

## **G20 ANTI-CORRUPTION WORKING GROUP 2012 MONITORING REPORT**

*“Corruption threatens the integrity of markets, undermines fair competition, distorts resource allocation, destroys public trust, and undermines the rule of law. Corruption is a severe impediment to economic growth, and a significant challenge for developed, emerging and developing countries. As leaders of major trading nations, we have a special responsibility to prevent and tackle corruption, to establish legal and policy frameworks that promote a clean business environment and to continue to assist G20 countries in their capacity building efforts to combat corruption.”*

Seoul G20 Anti-Corruption Action Plan

### **Background**

1. In June 2010, at the Toronto summit G20 Leaders agreed *“to establish a Working Group to make comprehensive recommendations for consideration by Leaders in Korea on how the G20 could continue to make practical and valuable contributions to international efforts to combat corruption”*. The G20 Anti-Corruption Action Plan was developed by the Working Group at its first meeting in Jakarta and adopted at the Seoul summit in November 2010.
2. The Action Plan requires *“reports, agreed within the working group, on individual and collective progress made by G20 countries in the implementation of the Action Plan to be submitted on an annual basis to the G20 Leaders for the duration of the Action Plan”*. The first Monitoring Report was endorsed at the Cannes summit in November 2011. This document is the second Monitoring Report, covering the year to November 2012.
3. The Working Group has convened three times in 2012: in London in February, in Puerto Vallarta in April and in Paris in October. The Puerto Vallarta meeting was held alongside the High-level Anti-Corruption Conference, sponsored by the Organization for Economic Cooperation and Development (OECD), the United Nations Office on Drugs and Crime (UNODC), the World Economic Forum (WEF) and the Mexican Presidency of the G20. In Paris, the Working Group held its second joint meeting with Financial Action Task Force (FATF) anti-corruption experts as well as a meeting of denial of entry experts. We have also continued our productive dialogue with the B20 Task Force on Improving Transparency and Anti-corruption on issues of shared interest and we are grateful to them for their input.
4. The Working Group would also like to express its thanks to the World Bank, OECD, UNODC, International Monetary Fund (IMF) and FATF for their participation in Working Group meetings as observers and for the valuable technical advice to the Working Group to support the progress outlined in this report.
5. The first section of this report highlights some specific examples of significant individual country progress that the Working Group agreed should be recognised. The second section of this Report provides an assessment of the collective progress made by the Working Group and the G20 in the implementation of the Action Plan and signals what further work is required. A snapshot of individual country progress against the main aspects of the Action Plan can also be found at the end of the report.

6. In 2012, the Working Group has sought to sustain progress across the full range of issues set out in the Seoul Action Plan and further elaborated in the Cannes Monitoring report. The objective is to ensure that countries have in place an effective anti-corruption framework, including necessary laws and institutions; that countries implement the necessary measures to prevent corruption; and that when corruption occurs, appropriate steps are taken against the corrupt and the proceeds of their crimes. The challenge we have set for ourselves for the second year of the Action Plan, which was echoed in the G20 Leaders Declaration of the Los Cabos summit, has been to close the implementation and enforcement gaps, thereby continuing, as G20 countries, to “lead by example” in the fight against corruption.
7. G20 Leaders agreed at the Los Cabos summit in June 2012 to extend the mandate of the Working Group for a further two years to the end of 2014 and requested that the Working Group prepare a comprehensive action plan for adoption alongside this report by the end of 2012. This action plan is contained in a separate document.

### **Summary of progress in 2012: Individual progress**

8. Further significant progress has been made in the year since the first Monitoring Report in respect of the adoption of legislation, in the following G20 countries:
  - Argentina strengthened its anti-money laundering regime by introducing the offences of financial bribery and insider trading, among others, into the Criminal Code in December 2011.<sup>1</sup> Public procurement rules were also updated to enhance transparency and efficiency.<sup>2</sup>
  - Australia introduced changes to extradition and mutual legal assistance legislation to improve cooperation with international partners and has announced measures to strengthen the ability of the Australian Commission for Law Enforcement Corruption (ACLEI) to combat corruption.<sup>3</sup> A domestic pilot of the Extractive Industries Transparency Initiative (EITI) was also announced and three states/territories also enacted improvements to whistleblower protection laws.
  - Brazil amended its anti-money laundering legislation in June 2012, moving to an “all crimes” approach to AML and increasing the activities that will be subject to AML rules and controls. In addition, a Freedom of Information Law came into force May 2012.<sup>4</sup>
  - Canada tabled a Bill in June 2012 that contains measures that may further restrict access to Canada to corrupt foreign officials and their family members.<sup>5</sup> Canada’s government also issued an enhanced Values and Ethics Code for the Public Sector in 2012.<sup>6</sup> In July 2012, Canada announced that a conviction of bribing a foreign public official under section 3 of the *Corruption of Foreign Public Officials Act*, is one of the offences which will render bidders ineligible to procure with the Department of Public Works and Government

