



GLOBAL FORUM

on Illicit Financial Flows and Sustainable Development

Second Symposium on:
Implementing International Standards
Effectively, Coherently, and in a Development-Oriented Manner

Summary report, 2022

Hosted by



Norwegian Ministry
of Foreign Affairs

Implemented by



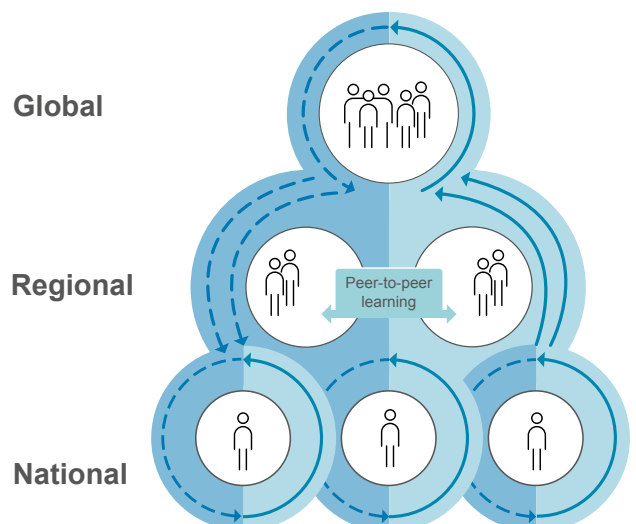
About the Global Forum and this year's Symposium



Under the umbrella of the Global Program Combating Illicit Financial Flows, commissioned by the German Ministry for Economic Cooperation and Development (BMZ), co-financed by the Norwegian Ministry for Foreign Affairs (MFA) and implemented by GIZ, the Global Forum on Illicit Financial Flows and Sustainable Development aims to strengthen the (sustainable) development policy perspective in the international system for combating Illicit Financial Flows (IFFs). This effort builds on two interlinked pillars, namely 1) fostering the exchange between different stakeholders and regions (biennial Symposium) and 2) translating the results of the exchange into action (Call for Ideas). This year's Symposium continued and advanced the exchange kicked-off in 2020.

Fostering exchange and identifying solutions

The two-day Symposium brought together key stakeholders from different sectors (**academia, civil society, media, public and private sector**) and levels of government (global, regional, and national) to foster knowledge transfer, promote the exchange of best practices and identify innovative approaches, in the fight against IFFs. It combined high-level discussions with topical sessions focused on solutions and concrete actions in five selected areas, covering beneficial ownership transparency, inclusive financial integrity, digital transformation, environmental conservation, and the social re-use of assets. The Global Program Combating Illicit Financial Flows and renowned external partners from key sectors co-created the sessions.





THE SYMPOSIUM IN NUMBERS

Over **15 hrs** of content



40+ organizations
co-creating sessions

5 technical sessions +
new summary sessions

The second Global Forum Symposium featured **60 speakers**, of which **43% were female**. It involved more than **40 organizations** in preparing the sessions, and attracted more than **300 participants** worldwide.

100%

respondents would
recommend the
Symposium to their
colleagues



95%

respondents were
satisfied or very
satisfied with the
Symposium

83%

respondents found
the content both useful
and relevant for their
daily work



Among the five topics suggested for future iterations, “virtual assets” and “intelligence-sharing between private-sector entities” received the highest number of interest, followed by the “use of AI”, “unintended consequences”, and “open-source tools for risk-based supervision”.

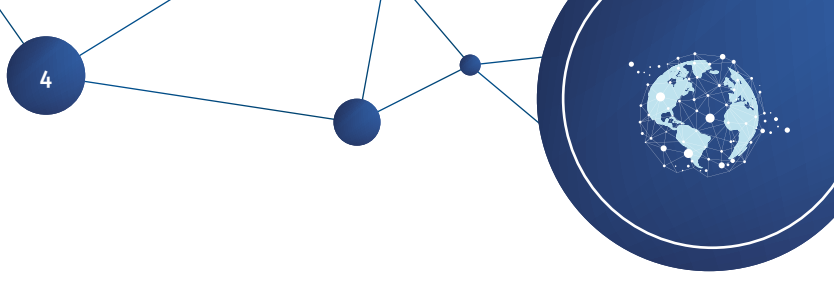


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Executive Summary

To strengthen the policy exchange on combating illicit financial flows by spotlighting and addressing core challenges and persistent topics, the Symposium's second edition brought together key stakeholders and more than 300 participants from relevant sectors and levels of government under the headline "Implementing International Standards Effectively, Coherently, and in a Development-Oriented Manner" on the 28th and 29th of September, 2022. By discussing the creation of a conducive ecosystem for both anti-money laundering (AML) and the countering of terrorist financing (CFT) as well as the Agenda 2030, and through deep technical discussions in targeted breakout sessions four central messages were conveyed:

A crucial moment for true reforms to end secrecy:

In their opening remarks, both, Dr. Bärbel Kofler, Parliamentary State Secretary (BMZ) and Ms. Bjørg Sandkjær, State Secretary (MFA) stressed the need to increase joint efforts against IFFs to address systemic loopholes in the global financial system and to safeguard the rule of law, democracy, and resources for sustainable development in times of global crises. In this context, Dr. Kofler underlined the significant proportion of the Global North's responsibility in this flux.

In a subsequent keynote discussion, Pulitzer-Prize winners and investigative journalists Frederik Obermaier and Gerard Ryle -both paramount in the Panama and Pandora Papers leaks- affirmed that IFFs were not an accident but a central design feature of the global financial system. Both cautioned that efforts following their significant leaks have not been sufficient and called on governments and participants to end secrecy and consider the Global Forum Symposium as "starting point of a global movement for more transparency".

Time to focus on effective implementation of global standards and beneficial ownership (BO) transparency:

Discussing how to build "a conducive ecosystem for AML/CFT standards and the Agenda 2030", high-level panelists from the governments of Albania and Mauritius, international organizations, civil society, and the private sector agreed that the world needs to move from purely techni-

cal compliance with international standards to their effective implementation. This requires a deeper understanding of risks to avoid unintended consequences and enable a more targeted application. The implementation of global standards should significantly reduce IFFs and increase the return and use of assets for sustainable development in affected communities. More and better data will be needed to achieve this, including collaboration and exchange at all levels. BO transparency was repeatedly identified as one of the central areas for progress. As BO registers become a global standard, a major step towards ending secrecy seems possible.

Addressing known issues and new developments in a coherent and locally adapted way:

Looking back at the challenges and accomplishments during his tenure as president of the Financial Action Task Force (FATF), Dr. Marcus Pleyer highlighted the work of strengthening the cohesiveness and inclusiveness of the FATF, the fight against environmental crime, as well as the renewed focus on the opportunities of digital transformation for combating IFFs. These topics also played an essential role in the subsequent technical breakout sessions. Besides BO registers, these sessions focused on concrete actions and solutions to combine financial integrity with financial inclusion, leverage digitalization and data to fight IFFs, address IFFs from environmental crime, and re-use recovered assets to benefit the local communities affected by the crime.

From exchange toward action:

One topic that reappeared throughout all sessions was better collaboration and cooperation between different government agencies, across sectors, in broad coalitions of change, and across borders. These are necessary to overcome the powerful vested interests of IFF beneficiaries and facilitators and the capacity constraints of individual actors trying to combat them. To move from exchange toward action, a Call for Ideas was announced at the end of the Symposium. Set to open in the first quarter of 2023, the call aims to fund up to five (innovative) projects that show the potential to produce concrete results for the discussed topic areas to advance further and improve the fight against IFFs.

An effective, coherent, and development-oriented fight against IFFs

The Global Forum Symposium's first day featured welcoming remarks from high-level representatives of the hosting parties BMZ and MFA, a journalistic keynote discussion on the impact of financial secrecy and the use of tax havens, as well as a high-level panel that set the scene on strategic guidance and current trends toward an effective, coherent, and development-oriented fight against IFFs.

Welcoming remarks

Opening the symposium, Dr. Kofler stressed the enormous and growing volume of IFFs, their harm to developing countries, and the need for joint action to fight them. She highlighted the importance of this fight to maintain the legitimacy of state action and protect democracy against autocratic trends as well as to safeguard urgently needed resources for development. According to the Parliamentary State Secretary, "the Global North shares a significant proportion of the responsibility for IFFs from developing countries" by providing seemingly safe havens and harboring many IFFs facilitators. This calls for national-level action in the Global North. She also stressed the need to listen to partner countries' perspectives and to prevent the financial exclusion of civil society and the creation of barriers to financial inclusion.

“The dimensions and impacts of IFFs show clearly that we all need to significantly increase our efforts across nations and continents both nationally and internationally.”

