantive concept rather than a reductive list of specific ways in which ownership or control can be held

2.7 Enforcement of Beneficial Ownership Registration; enforcement should be proportionate, dissuasive and addressed differently for the following failings: failing to submit information; submitting incorrect information (deliberate or otherwise); not submitting on time or not providing updates. Sanctions and penalties to the should include: monetary penalties; actions preventing entities and persons from operating, holding assets, incorporating or creating other legal vehicles.

### 3. Countering Corruption in The Energy Transition:



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The G20 Indonesian Presidency has included sustainable energy transition as a priority issue for 2022. As more and more countries transition towards renewable energy, the G20 needs to recognize the corruption risks associated with the rapid and increasingly accelerating extraction of critical [minerals to fuel the clean energy transition](#) as well as [the rapid expansion of the mining industries in markets](#) for extraction or processing of these minerals. Given the risks it is important to prioritize resource governance in ways that align with existing global standards, such as the [Extractive Industry Transparency Initiative \(EITI\) Standard](#), as well as those agreed

upon by the G20 members under G20 high-level principles, including those for managing [conflicts of interest](#) in the public sector, or preventing corruption in state-owned [enterprises](#). These would also include the [G20 Targeted Approaches to Addressing Corruption in the Extractive Sector](#), which identifies the extractive industries as one of “the most vulnerable economic sectors to corruption, particularly with respect to bribery of foreign public officials” and [Good Practices for Promoting Integrity and Transparency in Infrastructure Development](#) which outlines how the G20 can ensure more transparent infrastructure development.

#### Recommendations to the G20:

3.1 Align with existing best practices, for instance from the infrastructure and extractives sectors, on the transparency and accountability of renewable energy contracts and procurement, and ensure investments in new markets align with open and transparent processes from the outset to promote integrity.

3.2 Extend screening and due diligence requirements across the mining supply chain to source critical minerals needed for a clean energy transition responsibly. Require beneficial ownership disclosure, contract transparency and effectively integrate anti-corruption measures in the licensing stage of mining projects, including those regulating community engagement.

3.3 Regulate lobbying activities in order to prevent infrastructure decision-making related to energy projects from favoring a particular interest group or individual. This regulation would include lobbying registries, regulation of revolving doors, and the transparent and balanced composition of advisory groups.

3.4 Support independent civil society monitoring of large-scale energy projects through Integrity Pacts and other similar vehicles that help ensure

governments are delivering on commitments to transparent, efficient, and accountable procurement.

3.5 Establish effective and constructive feedback channels, open to stakeholders across government, industry and civil society- and especially affected communities- to ensure decisions are made taking into account the needs of those affected by projects, including during the pre-tender phase.

## 4. Open Contracting:



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The recent G20 [2022-24 Anti Corruption Action Plan](#) calls on G20 governments to “*foster greater inclusivity, openness and fair competition in public procurement, including by promoting accountable and transparent practices among suppliers and reliance on skilled procurers and buyers, and promoting data analysis, risk-based approaches, appropriate due diligence and supporting robust and efficient multilevel review processes.*” This builds on previous policy documents including the [G20 Anti Corruption Open Data Principles](#) and [G20 Principles for Promoting In-](#)

[tegrity in Public Procurement](#) as well as the [G20/OECD Compendium of Good Practices of the use of open data for Anti-corruption](#). The [G7 Interior Ministerial Commitments](#) and the [G7 Open Societies Statement](#) go even further in recognizing the critical role of open contracting approaches and principles not only in fighting corruption, but also in driving economic and social outcomes. The G20 Compendium of Good Practices for Promoting Integrity and Transparency in Infrastructure Development recognized the value of open contracting in the infrastructure sector, recommend-

ing the Open Contracting for Infrastructure Data Standard (OC4IDS) as good practice to convert

infrastructure data into compelling and readily available information.

## Recommendations to the G20:

4.1 Strengthen the role of audit institutions to allow them to investigate and report corruption in procurement processes by mandating the use of open data and open data tools in government audit processes. Additionally, introduce and implement targeted legislation, regulations, or other policy guidance to put data-driven approaches at the heart of government audit and supervision as outlined in the OECD Compendium of good practices on the [use of open data](#) and the [G20 High-Level Principles on Preventing and Combating Corruption in Emergencies](#).

4.2 Build the capacity of government auditors and associated supervision or enforcement agencies to adopt and use open contracting methodologies and tools in government audit processes by providing guidance and tools, technical assistance, and facilitating peer exchanges.

4.3 Increase public participation and education on anti-corruption issues with citizens, the private sector, and local communities. This should include a focus on procurement planning and monitoring and should include explicit commitments as to how the G20 will increase public participation and education in line with best practices identified in the [Compendium of Good](#)

[Practices on the Use of Open Data for Anti-Corruption](#): Towards Data-Driven Public Sector Integrity and Civic Auditing.

4.4 Strengthen the open data infrastructure by opening data across the whole cycle of procurement from planning to contract, award and implementation. Publish structured high-quality open data that is readily machine-readable for ease of interoperability amongst multiple systems, as outlined in the [Open Contracting Data Standard \(OCDS\)](#) and the [Open Contracting for Infrastructure Data Standard \(OC4IDS\)](#). This should cover not only open and competitive tenders but also all methods of procurement, including Public-Private Partnerships and procurement by State-Owned Enterprises (SEOs), making it easier for the public to participate and monitor public procurement.