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<sup>1</sup> Laws 26.773 and 27.744

<sup>2</sup> Decree 893/2012

<sup>3</sup> Extradition and Mutual Assistance in Criminal Matters Legislation Amendment Act 2012

<sup>4</sup> Law 12.527

<sup>5</sup> <http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Language=E&Mode=1&billId=5683267>

<sup>6</sup> <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=25049>

Services Canada. If this conviction occurred during the life of the contract or lease, it may be grounds for terminating for default.

- China amended its Criminal Procedure Law in March 2012, including changes aimed at improving the enforcement and prosecution of corruption and bribery cases.
- France created a new offence of bribery committed in relation with match-fixing and online gambling in February 2012<sup>7</sup> and in May 2012 introduced new Rules of Government Ethics whereby members of the Government are required to make a declaration of interest statement and disclose gifts received.
- Germany brought into force in December 2011 the Act to Optimise the Prevention of Money Laundering.<sup>8</sup> This Act revises many aspects of the AML Act, including provisions on beneficial owners or due diligence measures to be taken in higher-risk scenarios such as business connections with politically exposed persons (PEPs). Since August 2012, Germany provides information federal government on financial commitments on a new, user-friendly, online platform.
- India introduced a Public Procurement Bill, 2012 which empowers the Government of India to prescribe a Code of Integrity which proposes to include provisions for the disclosure of conflicts of interest. The Bill further provides for a procuring entity to exclude a bid if it determines that a bidder has a conflict of interest.
- Indonesia launched its National Strategy and Plan of Action on the Prevention and Eradication of Corruption for 2012-25 through Presidential Decree no.55/2012.
- Italy: Chamber of Deputies approved Bill S-2156 B in June 2012, for the prevention and enforcement against corruption in the Public Administration including the establishment of a new Anti-Corruption Authority, whistleblower protections, better risk identification and management, and the introduction of anti-corruption plans including enhanced regulations on conflict of interests. The Bill includes an increase in statutory sanctions and longer statute of limitations, new charges applicable to cases of active and passive corruption in the private sector as well as rules on extortion by civil servants. In June 2012 the Parliament also approved the acts authorizing the ratification of the Council of Europe Criminal Law and Civil Law Conventions on Corruption.
- Japan promulgated in March 2012 the subordinate decrees implementing revisions to Japan's anti-money laundering legislation made in April 2011 that require enhanced due-diligence for high-risk transactions.
- Korea enacted new legislation on the proceeds of crime in April 2012 and new anti-money laundering legislation has been enacted and will come into force in March 2013.
- Mexico enacted a Federal Anti-Corruption Law in Public Procurement in June 2012. A draft Bill for a Federal Law on the Prevention and Identification of Transactions with Resources from Illicit Origin was also presented to the Senate.

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<sup>7</sup> Loi n° 2012-158 du 1er février 2012 visant à renforcer l'éthique du sport et les droits des sportifs.

<sup>8</sup> Gesetz zur Optimierung der Geldwäscheprävention - GwGOptG

- Russia introduced to Federal Parliament a draft law on disclosure by civil servants of their expenses and deeds. This draft law also contains provisions on enhanced and outgoing monitoring of financial accounts of national Politically Exposed Persons (PEPs) in line with a FATF recommendation.
- South Africa promulgated the Companies Amendment Act and Regulations in May 2011, which prescribe specific requirements for South African companies to put measures in place to prevent corruption. The requirements include the strengthening of the ethics function within companies and the enhancement of transparency measures.
- Turkey enacted a new Ombudsman law in June 2012 and amended its criminal code (articles 252, 254 and 255) in July 2012 to extend the scope of prosecution of domestic and foreign bribery cases.<sup>9</sup>
- US enacted legislation<sup>10</sup> in April 2012 which increases transparency in financial disclosure reporting for members of the US Congress. In August 2012 the US Securities and Exchange Commission adopted final rules to implement provisions of the Dodd-Frank Act requiring the disclosure of payments to the US or foreign governments by resource extraction issuers registered with the SEC. Other new legislation<sup>11</sup> requires the Secretary of State to make ineligible for entry any foreign government officials and their immediate family members where the Secretary has credible information that such individuals have been involved in “significant corruption, including corruption related to the extraction of natural resources”. Bills are also pending in Congress which would strengthen federal whistleblower protections.