Dr. Bärbel Kofler

Subsequently, Ms. Sandkjær reiterated the importance of fighting IFFs, seeing "cause for collective alarm" in times of global crises and given the growing inequality between and within countries. The State Secretary highlighted that the effects of IFFs go beyond draining necessary resources. Instead, they also impact institutions, governance, democracy, security, and trust in public institutions. Even though tax havens might often operate "on the brink of legality," the secrecy they offer attracts "capital that is illegally earned and therefore, in many cases, harmful to societies." Therefore, Ms. Sandkjær called for special attention during the Symposium to be paid to (1) the need for increased efforts to implement AML/CFT/CPF standards and (2) pervasive tax evasion and capital flight stemming from systemic loopholes and secrecy.

“As long as corruption and financial and economic crime are allowed to continue, we will not reach our development objectives. As long as secrecy and misuse of power persist, poverty will remain, markets will fail, and democracies will not thrive.”

Björg Sandkjær



Dr. Bärbel Kofler
Parliamentary State Secretary, German
Federal Ministry of Economic Cooperation
and Development



Björg Sandkjær
State Secretary International Development,
Norwegian Ministry of Foreign Affairs

Keynote discussion

From Panama to Pandora: How do the biggest leaks in financial history impact the world today?

Following the welcoming remarks, the Pulitzer-Prizewinners and figureheads behind the Panama and Pandora Papers, Frederik Obermaier and Gerard Ryle looked back on ten years of experience covering the offshore world and the resulting attempts for reform. They noted that many activities they helped uncover were “part of the mainstream financial system.” While their leaks were followed by new rules, instead of ending secrecy, they led to new and more sophisticated levels of hiding. The journalists concluded that there continues to be only one product for sale in the offshore universe: secrecy. Governments -and the international society at large- must tackle this persistent feature systematically at all levels. A central tool to tackle secrecy would be fully transparent, effective, and comprehensive registers of company ownership, real estate, and passports for sale. However, BO registers were promised years ago and have yet to be implemented comprehensively. According to the keynote speakers, it is still up to civil society and journalists “to do the work that authorities could easily do if these reforms would have happened.” The discussion ended with a clear message to governments:

“The Ukraine war could be the 9/11 moment here [...] Governments all over the world have got to take that moment to push for true reforms. Which goes back to really eliminating secrecy.”

Gerard Ryle



Frederik Obermaier
Pulitzer Prize-winning investigative journalist and initiator of the “Panama Papers”



Gerard Ryle
Director of the International Consortium of Investigative Journalists



**Moderated by:
Dr Melinda
Crane-Röhrs,
Journalist,
Deutsche Welle**

High-level sessions:

Panel Discussion and FATF Fireside Chat

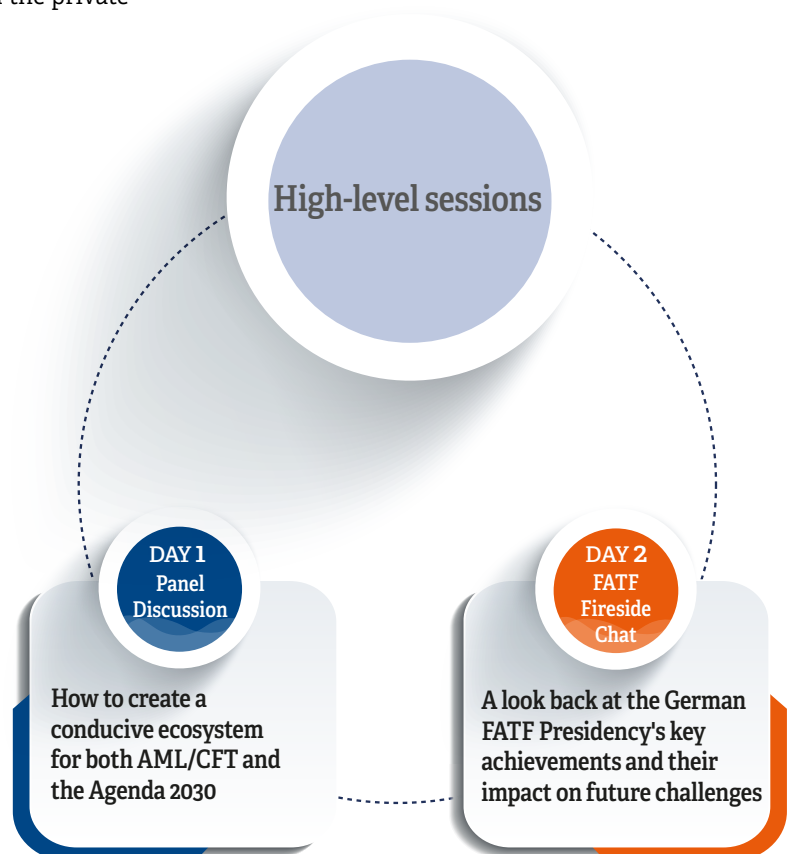


Throughout the last thirty years of fighting IFFs, a set of global norms and standards has emerged and evolved.¹ Yet, despite their broad implementation, there are only limited observable effects on the actual reduction of IFFs. Moreover, the known volume of asset returns continues to account for only a tiny fraction of the estimated proceeds of crime laundered worldwide. Eventually, implementing global standards at the country level can have unintended side effects.

Against this backdrop, this year's two high-level sessions – a Panel Discussion comprising senior representatives from governments, civil society, international and regional organizations, and the private sector, as well as a Fireside Chat with the former FATF president, Dr. Pleyer – focused on how the current ecosystem of standards should be (re-)designed to allow for an effective, coherent, and development-oriented fight against IFFs.

The main challenge identified by representatives in the Panel Discussion was to ensure that countries reap the positive impact of combating IFFs on security, the rule of law, domestic resource mobilization, environment, and financial integrity while avoiding unintended consequences on sustainable development. Panelists highlighted systemic improvements, including locally adapted and inclusive standards, as well as a stronger focus on priorities and results. To this end, concrete policies to instigate this change, such as high-quality BO registers that ultimately also address emerging issues like environmental crimes and digital transformation, were identified.

Likewise, in the FATF Fireside Chat, Dr. Pleyer presented the concluding German Presidency's key achievements and their essential impact on (future) challenges for AML/CFT/CFP in the context of sustainable development. He emphasized the Presidency's work on improving digital transformation and targeting environmental crime, as well as the efforts to minimize unintended consequences and strengthen regional networks.



¹ Including, but not limited to, the FATF recommendations, the United Nations Convention Against Transnational Organized Crime (UNTOC), the United Nations Convention Against Corruption (UNCAC), the Global Forum on Tax Transparency, and the Inclusive Framework on Base Erosion and Profit Shifting of the Organization for Economic Co-operation and Development (OECD).



COHERENCE: International standards need to be locally adapted and more inclusive

While the international community has developed global standards to ensure a coordinated response to combat IFFs, a one-size-fits-all solution does not adhere to the wide range of diverse national realities. Hence, in the first part of the high-level discussion, panelists addressed whether the current standards are coherent enough to achieve their intended objectives globally.

In this regard, the high-level government representatives from Albania and Mauritius, Deputy Minister Vjero and honorable Minister Seeruttun, laid out their countries' efforts to fulfill international AML/CFT standards. In Albania, this included the creation of a new BO register, a new bank register law, and building up the human resources to use this newly collected data. While Mauritius has managed to terminate FATF grey-listing in "record time", Albania continues under increased monitoring. Both inputs showed how difficult it could be for small and developing countries to comply with contemporary standards, especially as they are transforming and evolving every year. Considering this constant change and developing countries' limited capacities, all countries need to focus efforts on the most relevant risks and around results.

Additionally, Ms. Ovonji-Odida noted that the international system's failure "to respond to the different situations of different countries and regions" should be considered a capacity issue, and decision-making needs to engage all countries. Looking beyond the individual efforts to fulfill the standards, the UN FACTI Panel, of which Ms. Ovonji-Odida was part, already concluded that the global governance architecture around IFFs remains fragmented and uncoordinated. She, therefore, recommended setting up an inclusive and legitimate global coordination mechanism at the United Nations that can address financial integrity on a systemic level.

Both the former president of the FATE, Dr. Pleyer, and the Co-Chair of the GNCG, Mr Fullin, added that the FATF is currently working towards increasing cohesiveness and inclusiveness of its global network. This will include strengthening institutionalized dialogue, capacity-building for regional bodies and BO registers in Africa, as well as approving the shared [strategic vision for the global network](#) agreed upon in April 2022.

Panellists:



Esteban Fullin
Executive Secretary of the Financial Action Task Force of Latin America (GAFILAT) and Co-Chair of the Financial Action Task Force Global Network and Co-Ordination Group (GNCG)



It's key assist countries on developing a tailored solution, on conducting a risk assessment – it is key for them to know what are the risks and what are the areas where they need to put more resources

Esteban Fullin



Ms Irene Ovonji-Odida
Member of the Independent Commission for the Reform of International Corporate Taxation, former Member of the United Nations High-Level Panel on International Financial Accountability, Transparency, and Integrity (FACTI)



EFFECTIVENESS: International standards need to deliver better results

While there has been a steady increase in technical compliance with the FATF's recommendations across countries worldwide, the actual volume of IFFs has increased. Against this backdrop, the panelists discussed how good international standards are actually translated into effective measures that significantly reduce IFFs within the second part of the panel.