4.5 Encourage international financial institutions like the IMF and multilateral development banks to support whole cycle procurement transparency in countries by incorporating open contracting commitments into their lending, providing implementation guidance to governments and empowering civil society to monitor progress.

## 5. Transparency and Integrity of Corporations:



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The G20 recognizes the role of the private sector in mitigating corruption risks, and has [called on the private sector](#) to support accountability, including through the adoption of the [G20/OECD Principles of Corporate Governance](#) which provide frameworks for corporate transparency and integrity. The G20 Anti-Corruption Working Group (ACWG) [2019-2021 Action Plan](#) also recognized the need to “address the risks of corruption in all

identified high-risk sectors” and prioritized sharing of experiences and information on promoting integrity and transparency within privatization processes among G20 countries, including in [public-private partnerships](#). The [2022-2024 Action Plan](#) continues to prioritize private-sector transparency, integrity, and accountability as key issues.

## Recommendations to the G20:

5.1 Ensure all member countries are party to the [OECD Anti-Bribery Convention](#) and private sector bribery is criminalized in line with [UNCAC provisions](#). Policies and procedures for several acts of high-risk corruption- including bribery toward domestic and foreign civil servants, bribery towards a third party, facilitation payments, gratification, political donations, and social donations- should be in line with the [G20 High-Level Principles on Private Sector Transparency & Integrity](#).

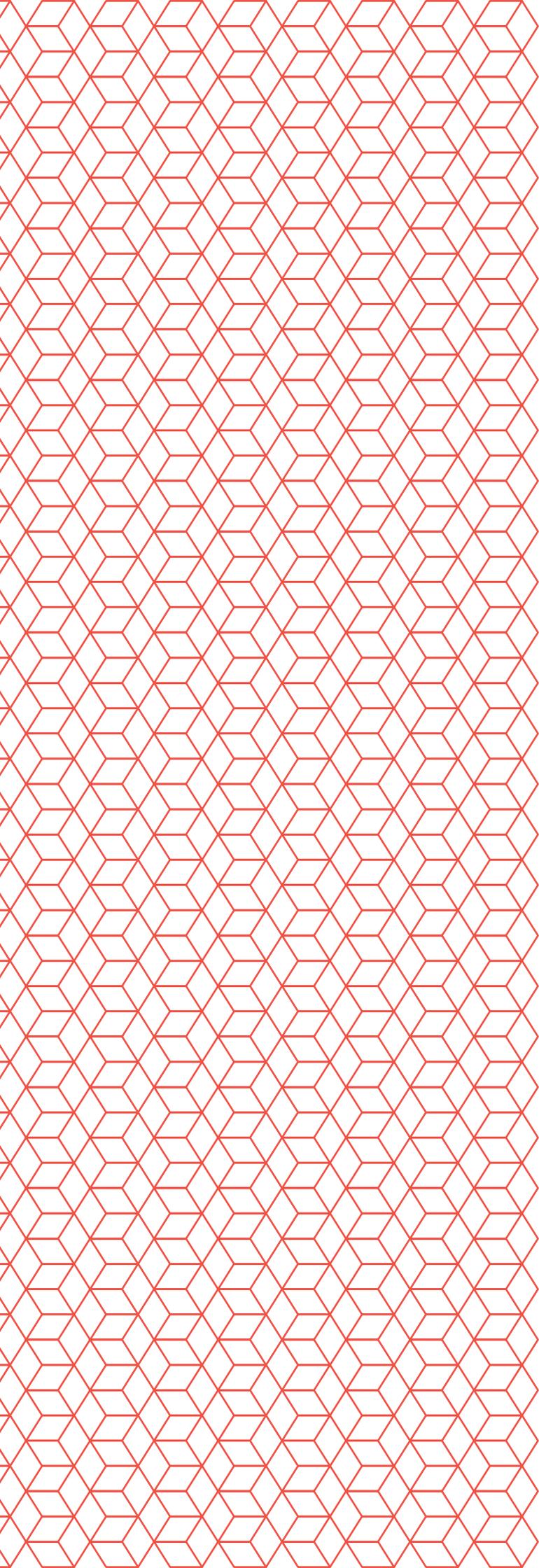
5.2 Ensure all G20 members enact regulations that govern revolving doors- from the public sector to the private sector (post-public employment) and vice versa (pre-public employment). These regulations will reduce favoritism and bias within public policymaking related to the private sector.

5.3 Mandate that large corporations investigate, mitigate and report on corruption risk and cases along their entire supply chain. Adopt the proposed [EU Directive for Corporate Responsibility Due Diligence](#) including requirements to: identify actual or potential adverse human rights impacts

including corruption and bribery; prevent or mitigate potential impacts of corruption; bring to an end or minimize actual impacts; and publicly communicate on due diligence.

5.4 Enable information sharing in Public-Private Partnerships to tackle financial crime. This could include partnerships between government and non-government stakeholders such as regulators, law enforcement, and Financial Investigative Units, as well as banks and financial institutions, civil society, and academia. The sharing of information should follow privacy laws, handle personal information appropriately (and anonymously when possible) following a clear legislative and governance framework.

5.5 Push corporations to adopt high-quality corporate integrity mechanisms, including Corporate Codes of Ethics, Whistle-Blowing Mechanisms or other complaint mechanisms, and put in place specific policies for high-risk areas such as procurement of goods and services-private procurement transparency, asset divestment, conflict of interest, and lobbying



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