## **Summary of progress in 2012: Collective progress and continuing activities**

### **i. UNCAC**

9. The UN Convention against Corruption (UNCAC) forms the core of the Action Plan. In the Declaration from the Los Cabos G20 summit, G20 leaders reiterated their commitment to the ratification and full implementation of UNCAC. This remains an important objective. Thus far seventeen G20 countries have ratified and are implementing UNCAC.
10. Building on our commitment at Cannes to lead by example in ensuring the transparency and inclusivity of UNCAC reviews by considering the voluntary options in accordance with the Terms of Reference of the Mechanism, Leaders agreed at Los Cabos that, in accordance with the Terms of Reference of the review mechanism, G20 countries will involve the private sector and civil society in the UNCAC review process on a voluntary basis. The involvement of the private sector was a recommendation made by the B20. A number of G20 countries that have completed or are currently undergoing the review of their implementation of UNCAC have already involved the private sector both in the production of the Self-Assessment and during country visits, and State Parties and have reported the positive contribution that has resulted. We note further that

<sup>9</sup> Ombudsman Law, No: 6328.

<sup>10</sup> Stop Trading on Congressional Knowledge Act of 2012  
[http://www.oge.gov/About/Legislative-Affairs-and-Budget/Authorizing-Legislation/STOCK-Act-\(PDF\).](http://www.oge.gov/About/Legislative-Affairs-and-Budget/Authorizing-Legislation/STOCK-Act-(PDF).)

<sup>11</sup> Section 7031c of Public Law 112-74

so far the majority of State Parties to UNCAC that are undergoing or are about to undergo their Peer Reviews have opted to make use of most or all of the voluntary options.

11. We welcome the work of the Mechanism to Review the Implementation of UNCAC, and note the importance of the review process for helping identify technical assistance needs.
- ii. Criminalisation of foreign bribery and the Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention)**
12. By criminalising foreign bribery we show that we are ready to take responsibility for the action of our citizens and companies overseas as we do in our own countries. Alongside the requirement in UNCAC to criminalise foreign bribery, the Anti-Bribery Convention, supported by the OECD Working Group on Bribery, is the benchmark.
  13. At Los Cabos, G20 leaders reiterated the commitment regarding countries not yet parties to the Anti-Bribery Convention to more active engagement with the OECD Working Group on Bribery on a voluntary basis. This builds on the pledge made at Cannes to enact, proactively implement and enforce legislation criminalizing foreign bribery by the end of 2012 as well as to engage within the OECD Working Group on Bribery by actively participating in its plenary meetings and jointly hosting conferences and seminars with the OECD. In addition, G20 leaders commit to enforcing all anti-corruption legislation, and specifically to pursue those who receive and solicit bribes as well as those who pay them, in line with our countries' legislation. The G20 Anti-Corruption Working Group will continue to consider how this can best be achieved.
  14. Almost all of the G20 countries have met the commitment made at Cannes to criminalise foreign bribery by the end of 2012. A majority have extended this commitment to include the liability of legal persons. A number of G20 countries have investigated, charged, prosecuted and successfully obtained convictions for and, in some cases, imposed sanctions on those found guilty of foreign bribery and/or other criminal offences related to foreign bribery. However, effective enforcement by all G20 countries of their foreign bribery laws is paramount.
  15. Most but not all of the G20 countries not party to the Anti-Bribery Convention have achieved greater engagement with the OECD Working Group on Bribery by attending its meetings. These include China, India and Indonesia.
- iii. Combatting the laundering of the Proceeds of Corruption**
16. The implementation and enforcement of effective anti-money laundering (AML) controls are essential to prevent the corrupt from being able to enjoy the proceeds of their crimes. The Cannes Monitoring Report restated G20 support for the Financial Action Task Force (FATF) on the synergies between AML and anti-corruption efforts, in particular joint meetings of FATF and G20 Anti-Corruption experts (the first of which took place in Paris in 2011) and the identification of jurisdictions with strategic AML/Counter-Terrorism Financing (CTF) deficiencies. The Report looked forward to the revision of the FATF recommendations on issues such as customer due diligence, beneficial ownership, transparency in

cross-border wire transfers, enhanced due diligence measures on PEPs and the inclusion of the UNCAC standards into the FATF recommendations.