All speakers agreed that regionally and locally tailored priorities based on a detailed risk analysis are needed to produce tangible results in asset recovery. This requires better data, improved data sharing, and cooperation across agencies, sectors, and borders.

A starting point could be the conceptual framework for measuring the total value of inward and outward IFFs for Sustainable Development Goal (SDG) 16.4.1 that has been available since October 2020, as well as pilot studies conducted on [illegal markets](#) and from [tax and commercial sources](#) which are producing first results through the analysis of national IFFs.

Both to facilitate the measurement of IFFs and to address secrecy, several speakers referred to the importance of BO transparency and comprehensive, high-quality BO registers. According to Dr. Pleyer, every citizen has a "legitimate interest to know who is behind a legal construct", and the trend is to make transparency a value of its own. Several speakers warned, however, that those registers should not be a showpiece but should be appropriately resourced to validate the information and identify suspicious activity.



It's time for a change of approach [...] It's time for a focus on better rather than more. Focus on outcomes rather than technical compliance. [...] There needs to be a real understanding of what a risk-based approach means. It means a higher focus on higher risk and less focus on lower risk. It requires acceptance that there will be failures.

Alan Ketley



Jean-Luc Lemahieu
Director of the Division for Policy
Analysis and Public Affairs at the UN
Office on Drugs and Crime (UNODC)



Vasilika Vjero
Deputy Minister of Finance and
Economy, Republic of Albania



Alan Ketley
Executive Secretary of the
Wolfsberg Group



DEVELOPMENT-ORIENTATION: Unintended consequences need to be avoided

IFFs harm sustainable development. Hence, the international community pledged to reduce them as part of the sustainable development goals². However, in an interconnected world, action on one end might reverberate and lead to unintended consequences. Likewise, a recent [working paper](#) by the International Monetary Fund found that instruments to promote compliance with international standards (in this case, grey-listing) can reduce capital inflows and, thereby, potentially hamper sustainable development financing. In this context, the high-level panelists debated future trends and innovations as well as potential unintended consequences in the fight against IFFs. An intervention by the honorable Minister Seeruttun underlined that, although negative consequences of grey-listing were found, Mauritius did experience that the clean money attracted by compliance to international standards eventually outweighed the initial adverse effects.

In his interview, Dr. Pleyer outlined that a FATF stocktake published in October 2021 identified four critical areas of unintended consequences potentially resulting from implementing FATF recommendations: de-risking, financial exclusion, undue targeting of NPOs, and the curtailment of human rights. However, Dr. Pleyer stressed that FATF standards are not the only reason for these negative effects. More importantly, a better understanding of risks is required to ensure that standards are applied proportionately.

Beyond a stronger focus on results, all panelists highlighted new developments: the increase in cybercrime, the opportunities of digitalization in combating AML/CFT, and the increased focus on environmental crimes, migrant smuggling, and right-wing terrorism. While the FATF has addressed many of these issues and has been relatively quick on their inclusion into its standards, countries sometimes struggle to keep pace.

²16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime



Hon. Mahen Seeruttun
Minister of Financial Services and
Good Governance, Republic of
Mauritius



Professor Slagjana Taseva
Chair of Transparency International
North Macedonia



Dr. Marcus Pleyer
Deputy Director General of the
German Federal Ministry of Finance
and FATF President 2020 - 2022

Moderated by:
Dr. Melinda Crane-Röhrs,
Journalist, Deutsche Welle



29
SEPTEMBER
2022

THE GERMAN FATF PRESIDENCY: KEY ACHIEVEMENTS & FUTURE CHALLENGES

UNPRECEDENTED CIRCUMSTANCES



DIGITAL TRANSFORMATION



FATF STANDARDS: UNINTENDED CONSEQUENCES



ENVIRONMENTAL CRIME



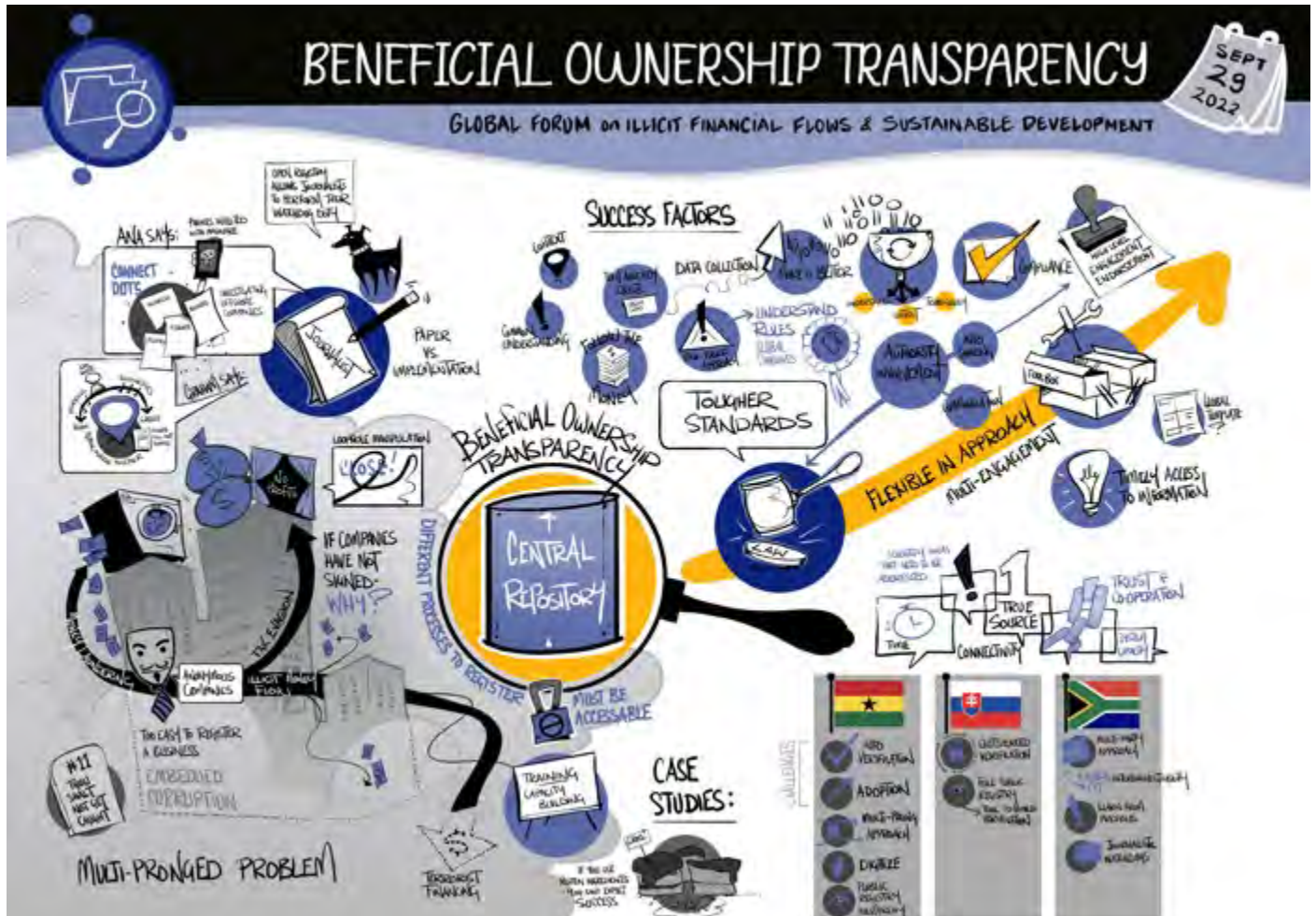
STRENGTHENING REGIONAL NETWORKS





Breakout Sessions

Take a look at the exchange on





Breakout Session 1 – Beneficial Ownership Transparency

Beneficial Ownership Registers. Why we need them and how to implement them in an effective, coherent, and development-oriented manner.

BO transparency is one of the key pillars to prevent the misuse of anonymous companies and a central tool in the fight against IFFs, corruption, and tax evasion. There has recently been an unprecedented political will on the international, regional, and national levels to increase the availability of BO data. For example, in 2021, the European Commission presented an ambitious package of legislative proposals to raise and harmonize BO requirements in the European Union. In March 2022, the FATF adopted amendments to Recommendation 24 to strengthen the international standards on BO of legal persons. The recommendation now highlights BO registers as the main mechanism, making them obligatory for more than 200 jurisdictions. However, the door was left open to set up “equally efficient alternative mechanisms”, and the reform missed the chance to make public access to BO registers mandatory. In June 2022, the G7 also underlined the relevance of BO transparency for sustainable development and committed to strengthening BO transparency within their countries. G20 leaders voiced similar commitments at the global level. Eventually, more than 30 member countries of the Open Government Partnership committed to BO reforms in their Action Plans.

The speakers of the breakout session underlined with various examples that public BO registers are the best way to promote BO transparency and highlighted the risks of relying on an alternative approach. At the same time, current challenges in implementing effective BO registers keep hindering timely access to reliable information.

