

G20 performance on countering corruption



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Corruption will likely feature at the Buenos Aires Summit as Argentina's presidency builds on the G20's legacy. The International Monetary Fund reports that bribery cost \$1.5–\$2 trillion in 2016, about 2% of global gross domestic product (GDP). The social and economic costs of bribery – not to

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mention other related illicit activities – are much higher. Since the G20 produces around 80% of global GDP and two-thirds of the world's population live in a G20 country, it can significantly affect the fight against corruption.

Anti-corruption first appeared in G20 leaders' declarations at the Pittsburgh Summit in 2009. Linked to financial integrity and good governance, fighting corruption was central to inclusive growth, the delivery of public common goods, and global peace and stability. The G20 played a leadership role by setting the global agenda, adopting a systematic approach through establishing the Anti-Corruption Working Group (ACWG) at the 2010 Toronto Summit, and promoting global cooperation and collaboration. It embraced the work carried out by multilateral organisations and encouraged pragmatism, cross-policy coherence and public-private partnerships.

The G20 has called on its members to ratify and implement the United Nations Convention against Corruption (UNCAC) at every summit since 2009. It has asked members to adopt the Organisation for Economic Co-operation and Development's Anti-Bribery Convention, pledged to work with the World Bank's Stolen Asset Recovery Programme, and requested that the Financial Action Task Force (FATF) deter and detect the proceeds of corruption. In doing so, it called on the FATF to enhance standards on customer due diligence on politically exposed persons and enhance transparency on beneficial ownership and cross-border payments.

Through the ACWG's recommendations, the G20 can lead by example. Since the 2010 Seoul Summit, the ACWG's detailed action plans have

allowed the G20 to make progress on mutual legal assistance, the criminalisation of bribery, asset recovery and confiscation, effective enforcement, denial of safe haven to corrupt public officials, public sector transparency and transparency in sports and the extractive industries, whistleblower protection, information-sharing, conflicts of interest, and domestic and public bribery.

The G20 has linked the fight against corruption to anti-money laundering and tax evasion and also linked the elimination of corruption to sustainable development, poverty reduction, shared prosperity and financial stability. At the 2012 Los Cabos Summit, the G20 welcomed the engagement of the Business 20 (B20) on the issue. Following the 2013 St Petersburg Summit, the G20 began focusing on international collaboration and the development of anti-corruption education programmes to create a global culture of intolerance. It continues to endorse public-private sector collaboration by promoting dialogue among the ACWG, B20 and Civil 20. By the time the G20 addressed corruption at the 2017 Hamburg Summit, it had shifted from government-specific initiatives to those aimed at “fostering effective compliance by business”. The G20 encouraged countries to consider corporate compliance and ethics programmes when determining whether to award export credits and other benefits, and to consider voluntary self-reporting and cooperation when deciding on enforcement such as disqualification from participating in public procurement, company dissolution, fines or confiscation.

Commitments

Since 2009, G20 leaders have made 110 commitments related to corruption, about 5% of the total 2,398 commitments. There were 33 commitments made at the 2013 St Petersburg Summit and 32 at the 2017 Hamburg Summit.

Causes and prospects

The correlation between global events and the development of G20 commitments was particularly relevant at the Hamburg Summit. The publication of the Panama Papers that leaked 11.5 million records relating to an offshore company in 2016 triggered multiple global investigations and political resignations and spurred the fight against corruption. In 2017, 13.4 million records known as the Paradise Papers were leaked, revealing how offshore corporations continue to be abused by corrupt governments, politicians, tax evaders and criminals.

The ACWG has held three meetings under Argentina's G20 presidency. President Mauricio Macri has announced that Argentina will create a national anti-corruption strategy. In an unprecedented show of unity, the B20 and C20 issued two joint statements in July: one encouraging all G20 members to develop national anti-corruption strategies and the other calling on the G20 to increase integrity and transparency in state-owned enterprises (SOEs) and implement existing commitments. The ACWG intends to emphasise integrity in SOEs and manage conflicts of interests. These will likely feed into the leaders' declaration.

It has been 15 years since the UN adopted the UNCAC. Next year, a decade will have passed since corruption first appeared on the G20 agenda. However, much remains to be done to stamp out the ‘insidious plague’ of corruption. This can only be accomplished by bringing together public, private and civil society actors, as the G20 does.

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