17. The revised FATF standards were adopted in February 2012. In Los Cabos, G20 leaders welcomed the adoption of the revised FATF standards and looked forward to their implementation, as well as to progress made by FATF in identifying and monitoring high-risk jurisdictions with strategic AML/CTF deficiencies and the use of AML/CFT tools in the fight against corruption, improving transparency of corporate vehicles, increasing cooperation against tax crimes and addressing the risks posed by tax havens. We look forward to the completion in 2013 of the update of the FATF assessment process for the next round of mutual evaluations, which are to have a more intensive focus on effectiveness of implementation.
18. We welcome also the extensive work by FATF on guidance, typologies and best-practices related to corruption in response to the call by the G20, specifically *Corruption - A reference guidance and information note on the use of the FATF Recommendations to support the fight against corruption* (which is currently being updated to reflect the new *FATF Recommendations*)<sup>12</sup>; the typologies report *Laundering the proceeds of corruption*, published in July 2011<sup>13</sup>; *Specific risk factors in laundering the proceeds of corruption - Assistance to reporting institutions* published in June 2012<sup>14</sup>; *Best Practices: Confiscation (Recommendations 3 and 38)* paper, originally issued in February 2010 is being updated to include a section on asset recovery<sup>15</sup>. We noted that a best-practices paper, which will offer further detail about how the FATF Recommendations can be leveraged to combat corruption, would be useful.
19. The second joint meeting of the Working Group and FATF anti-corruption experts was held in Paris in October. The discussion focused on specific issues in relation to international cooperation, specifically in the context of money laundering cases involving the proceeds of corruption and asset recovery. Countries participating presented on a range of related actions, including asset tracing and financial investigations; asset freezing and seizing; and asset confiscation. Delegates also contributed to a draft outline for a FATF best practices paper on the use of FATF Recommendations in the fight against corruption. The ongoing cooperation between Working Group and FATF anti-corruption experts was warmly supported and will continue.
20. In recognition of the importance of tackling AML, a number of G20 countries brought into force new AML legislation that expands the number of relevant offences or amends and strengthens sections of existing legislation in furtherance of AML efforts, including in relation to CTF. Examples include criminalising insider trading and regulating overseas estate agents. Other G20 Members introduced regulations on preventing the transfer of criminal proceeds specific to financial institutions.

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<sup>12</sup> <http://www.fatf-gafi.org/topics/corruption/documents/name,1611,en.html>

<sup>13</sup> <http://www.fatf-gafi.org/topics/corruption/documents/laundryingtheproceedsofcorruption.html>

<sup>14</sup> <http://www.fatf-gafi.org/topics/corruption/documents/specificriskfactorsinthelaundryingofproceedsofcorruption.html>

<sup>15</sup> <http://www.fatf-gafi.org/topics/fatfrecommendations/documents/bestpracticesconfiscationrecommendations3and38.html>

21. We note the efforts by some financial services regulators to conduct examinations of financial institutions' approach to money-laundering risk in higher risk situations including politically exposed persons. These reports have highlighted the considerable scope for improvement of the management of such risks and we encourage jurisdictions that have not undertaken such reviews to consider doing so.

#### **iv. Denial of Entry**

22. Denying entry to corrupt officials and those who corrupt them further limits the ability of such individuals to travel abroad and enjoy the proceeds of their crimes. In 2011, the Working Group carried out a review of existing practices and barriers to denial of entry and Leaders committed to develop with a view to adoption a set of principles relating to the denial of entry to corrupt officials and those who corrupt them, and during 2012 consider how to promote their implementation by all G20 members. These principles were prepared by the Working Group and endorsed by Leaders in Los Cabos.<sup>16</sup>
23. To begin efforts towards implementation and specifically the "frameworks for cooperation", a meeting of Working Group representatives and experts was held alongside the 3<sup>rd</sup> Working Group meeting. Experts presented on denial of entry systems, discussed hypothetical case studies, identified obstacles and opportunities for cooperation and individual action, and initiated an informal expert network.