Speakers:

Ana Petruseva

Co-founder and Director for Macedonia, Balkan Investigative Reporting Network (BIRN)

Graham Stacks

Editor, Organized Crime and Corruption Reporting Project (OCCRP)

Emil Meddy

Manager, Financial Investigations Centre (FIC) Ghana

Andrej Leontiev

Partner, Taylor Wessing Slovakia

Lize van Schoor

Senior Legal and Policy Advisor, Financial Investigations Centre (FIC) South Africa

Andres Knobel

Lead Researcher Beneficial Ownership, Tax Justice Network

Joy Ndubai

Teaching and Research Associate, WU Vienna

Lia van Broekhoven

Executive Director, Human Security Collective

Reflections:

Tinatin Ninua

Deputy Director Independent Reporting Mechanism, Open Government Partnership

Moderated by:

Maíra Martini

Research and Policy Expert, Transparency International

Why we need them?

In the first breakout sessions, Graham Stacks (OCCRP) and Ana Petrusseva (BRIN) discussed their experience using BO registers and underlined their importance in an effective fight against IFFs. Both agreed that publicly available and reliable registers would facilitate their work and would, thus, strengthen public

accountability. The example of assets controlled by Andrei Kostin, a sanctioned banker from Russia, illustrated both the potential and limitations of BO registers. In particular, it showed how the requirement for written requests still hampers access to the Cypriot BO register and how the use of nominees can circumvent the actual BO's registration. By connecting information obtained from such requests with information from the French land registry, company registers, financial accounts, and leaks, an extensive network of companies holding vast amounts of assets in France, Austria, and Russia was uncovered. The network revolved around a Cypriot lawyer setting up the companies and a Canadian national appearing as BO for several of them. In March 2022, after further sanctions on Russian assets, many companies' ownership was moved to an anonymous company in Russia. While BO registers make it more difficult and expensive for criminals, corrupt politicians, tax evaders, and kleptocrats to remain anonymous – as well as easier and faster for those who work to uncover them – a lot remains to be done to increase their effectiveness.



People trying to hide their ownership will also try to hide their ownership from BO registers. [...] But the mechanisms they have at their disposal are much narrower than previously.

Graham Stacks



Panama Papers:
214.000 offshore companies
used by 140 politicians

Pandora Papers:
330 politicians from 90 countries

2022: Out of 149 assets owned by
11 Russian oligarchs, only 2 held
directly in their own name

How to implement them in an effective, coherent, and development-oriented manner

In the second part of the session, practitioners from Slovakia, Ghana, and South Africa shared their lessons learned, challenges encountered, and recommendations for implementing BO registers. In terms of challenges, they focused on compliance and verification issues identified as central by the audience.



SLOVAKIA

BO register: Since 2015, without registration, free, online

In 2015, Slovakia was one of the first countries to implement a BO register. Andrej Leontiev stressed that it's not only public but "public-public", meaning it is accessible



Public access is very important for jurisdictions with underfunded and understaffed law enforcement bodies. Making the register public is a tool for their own verification.

Andrej Leontiev

online without registration or fee. According to him, this is a good and cheap way to improve data quality through review by the general public. In Slovakia, anyone can report inaccuracies triggering verification by the court. Furthermore, only gatekeepers are allowed to register BO information. They receive a fee for doing so and can be held liable for wrong information. This addressed the challenge that foreign BOs could previously not be reached and deterred by national sanctions. All these measures ensured that among the 35,000 registered entities, only 16 nominees from offshore jurisdictions registered in the Slovakian BO register. In addition, a public register also improves cross-border detection and investigations of IFFs, since foreign law enforcement agencies have direct access to it.



GHANA

BO register: Since November 2020, open to the general public

Ghana was one of the first African countries to implement a BO register. Ensuring compliance was, and still is, one of the central challenges. According to Emil Meddy, Ghana has so far focused on moral suasion and awareness-raising to increase support for BO transparency and to overcome fears that BO registers are an attempt by the government "to get at you". Beyond awareness-raising, Ghana uses a multi-pronged approach, allowing obliged entities and the public to flag mismatches, all while developing a risk-based approach for verification. For that purpose, data has been linked with the tax register, and the digitization and connection to asset declarations are in progress.



SOUTH AFRICA

BO register: Implementation in progress, public BO data for COVID-19 procurement

South Africa is still in the process of implementing a BO register. However, it has made some BO information publicly accessible in the framework of COVID-19 procurement. A very vocal civil society, investigative journalists, and several public commissions of inquiry have recently exposed several sophisticated crimes and created high expectations for more transparency and the need for an inclusive process. Lize van Schoor stressed the importance of learning from other existing efforts. South Africa has received technical assistance and support from the European Union's global AML facility, United Nations Development Programme, and Open Ownership. Beyond this assistance, South Africa is also building on its experience with a central company and trust register, trying to interconnect existing information following a multi-agency approach.

Looking ahead

In the third part, as well as in the summary session, representatives from civil society and academia looked at challenges and solutions for effective BO transparency. Like previous speakers, they stressed the importance of making information publicly accessible. In addition, they underlined the importance of cooperating among different government agencies – especially tax authorities and law enforcement, with obliged entities and across borders (more in-depth arguments for the whole-of-government approach and ways to “Taxing Crime” by Joy Ndubai can be found [here](#)).

Last but not least, the speakers warned to be very careful when using exemptions, as any possible loophole would be exploited by ill-meaning actors, even if it is well-meant – as the example of Irish Limited Partnerships being excluded from registration requirements and consequently booming in numbers shows.

Asked by the audience for success stories, Andres Knobel praised Argentina, Ecuador, and Botswana for their broad definition of BOs as anyone owning a share or having a vote. Even though this makes reporting more burdensome and makes complex structures more expensive, this might be an important disincentive against such structures and compensation for their high costs to society.



Make sure the legal framework will give you as much data as you need – or more.

Andres Knobel

To promote effectiveness and avoid unintended consequences, Lia van Broekhoven stressed that BO needs to be well-defined for different types of legal persons and arrangements, especially for the NPO sector. In addition, reporting burdens and costs should be kept as low as possible. One way to do so would be to avoid duplication of registration efforts and remember that even relatively low costs can be a significant burden for small NPOs. Lastly, the representative from Slovakia suggested that besides fighting money laundering and IFFs, BO registers could and should be used for other purposes, such as transparency in global supply chains, to increase their acceptance.



Breakout Sessions

Take a look at the exchange on

INCLUSIVE FINANCIAL INTEGRITY
 GLOBAL FORUM ON ILLICIT FINANCIAL FLOWS & SUSTAINABLE DEVELOPMENT
 SEPT 29 2022

FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS

LEAVE NO ONE BEHIND

Access to usage of financial services
 FIN SERVICES COEVOLVE WITH LIVELIHOOD
 FINANCIAL INCLUSION ONE PIVOTAL PIECE OF SUCCESS
 MORE THAN A BILLION PEOPLE IN NEED OF SERVICES!
 INVISIBLE! NEEDS ARE NOT ACCOUNTED FOR
 BUILD BRIDGES
 ONBOARD & VERIFY EASILY
 FRIENDLY HOST ENVIRONMENT
 TECH LITERACY CHANGES PERCEPTION OF RISK - EVIDENCE BASED
 ASYLUM SEEKERS
 STATELESS PEOPLE
 REFUGEES
 INTERNALLY DISPLACED PERSONS

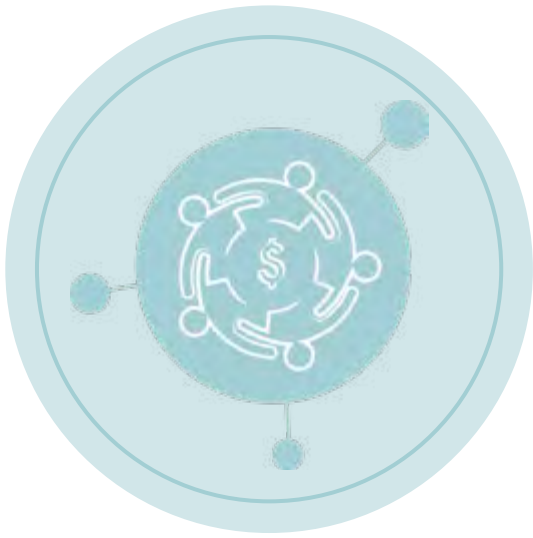
WHAT DOES SUCCESS LOOK LIKE FOR INCLUSIVE FINANCIAL INTEGRITY
 SHORT, MEDIUM & LONG TERM?

STANDARDS LEAD TO UNINTENDED CONSEQUENCES
 MEASURABLE OUTCOMES
 HOW DO WE ALIGN?
 UNDERSTAND THE ENVIRONMENT
 RISK BASED APPROACH
 PROPORTIONATE RESPONSE
 COLLABORATING APPROACH IS OF HIGH VALUE
 WHAT IS YOUR RISK APPETITE?
 WHAT YOU DEFINE HAS MAJOR IMPACT ON OUTCOME
 ASSURANCE PRINCIPLES
 PRINCIPLES BASED APPROACH

FINANCIAL EXCLUSION OF THE NON-PROFIT SECTOR ORGANISATIONS

SYSTEMIC ISSUE

NOT RECEIVING SUPPORT
 BLANKET DERISKING HIGH REJECTION
 SLOW & DIFFICULT FINANCING FLOW
 BANKS ARE GATE KEEPERS
 COUNTER TERRORISM
 RISK AVERSE & DEBANK NPO'S
 MONITOR & REPORT
 SHARED RESPONSIBILITY OF RISK
 ROBUST RISK ASSESSMENTS
 BEST PRACTICES



Breakout Session 2 – Inclusive Financial Integrity

Leaving no one behind. How to achieve financial integrity that includes all.

Apart from the negative effects on marginalized communities and sustainable development, financial exclusion undermines the goal of financial integrity itself. Inclusive financial integrity (IFI) has already played an important role at the 2020 Symposium, during which an informal coordination group was established. Four participants from this group brought together the perspectives of forcibly displaced persons, non-profit organizations, and the vision for long-term success in the field of IFI. They presented insights from a range of works, including a concept for guidance for policymakers by the [Alliance for Financial Inclusion \(Afi\)](#), good practices on safeguarding civic space by the Human Security Collective (HSC), in correlation with the process on unintended consequences by the [FATF](#) and key points that need to be addressed, in order to have a shared vision for long-term success for IFI presented by John Symington from Compliance and Risk Resources. The speakers looked into potential solutions from a global, regional and national perspective and identified suitable goals for the medium and long term.

All speakers and participants agreed that financial exclusion continues to be a big problem both for excluded people and for the financial system itself. In fact, the more people and organizations are excluded from the financial system and pushed into informal channels of exchange, the more risk appears for the financial system itself. Speakers also agreed that some progress has been made at the level of FATF guidance and toolkits but that multi-stakeholder, risk-based, and data-driven processes are urgently needed to better tackle the issues at the implementation stage. Additionally, stakeholders need to agree on a common understanding of risk and the desired outcome of compliance with AML/CFT regulation to ensure that IFI is a key pillar to any path forward.

Speakers:

Mariam Jemila Zahari

Policy Specialist, Alliance for Financial Inclusion (AFI)

Florian Heinrich

Advisor, GIZ

Sangeeta Goswami

Policy Advocacy Adviser,
Human Security Collective

John Symington

Expert, Compliance & Risk Resources

Moderated by:

Ivan Kantardjiski

Advisor, GIZ

Financial inclusion of Forcibly Displaced Persons

With political crises, wars, and climate change, the number of Forcibly Displaced Persons (FDP) has increased dramatically from around 40 million in 2011 to more than 100 million per year. It is set to reach more than one billion by 2050. This includes a wide variety of groups, from stateless persons to refugees and asylum seekers to internally displaced persons. Financial inclusion plays an essential role in building FDP livelihoods, resilience, and self-reliance, especially after the arrival and survival phase. The range of challenges that FDPs continue to face was divided into three realms:

1. Demand-side barriers (in the realm of FDPs), including the lack of acceptable proof of identity (that might have been lost on the way) and trust in the financial system (sometimes due to specific safety concerns or more general language/skill barriers);
2. Risk perception (by the financial service providers and regulators), often resulting from bias or political issues and rarely based on data or thorough risk analysis;
3. Policy and regulatory barriers (at the level of regulatory frameworks), mainly because FDPs and their particular risks are not addressed in risk analyses, policies, and guidance documents.

Reacting to these challenges, the experts suggested solutions for all three realms

- 1) providing acceptable IDs (e.g., Rwanda, Zambia, Jordan, or the UNHCR ID suggested in FATF guidance), a friendly, non-discriminatory host environment and training on financial literacy and language;
- 2) using more granular data to question biased perceptions and identify business potentials;
- 3) including FDPs in risk assessments, guidance documents, and policies.

To promote these solutions, Afi facilitates a task team on IFI for FDPs to produce enhanced data on unintended consequences of AML/CFT/CPF for FDPs and ensure that guidance documents explicitly mention FDPs and detail how to specifically address them in risk assessments.

SOLUTIONS

DEMAND-SIDE

FDPs are equipped with what they need to get onboarded and to have continued use of formal financial services

FDPs have access to an acceptable form of identification for KYC and CDD

As a result, FDPs can easily verify their identity in the host country

E.g. National Bank of Rwanda, Bank of Zambia, Central Bank of Jordan

FDPs in a friendly, nondiscriminatory host environment do not need to worry about safety concerns

(Digital) financial literacy and language/skill trainings are easily available to FDPs

RISK PERCEPTION

FDPs and financial regulators no longer perceive FDPs as inherently risky

FDPs and financial regulators are willing to question their own assumptions

FDPs and financial regulators make an effort to develop a more nuanced understanding of the heterogeneous FDP segment

Strengthened evidence base characterised by more granular, qualitative, quantitative data could support this process

Realistic perception of FDPs business potential based on sex- and age-disaggregated data

FDPs are no longer considered a political issue "others should deal with"

POLICY AND REGULATORY

Financial regulators create a financial system that genuinely "leaves no one behind"

Risk-Based Approaches that are commensurate with the ML/TF/PF risks that FDPs pose

FDPs are considered in both national and sectoral risk assessments e.g. MOF Eswatini

FDPs are explicitly mentioned in national policies and regulations for AML/CFT/PF and financial inclusion e.g. Central Bank of Jordan

Guidance on how to conduct Risk assessments involving FDPs is available

Policymakers and regulators coordinate well. Contradictory regulations are identified and rectified

Financial exclusion of non-profit sector organizations

NPOs are an important part of the global economy. According to different studies, they make up **5,6% of US GDP** or **13% of the European workforce**, with NPOs from 40 countries spending a **total of USD 2.2tn on operating expenditures around 2005**. Instead of being a homogenous sector, there is a wide variety of NPOs addressing humanitarian aid, development, peacebuilding, human rights, social movements, or organizing volunteers. They face different forms and degrees of financial exclusion. Several studies now provide empirical proof of the problem, including:

- A random survey of 305 US NPOs working abroad (Eckert, 2017) showed that 68% of them faced banking problems like delays of transfers (36,7%), additional fees (32,6%), and burdensome additional information requests (26,2%), problems with opening accounts (10%) or having to close accounts (6%). In reaction, some NPOs facing banking problems resorted to carrying cash (41,7%) or using money remitters (29,4%), with 3,4% having to cancel their program.
- A detailed analysis of 20 Dutch NPOs working on women's rights and gender equality (Malmberg & Dekker, 2019) shows that many of them faced additional information requests and delays (70%), limitations on making payments (55%), denial of transfers (45%) or refusals to open an account (30%). Of those facing issues, 60% had already resorted to carrying cash, 50% had used personal bank accounts, and 30% had used money remitters.
- A case study of Islamic Relief UK showed that 40% of their international transfers were questioned and 4% blocked. As a result, Islamic Relief UK spent GBP 300.000 on compliance (0,3% of the transfer volume) and GBP 500.000 on additional currency conversions. In addition, 40% of projects were delayed by 3 to 12 months – most strikingly, in one case, money to set up a winter camp in Jordan only arrived in spring.
- An analysis by the Damascus-based INGO Forum covering 26 international organizations providing USD 179m of aid to Syria in 2020 showed that 62% faced difficulties in receiving funds, with 55% having a full-time staff working on compliance and spending a total of USD 360.000 (0,2% of aid volume). Most strikingly, 62% indicated not to have received support from their donors, which often were government agencies.

Despite this evidence, NPOs are still trying to find solutions independently instead of recognizing the problem as a systemic issue. Both governments and banks continue to push the residual risk to the NPOs on the ground when dealing with inherently risky money transfers.

To solve this issue, Ms. Goswami suggested

improve risk assessments for the sector;

foster multi-stakeholder dialogues by bringing together NPOs with financial institutions, banking associations, donors, government agencies, regulators, and supervisors;

continue the work on good and bad practices, guidance, and e-learning at the level of FATF;

make sure that supervisors measure NPO exclusion both in access to and usage of financial services.

Together with the Dutch Ministry of Finance, the HSC facilitated resulting among others in an NPO portal hosted by ABN AMRO and providing help for onboarding NPOs.