#### **v. International cooperation**

24. Effective international cooperation is essential in the fight against corruption and for the recovery and return of assets. This includes law enforcement, prosecutorial and judicial authorities as well as financial intelligence units. In this context, we reiterate our support for the work of Egmont Group, CARIN and the StAR/Interpol focal points initiative.
25. Much international cooperation relies on treaties to provide a legal basis – for extradition, mutual legal assistance and asset recovery. UNCAC (and potentially other international instruments) may be used as a treaty basis in each of these respects and we call on all state parties to UNCAC to make full use of these provisions. Similarly, we encourage State Parties to consider using the provisions in UNCAC whereby State Parties may transmit, without prior request, relevant information to a competent authority in another State Party where they believe that such information could be of assistance.
26. In respect of mutual legal assistance, we have now produced a step-by-step guide to assist authorities seeking Mutual Legal Assistance from any of the G20 countries. The commitment to produce this guide was made in the 2011 Monitoring Report and the guide is now available online.<sup>17</sup> We will consider broadening the scope of this work to cover additional aspects of international cooperation.

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<sup>16</sup> <http://www.g20.org/images/stories/docs/canalsherpas/anticorrupt/g20denial-1.pdf>

<sup>17</sup> <http://www.g20.org/images/stories/docs/canalsherpas/anticorrupt/g20mla.pdf>

## **vi. Recovery of Proceeds of Corruption**

27. The G20 is committed to the recovery and return the proceeds of corruption. The aftermath of events in the MENA region in 2011 has further highlighted the importance of this, and we reiterate our support for the World Bank/UNODC Stolen Asset Recovery Initiative, StAR. We note the launch of the Arab Forum on Asset Recovery and the publication by some countries of guides on domestic asset recovery mechanisms.<sup>18</sup>
28. In Los Cabos, the G20 renewed its commitment to deny safe haven to the proceeds of corruption and to the recovery of stolen assets. To support this goal, we have now published information to assist authorities in other countries that wish to trace assets in our countries.<sup>19</sup>
29. At Cannes, G20 countries agreed key elements of an effective asset recovery framework and a set of principles for asset recovery to be implemented by G20 members. This work on implementation of the asset recovery framework is ongoing and will continue into next year.
30. Most but not yet all G20 countries have designated an appropriate authority or authorities responsible for mutual legal assistance requests and investigative cooperation, including relating to asset recovery, and established contact points in the UNODC, Star/INTERPOL Focal Point Initiative and CARIN and/or other initiatives.

## **vii. Whistleblower protection**

31. The Anti-Corruption Action Plan highlighted the importance of protecting from discriminatory and retaliatory action those who report in good faith suspected acts of corruption, with a commitment made that G20 countries that have not already done so would enact and implement whistleblower protection rules by the end of 2012. As the annex to this Monitoring Report shows, this process is not yet complete. The commitment nevertheless remains in place and the Working Group will continue to monitor this, with a view to completion by the end of 2014.
32. The 2011 Monitoring Report noted G20 support for the compendium of best practices and guiding principles for whistleblower protection legislation prepared by the OECD as a reference for enacting and reviewing, as necessary, whistleblower protection rules. The Working Group agreed that this guide is a potentially valuable resource to any jurisdiction undergoing a similar process, and it has therefore been made publicly available.<sup>20</sup>

## **viii. Effective functioning of anti-corruption authorities**

33. For anti-corruption bodies and enforcement authorities to function effectively they need not only to be properly resourced and provided with proper independence, but must also be allowed to remain free from undue influence either from within government or beyond. We reiterate our commitment that where such freedom from undue influence is curtailed, we will speak out to express our concern.