Success for inclusive financial integrity in the medium and long term perspective

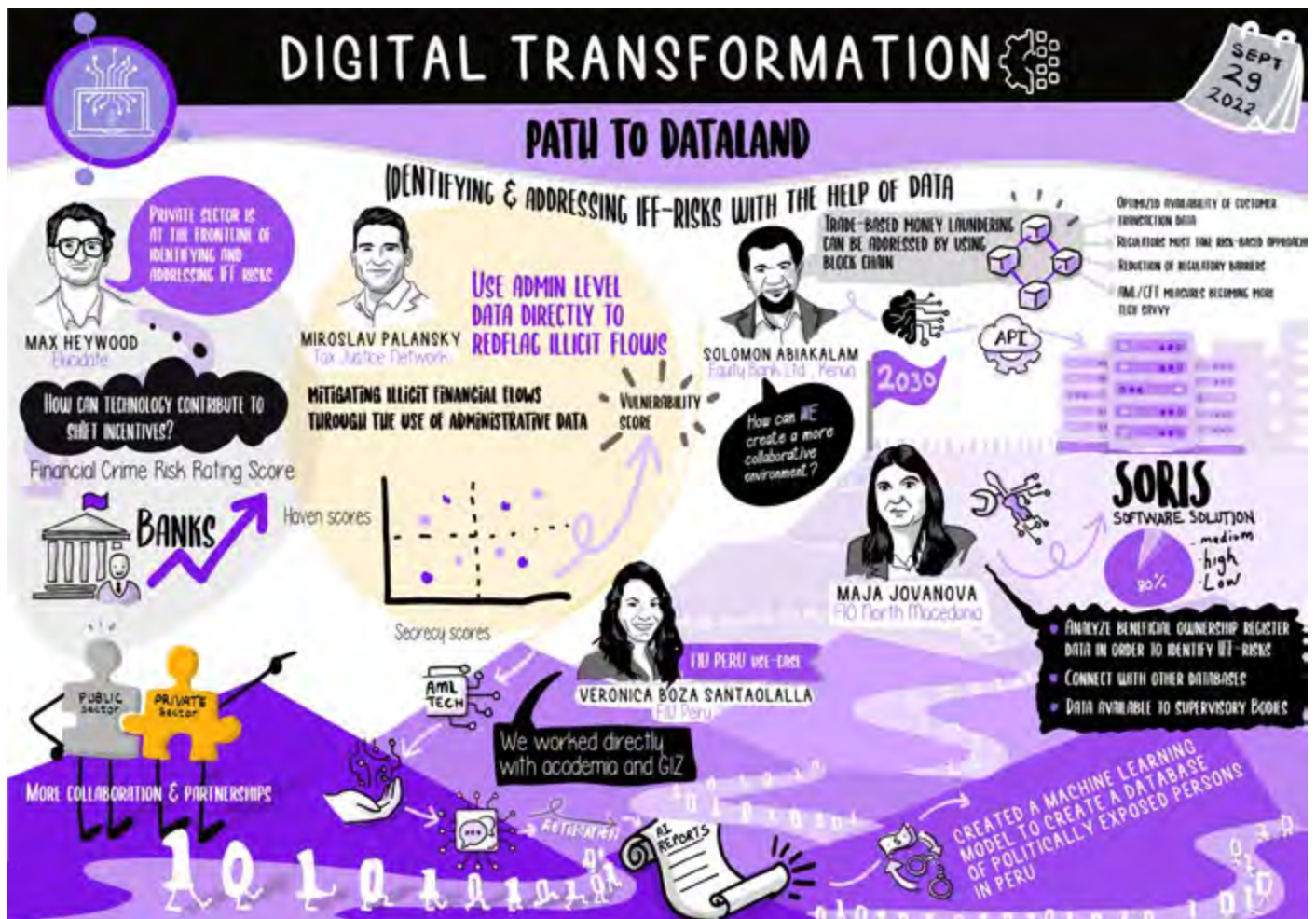
All participants of the session agreed that dialogue and building bridges, including between the different perspectives, was a central tool for improvements around financial exclusion. In the short-term such dialogue could foster improvements to the regulatory and technical framework. What should such a shared vision for combating financial exclusion look like? How can success not only be achieved but also measured? One suggestion was to establish an outcomes-based compliance principle based on the proper implementation of the risk-based approach. Such a principle would use data to show how and at which cost inherent risk is addressed and reduced to acceptable residual levels. Towards this goal, John Symington suggested developing risk management principles for AML/CTF/CPE, which the participants welcomed. Overall, tackling financial exclusion is an essential contribution to financial integrity and the fulfilling of the Sustainable Development Goals:

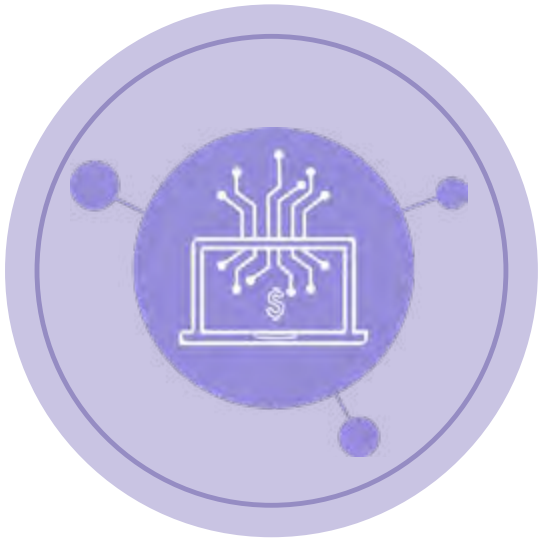




Breakout Sessions

Take a look at the exchange on





Breakout Session 3 – Digital Transformation

Path to Dataland. Identifying & addressing IFFs risks with the help of data

Digital solutions can make the fight against IFFs faster, cheaper, and more effective, thus helping to better identify and address IFFs-related risks. This requires a solid system for collecting, sharing, and analyzing data.

In this year's session on digital transformation, the audience was invited to "time-travel" to the fictitious state of Dataland in the year 2030, where a coherent digital transformation of the AML/CFT/CPF system has taken place in terms of analyzing intelligence and other data. In this framework, selected experts introduced innovative approaches and partners of the GIZ Global Program Combating Illicit Financial Flows shared based on use-cases/ good practices what is already done today on this issue.

Speakers:

Max Heywood

Head of Public Sector, Elucidate

Miroslav Palanský

Data Scientist, Tax Justice Network

Solomon Abiakalam

Group Director Compliance & Financial Crime, Equity Bank

Verónica Boza Santaolalla

Intendant of the Strategic Analysis Department, Financial Intelligence Unit Peru

Maja Jovanova

Head of IT-Department, Financial Intelligence Office North Macedonia

Victor Morales Palacios

Advisor, GIZ

Moderated by:

Masiwa Rusare

Leader & Expert on Financial Sector Development, The Centre for Financial Regulation and Inclusion

Three visions of Dataland 2030

During the first part of the session, speakers elaborated on their visions of a hypothetical future and how in "Dataland 2030", data and technology could help to transform the fight against IFFs. The speakers presented three visions:

1. Banks have individual IFFs risk ratings alongside their credit risk ratings, signaling their commitment to proactively engage in AML/CFT/CPF work and providing an incentive to improve

Starting from the assumption that the main problem of AML/CFT/CPF failures and ineffectiveness is not only the lack of technology but missing incentives and management decisions, Max Heywood from Elucidate suggested a risk rating for banks and companies. This IFF risk rating could work similarly to credit risk ratings and could help to provide real-time information and signal an AML/CFT/CPF commitment to supervisors, other banks, and customers. Doing so (and possibly accompanied by risk premiums) could incentivize financial institutions to improve their AML/CFT/CPF regime. Elucidate has so far issued such ratings to 350 banks, looking into the customer, product, transaction, and data quality and completeness. By 2025, the EU is also moving towards a harmonized risk assessment for all banks in the EU.

2. Country risk scores are based on detailed administrative data and cross-border economic activity that help identify risks at the transaction level

“In Dataland, we use administrative-level data to red flag high-risk individual transactions.”

Starting from the assumption that IFFs-risks are particularly high where extensive economic activity and large financial flows meet tax havens, Miroslav Palanský from Tax Justice Network suggested combining administrative data on cross-border economic activity with country-level risk indicators.

A case in point is Nigerian transfer-pricing disclosure forms, which contain summary information on the destinations and types of controlled transactions with related/affiliated persons and are connected with the Tax Justice Network Corporate Tax Haven Index.

The 293 multinational companies that provided such forms shifted USD 23bn to tax havens between 2018 and 2020. Taxed at the local rate rather than the reduced haven rate, these profits could have resulted in additional tax payments of USD 3,4bn per year. Connected party transactions of the 293 Nigerian companies directed to the Seychelles alone were responsible for 1,5% of the archipelago's GDP. If such data is systematically collected and filed electronically with automatic quality checks, evaluated by tech-savvy supervisors and enforcement agencies, corrected for misreporting, and analyzed collaboratively, it could transform the fight against AML/CFT/CPF in the future.

3. Financial service providers use optimized customer data to improve transaction monitoring, with a realistic view of the potential new technologies hold

Starting from the assumption that technology can help to transform the fight against AML/CFT/CPF if there is accurate and reliable data, Solomon Abiakalam from Equity Bank Kenya gave a first overview of what technology could be used for. This included a) machine learning being used for clustering customers, in particular politically exposed persons, their relatives, and their proxies; b) blockchain technology being used to trace transactions across borders and to fight trade mispricing; c) virtual robots being used to scrape the internet data to be used for KYC purposes and to monitor transactions. On the path to that future, regulators and supervisors should differentiate more clearly between the risks of technology and its application (e.g. crypto-currencies) and allow for mistakes. Banks should learn to control for new patterns instead of just old ones, and all stakeholders should exchange data and collaborate more closely.

Two use cases from Dataland 2022

1. Using sequential neural networks to analyze natural language in the descriptive section of Suspicious Transaction Reports (STRs)

As a follow-up to the presentation at the Global Forum 2020, Verónica Boza from the Financial Intelligence Unit (FIU) of Perú presented how the FIU has used artificial intelligence, in particular, sequential neural networks, to extract structured data on identities, warning signs, transactions, as well as offenses and typologies from the descriptive section of the STRs. A stratified sample of 3,5% of non-empty STRs has been used to explore the data and define the scope and variables. Due to COVID-19-related delays, the labeling of texts is still ongoing, and the programming and training of the final algorithm are still pending.

2. A System for the determination of legal entities' ownership risks (SORIS)

To classify companies listed in the BO register along four risk criteria, the FIU from North Macedonia produces and daily updates a risk rating for those companies, reported Maja Jovanová from the FIU of North Macedonia. The categories rated include:

- Offshore country (whether related companies or beneficial owners are registered or resident in an “offshore country”)
- Number of connections (how many companies are connected to any of the beneficial owners)
- Change of ownership structure (how often ownership structures change)
- Connection to a politically exposed person (whether there is any connection)

The risk ratings are then used for strategic and operational analysis, for supervision, and also made accessible to obliged entities for their due diligence. In the future, the FIU plans to connect the analysis with other databases, including its STRs, to increase the use of risk classification for supervision.

Example of Risk Determinations by the FIU North Macedonia

Low risk

10,1562 companies

88%

Medium risk

5,379 companies

5%

High risk

9,032 companies

8%

The path to Dataland

The session showcased that technology fed with high-quality data has the potential to transform the fight against IFFs and make it more effective. However, getting there requires further efforts for better data collection (addressing the garbage-in/garbage-out concern). Moving from paper to e-filing, for instance, avoids the costs of digitization and can help to avoid errors. But it can't solve the issue of intentional misreporting or non-reporting. To fill information gaps and speed up the development of effective tools, collaboration and data sharing between different government agencies and across sectors is needed. Besides, a solid level of tech-savviness, as well as the provision of sufficient human and financial resources to those supposed to use the data is crucial. After all, the presented use cases showed that concrete steps towards Dataland are taken around the world.



Breakout Sessions

Take a look at the exchange on

ENVIRONMENTAL CONSERVATION
 GLOBAL FORUM ON ILLICIT FINANCIAL FLOWS & SUSTAINABLE DEVELOPMENT
 SEPT 29 2022

FOLLOW THE MONEY
 • Crime profits
 † USD 110-20 B/yr
 • Trend = 5% growth!
 • Public & private sector collaboration
 UN FATF
 Amending legislation

COLLABORATE
 Fighting poaching has been a success because of sharing information across agencies
 Share financial expertise
 Legal framework for prosecutions
 TRAINING
 Not enough resources - and it is a dangerous job
 The punishment is very low and reward is high, making it attractive for opportunists from more vulnerable groups
 Many actors in illegal mining... Similar to illegal logging
 BUE
 Goodwill
 Share experiences

REPORTING ENTITIES
 Take away the opportunities for criminals
 Who are all the parties involved - this is key
 It might be legal - but it is immoral!
 Lack of priorities - and no incentive to act
 Green Crime
 It must be recognized as a crime
 Hunting Trophy
 Syndicates have influence in many spheres including bribery & corruption - slavery, human trafficking

RAISE AWARENESS
 There must be a feedback loop between financial institutions and law enforcement
 UN SDGs
 Focus on public: private partnerships
 Let's SHARE our information

IT'S ALL CONNECTED
 Seizure should be the START of the investigation
 Focus on public: private partnerships
 We need to know how criminals get the money out
 Profits Losses
 Look to see where the inter-connections are - it might indicate illicit activities

TIMELY ACCESS TO INFORMATION
 Change the view that it's ok cause it's an animal not human
 11-26 million tons of illegal fish caught
 RUSSIAN KING CRABS
 24 times the quota over decades with associated illegal activities.
 legal shark fin trade are a threat to the ecology.
 lack of governmental interaction & creating pressure on local fishing communities, driving further crime.
 If countries share information faster, the cases could be solved more successfully
 Enable "bell ringers"
 Whistle-blowing is critical - but we have to be sensitive to how dangerous it is for them

Other notes:
 The country lost \$10 million in bribes, \$650 million in tax evasion and 18,000 jobs!
 FISHEROT SCANDAL IN NAMIBIA
 Smuggling routes to be known



Breakout Session 4 – Environmental Conservation

Catalysts of change. Building partnerships to follow the money of environmental crimes

Environmental crime is a profitable global crime on the rise. Being a low-risk, high-reward crime makes it highly attractive to opportunistic and transnational organized crime groups. Beyond the illicit gains, environmental crimes threaten whole ecosystems, people's livelihoods, public health, and security. While illicit profits are estimated to total between USD 110-280bn a year, the damage to society goes beyond USD 500bn, negatively impacting sustainable development, particularly SDGs:



Speakers:

Román Chavarría Campos

Head of Financial Intelligence Unit (FIU) of Costa Rica; National coordinator for GAFILAT

Edwin Wanyonyi

Director of Partnership and Enterprise, Kenya Wildlife Service; Treasurer of the Alliance of Conservation Funds Africa

Che Sidanius

Global Head of Financial Crime & Industry Affairs, Refinitiv; Co-founder of Global Coalition to Fight Financial Crime; Co-chair of B20 Integrity & Compliance Taskforce

Anne-Marie Weeden

Environmental Crime Portfolio Lead, Senior Research Fellow, Royal United Services Institute (RUSI)

Discussants:

Tim Steele

Senior Advisor, UNODC

Robert Campbell

Programme Manager, United for Wildlife (UFW), Royal Foundation of the Prince and Princess of Wales

Moderated by:

Juhani Grossmann

Team Leader of the Green Corruption Programme, Basel Institute on Governance

Against this backdrop, the international community has recognized the importance of preventing and combating environmental crime through a “follow the money” approach. In 2017, the G20 resolved to ensure that investigations and prosecutions extend to potential corruption, including through the tracking of illicit financial flows. In 2019, the UN General Assembly urged member countries to include illegal wildlife trade as a predicate offense for money laundering. The FATF has issued two reports on money laundering from wildlife (2020) as well as waste, mining, and forestry (2021) and is currently working on a report on illegal, unreported, and unregulated (IUU) fishing. Beyond making environmental crime risks more prominent in its standards, future risk assessments will have to address exposure to environmental crime. The OECD has released reports focusing on South-East Asia, and the last political declarations by G7 and G20 countries created momentum to combine efforts of the anti-money laundering, anti-corruption, and environmental conservation community against environmental crime.

As part of the effort to uphold these commitments and ensure their implementation, the experts shared case studies and lessons learned from Costa Rica and Kenya, data analysis on wildlife trade, as well as the global fishing industry. They agreed that financial investigations are crucial to reach middle and high-level offenders. This requires inter-agency collaboration (e.g., between environmental protection and law enforcement agencies), public-private partnerships (e.g., banks), cross-border investigations, and broad coalitions for information exchange (e.g., with civil society).

Lessons from experts



COSTA RICA

Law enforcement agencies struggle with the lack of technical equipment and human resources, the vast areas to be covered, and face threats to life and corruption.

Low sanctions and short incarceration periods can incentivize actors to commit environmental crimes. Often, locals from more vulnerable groups are involved in extracting the resources. However, they only receive small payoffs and do not play a significant role in the larger illicit supply chain. Therefore, the penalization of lower-level offenders through money laundering charges is inadequate.

Most medium and high-level offenders profiting from environmental crime are intermediaries from abroad. Their investigation and prosecution are challenging, as international cooperation and information exchange do not occur promptly due to a low or delayed response rate from foreign counterparts.



KENYA

Kenya Wildlife Service has increased inter-agency cooperation, focusing on law enforcement (Kenya Police and the National Intelligence Service) with the goal to share investigative tools and knowledge and to create shared data pools.

Collaboration between government entities requires joint operations, goodwill, common indicators, a common legal framework, and corresponding training.

A successful prosecution requires substantial evidence to finalize the cases and is vital to deter offenders.

Extending cooperation to banks and civil society, as well as international cooperation, is necessary to ensure access to data and evidence.

FROM THE PERSPECTIVE OF REFINITIV:



The broader term of green crime is introduced, as it considers the effects on the planet's biodiversity and sustainability. Environmental crimes are, in fact, just the tip of the iceberg. The destruction of ecosystems goes much further and includes various legal activities.

The private sector needs to be positively engaged as reporting entities. Collaboration and data sharing are at the heart of improving suspicious transaction reports (STRs). Yet, surveys conducted by Refinitiv show that green crimes are a low priority for companies. The private sector does not properly screen nor monitor their partners, even though 65% of surveyed companies suspect their counterparts to be involved in environmental crime. Companies mostly stay inactive, however, as there is no incentive to follow up on suspicions.