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<sup>18</sup> [www1.worldbank.org/finance/star\\_site/Arab-Forum/Country-Guides.html](http://www1.worldbank.org/finance/star_site/Arab-Forum/Country-Guides.html)

<sup>19</sup> [www.g20.org/images/stories/docs/canalsherpas/anticorrupt/g20assettracing.pdf](http://www.g20.org/images/stories/docs/canalsherpas/anticorrupt/g20assettracing.pdf)

<sup>20</sup> [www.oecd.org/dataoecd/42/43/48972967.pdf](http://www.oecd.org/dataoecd/42/43/48972967.pdf)



34. The Working Group noted the activities of the International Corruption Hunters Alliance initiative, the International Association of Anti-Corruption Authorities, and other regional groups aimed at improving cooperation between authorities and dissemination of good practices. Discussions of the Working Group on the effective functioning of anti-corruption authorities have been assisted by analysis prepared by the World Bank.

**ix. Prevention of Corruption in the Public Sector: Integrity, Honesty and Accountability of Public Officials**

35. The 2011 Monitoring Report specifies commitments aimed at promoting education and training; establishing and enforcing codes of conduct for public officials including the management of conflicts of interest and adopting and implementing financial and asset disclosure systems for officials.

36. Financial and asset disclosure requirements for public officials are an important tool for the prevention of corruption and can aid detection and enforcement. Building directly on the work by Asia-Pacific Economic Cooperation (APEC) to develop principles for financial and asset disclosures by public officials, which were endorsed by APEC Ministers in Hawaii 2011 and Leaders in Vladivostok in 2012<sup>21</sup>, the G20 leaders endorsed the Working Group's principles for financial and asset disclosure systems for public officials at the Los Cabos Summit<sup>22</sup>. These principles aim to produce disclosure frameworks that are fair, transparent, targeted, adequately resourced, useful and enforceable and meet either or both objectives of ensuring government decision making is not compromised by conflicts of interest, and consequently increasing trust in public institutions; and/or providing information and evidence for the detection, investigation, imposing administrative remedies for and/or prosecution of corruption.

37. In respect of education and training, the Working Group notes the valuable role that initiatives such as the Anti-Corruption Curriculum Initiative supported by UNODC, the Judicial Integrity Group, the International Anti-Corruption Academy<sup>23</sup> (which is supported by a number of G20 countries) and other relevant initiatives<sup>24</sup> play in achieving our objectives in this area. We will continue to promote initiatives that support the prevention of corruption through education in the public and private sector.

**x. Prevention of Corruption in the Public Sector: Public Procurement**

38. Public procurement is a significant proportion of the economy in all G20 countries, as it is in most others. The 2011 Monitoring Report, echoing Article 9 of UNCAC, identifies fair and transparent government procurement systems as essential to the prevention of corruption and sets out steps that we will take to achieve this.

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<sup>21</sup> [www.apec.org/Meeting-Papers/Ministerial-Statements/Annual/2011/2011\\_amm/2011\\_governance.aspx](http://www.apec.org/Meeting-Papers/Ministerial-Statements/Annual/2011/2011_amm/2011_governance.aspx); [www.apec.org/Meeting-Papers/Leaders-Declarations/2012/2012\\_aelm/2012\\_aelm\\_annexE.aspx](http://www.apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm/2012_aelm_annexE.aspx)

<sup>22</sup> [www.g20.org/images/stories/docs/canalsherpas/anticorrupt/g20assetdisclosure.pdf](http://www.g20.org/images/stories/docs/canalsherpas/anticorrupt/g20assetdisclosure.pdf)

<sup>23</sup> [www.iaca.int/](http://www.iaca.int/)

<sup>24</sup> For example the U4 Anti-Corruption Resource Centre [www.u4.no](http://www.u4.no)

39. In order to deliver on our commitment to “systematically publishing all relevant, non-confidential information relating to the entire procurement process” we will ensure that at the central government level in our countries there is internet access to appropriately detailed information concerning:
- Public procurement laws and policies, including the legislation defining the use of exceptions;
  - Selection and evaluation criteria;
  - Additional available information regarding awards of contracts and contract modifications the operation of our procurement system, including the amount of tenders advertised electronically and the use of exceptions to competitive tendering
40. In addition, we will take steps to manage conflict of interest situations that public officials in charge of public procurement may incur, which may involve the employment of mechanisms, such as the use of technological solutions, to prevent, discover and remediate such situations. We ask the relevant multilateral international organisations to develop good practices in the field of public procurement anti-corruption policies, measures, and legislation for consideration by the Working Group.
41. During the year the Working Group requested and received input from the World Bank on the possible development of quantitative and actionable procurement transparency indicators to benchmark the complexity of and to track compliance with respect to the public procurement legal framework. We encourage the World Bank to consider further what options exist for using indicators of this type to measure and promote anti-corruption activities.

**xi. Prevention of corruption in the public sector: fiscal transparency**

42. UNCAC Article 9.2 highlights the importance of transparency and accountability in the management of public finances as a preventative measure against corruption. At Cannes, G20 countries committed to publish their budgets in a timely, comprehensive and reliable way, ensuring that their content is accessible and understandable to the general public, and to allow for the publication of relevant International Financial Institutions' (IFIs) reports on G20 countries' public sector finances when authorized by the country.
43. In respect of our undertaking to adopt good practices in fiscal transparency, consistent with the principles of clarity of roles and responsibilities, transparent budget processes, public availability of information, and assurance of integrity, with reference to the IMF Code of Good Practices on Fiscal Transparency, we will continue to identify priority actions individually and collectively that will support this commitment.
44. We will, in addition, seek ways to strengthen further the norms for and practices in fiscal transparency. We call on the multilateral international organisations that undertake assessments of fiscal transparency and public financial management systems to review and strengthen their assessment mechanisms. We note in this context that the IMF Code on Fiscal Transparency is currently under review, as is the operation of the fiscal Reports on the Observance of Standards and Codes (ROSC), as well as the process underway to update the Public Expenditure and Finance Accountability (PEFA) framework and introduce a mechanism for quality

assurance in PEFA assessments. We ask that the relevant organisations provide an update to the Working Group on the progress made.

45. As regards new efforts to promote greater transparency in public financial management systems, we note the establishment with the support of the IMF and World Bank of the Global Initiative on Fiscal Transparency (GIFT). We note the development by GIFT of high-level principles for fiscal transparency and arrangements for supporting multi-stakeholder processes at national level. We will continue to monitor the development of the GIFT initiative.
46. We note the potential link of work of the Open Government Partnership to many aspects of the prevention of corruption in the public sector and we will explore areas of overlap.

## **xii. Governance of international organisations**

47. International organisations are responsible for significant public funds and should operate with transparency, effective internal safeguards and the highest standards of ethics and integrity. We will continue to work with the international organisations to support the full implementation of the UN Institutional Integrity Initiative. We welcome the joint efforts of the World Bank, Asian Development Bank, African Development Bank, Inter-American Development Bank and European Bank for Reconstruction and Development to develop and implement a cross-debarment policy for companies and individuals that have been found to have engaged in fraudulent or corrupt practices. We will explore means to promote greater cooperation between national authorities and International Organisations in fraud and corruption cases.

## **xiii. Business engagement**

48. The involvement of business is essential in the fight against corruption. The High-level Anti-corruption Conference held in Puerto Vallarta and sponsored by the Organization for Economic Cooperation and Development (OECD), the United Nations Office on Drugs and Crime (UNODC), the World Economic Forum (WEF) and the Mexican Presidency of the G20 provided a valuable opportunity for G20 governments, businesses and civil society representatives to share views and experiences and discuss common objectives. In Los Cabos, G20 leaders welcomed the continuing engagement from the Business 20 (B20) on anti-corruption and transparency. The B20 published its recommendations<sup>25</sup> in June 2012 and we look forward to the continued involvement of businesses from all G20 countries.

## **xiv. Collective action and sectoral initiatives**

49. Collective action and sectoral initiatives have proven to be an important part of the global fight against corruption. In the Seoul Action Plan, the G20 set itself the goal of identifying new multi-stakeholder initiatives for improvements in propriety, integrity and transparency and further work to this end remains to be done. We note the complementary recommendations in this respect made by the B20.

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<sup>25</sup> <http://b20.org/documentos/B20-Task-Force-Recommendations.pdf>

50. We renew our commitment to improving transparency in certain sectors such as the extraction of natural resources and construction and to support or implement initiatives such as Extractive Industries Transparency Initiative (EITI) and Construction Sector Transparency Initiative (CoST). We particularly encourage companies in the extractive industries to disclose their payments to governments in countries where they operate.

### **Accountability**

51. The G20 will continue to hold itself accountable for the commitments it makes and to report on individual and collective progress made in their implementation. G20 leaders agreed at the Los Cabos summit to extend the mandate of the Anti-Corruption Working Group to the end 2014. In this context, the Working Group will prepare its third monitoring report at the end of 2013.