The example of the Hydra syndicate that shipped rhino horns originating in South Africa and other African countries shows the complexity of criminal networks. The horns were often of semi-legal origin, abusing existing hunting certificate regulations, and were subsequently smuggled

through Thailand and Laos to China and the US. The criminals often extended their activities to other crimes and used all typical tools, including front companies and corruption.

Public-private partnerships have – laudably – been adopted globally but need to be operationalized. For that, different approaches and examples are available from Australia, Singapore, or the joint case management of the South African AML task force (☛ [SAMLIT](#)).

LOOKING AT THE FISHING INDUSTRY



IUU fishing produces about 11-26m tonnes of fish per year, which is about 15% of global catch and has a value between USD 10-23bn. This revenue makes up a significant part of global environmental crime.

The ☛ [Fishrot scandal](#) in Namibia involved an Icelandic fishing company, Samaji, paying USD 10m of bribes to ensure fishing quotas. Samaji evaded USD 605m in taxes between 2012 and 2018. The company abused the horse mackerel quota initially set to decrease poverty. This led to the loss of 18,000 jobs and increased poverty, even culminating in suicide by some affected people.

The dynamics around king crab fishing in the East and West Bering Seas show how, due to changing climate conditions, about 80% of a USD 300m market in the US is now supplied from Russia. There, quotas have consistently been exceeded over the last years, and current sanctions are evaded by shipping the crabs through third-party countries such as China. This highlights the need to improve the quality of STRs to better understand the dynamics in IUU fishing, what species are most affected, and how to tackle IUU fishing.

Shark fin trade has contributed to an 18-fold increase in shark fishing and a 70% reduction in the global shark population. Illicit shark fin trade is enabled by legal loopholes around the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), a lack of local governance, and the use of semi-legal supply chains across borders to smuggle illegal products into the market. Out of the fins extracted in Ecuador, 80% are sold to Peru, of which 43% are sold to Asia.

Beyond the crimes against the environment, IUU fishing is connected to other crimes, most notably modern slavery.

The challenges ahead

Looking at the challenge of prosecuting middle and high-level offenders as well as identifying major criminal networks, the discussants warned that investigations hit heavy blockages and strongly vested interests. Even the laws allegedly made to protect the environment might have been drafted to benefit certain interest groups. To overcome these hurdles, law enforcement agencies should conduct financial investigations into environmental crimes according to the prevalent risk and use seizures as a start rather than at the end of investigations. Improved STRs by banks are part of the solution. However, better feedback loops with FIUs and law enforcement agencies are needed. Rather than looking at transactions only, it is necessary to uncover the criminal networks behind the crime. The fight against green crimes can also involve bell ringers and whistle-blowers to raise public awareness and provide inside information.

Considering the existing repression and violence, the little institutional support, and the facility to identify whistle-blowers, this option may not be as well suited as for other fields of crime. Nonetheless, the only way to overcome strong vested interests is through information sharing and involving broad coalitions. To promote more comprehensive collaboration and sharing of good practices, there are plans to set up a community of practice at the International Anti-Corruption Conference in Washington, D.C., at the end of 2022.

Breakout Sessions

Take a look at the exchange on





Breakout Session 5 – Asset Recovery

Social re-use of assets. Crime does not pay, social re-use of assets does.

Returning and re-using misappropriated assets to the communities affected by the initial crime is an essential part of a development-oriented fight against IFFs. According to an estimate by the UNODC, in 2009, around USD 1,6tn were lost per year due to IFFs from transnational organized crime. This does not only dwarf the amount low- or middle-income countries receive in official development assistance, but it directly impairs the mobilization of domestic resources and prevents much-needed investments in health, education, and other public services.

With this loss of vital resources in mind, social re-use initiatives aim to make recovered assets available again to affected communities. This generates resources to improve the lives of citizens and contributes to sustainable development in line with the SDGs. But it can also help to deter corruption and other sources of IFFs, demonstrating that crime does not pay. Finally, it can be a key part of offering restorative justice for the victims and increase citizens' trust towards the state.

That being said, many challenges remain in the social re-use of assets. Therefore, the aim of the session was to discuss challenges and best practices of social re-use initiatives. Five experts shared their experience with the social re-use of assets, particularly in Italy, Kenya, Nigeria and Albania. They stressed the importance of involving civil society or, where necessary, third parties, to make sure that information is widely shared and transparent in a constructive multi-stakeholder dialogue. With more than 20 years of experience with social re-use of assets, the Italian experts repeatedly stressed the importance and power of establishing alternative communities to address the root of the crime. Last but not least, with an increasing number of asset confiscations

Speakers:

David Ugolor

Executive Director, Africa Network for Environment and Economic Justice

Ardit Vranici

Head of European Integration and Foreign Assistance, Municipality of Dibër (Albania); Co-Founder of Youth Entrepreneur Club

Tatiana Giannone

National Coordinator of the Confiscated Assets Department, Libera: Associazioni, nomi e numeri contro le mafie

Guila Baruzzo

Senior official of the International Department and Member of the National Secretariat at Libera, Program coordinator of the European Desk and co-founder of the network CHANCE

Philip Kagucia

Deputy Director Asset Recovery, Ethics and Anti-Corruption Commission Kenya (EACC)

Moderated by:

Iker Lekuona

Head of Programmes for International Centre for Asset Recovery, Basel Institute on Governance

and returns, momentum towards shared and universal norms might be growing. While there will not be a one-size-fits all solution, returning and socially re-using assets should become the global norm rather than a voluntary option, putting the victims of the crime first.

The social re-use cases discussed



ITALY

In **Italy**, Libera has been working on the social re-use of assets confiscated from organized crime since 1995. Based on a law on social re-use passed in 1996 and still in force today, many assets were re-used over the last two decades in hundreds of projects that enhanced the livelihoods of local communities. This included, for example, the re-use of boats by nautical schools, the re-use of real estate by agricultural schools, and even five companies that are now re-used by cooperatives of workers. Usually, the assets are owned by the state but managed by (local) civil society. Libera is working with an extensive monitoring community in Italy and leads the [CHANCE](#) network at the EU level.



NIGERIA

Nigeria has received several rounds of assets stolen under former president Abacha's rule. For the second round (Abacha II), Nigeria signed a Memorandum of Understanding to provide direct cash payments to affected people, which resulted in 1.8 million Nigerians benefiting from monthly payments of at least 5,000 Naira (approx. USD 16) per household. Accounts of the program are currently consolidated. The return was monitored by more than 300 civil society organizations financed by additional funds from the UK and later Switzerland. The third round (Abacha III), funding three infrastructure projects, is currently ongoing and a recently launched monitoring website.



ALBANIA

In **Albania**, the Albanian Agency for Managing Confiscated and Seized Assets captured 117 cars in 2021, mainly from drug trafficking. In the community of Dibër, one such car was converted into a mobile library and now serves 141 villages. In addition to the library service, this is supposed to send a message against trafficking. This initiative was the starting point for other initiatives to follow in the Municipality of Dibër as well as other Municipalities of Albania. Since the launch of the mobile library, 20 cars have been transferred to the municipalities.



KENYA

Kenya received several asset returns under the so-called FRACCK framework, including KSH 50m (approx. USD 500k) from a UK foreign bribery case known as the Chickengate scandal and another USD 3.7m from Jersey in the Windward Trading scandal. Further confiscated assets from the Anglo-leasing scandal are still waiting for their return. So far, the assets have been used to buy seven ambulances in the first return and medical equipment to deal with the COVID-19 outbreak in the second return.

Challenges and best practices

Laws and universal norms: The UNCAC provides a framework for asset recovery, return, and the social re-use of recovered assets. Several global principles, guidelines, national laws, and judicial practices offer further guidance. But the details of the return and re-use of recovered assets are usually negotiated between the concerned parties in bi- or multilateral agreements, for example, in the Memorandum of Understanding on the Abacha loot in Nigeria or FRACCK. Even though a global solution would be desirable, there is no one-size-fits-all solution since there are many different starting points, cultural differences, forms of government, and legal systems to consider. Any solution, therefore, needs to be adapted to the local context. Existing rules and practices need to be fine-tuned to work better together to ensure that social re-use is not a voluntary option but a global public good. Victims of the initial crime should, moreover, be the central focus of asset return and re-use. According to a [map](#) prepared by Libera, 19 EU countries have so far implemented EU rules on the social re-use of confiscated assets. However, only six have applied social re-use in practice.

Involving civil society: Involving civil society has clearly been established as a best practice throughout the cases discussed. In Nigeria, the involvement of civil society was one of the key features of Abacha II and was established in the MANTRA model (Monitoring of Recovered Assets through Transparency and Accountability). According to Libera, the Italian administration even recognized the non-profit sector as the most crucial actor in the public and social re-use of recovered assets. According to Philip Kacugia, NPOs can raise issues, create awareness and make success stories of law enforcement agencies accessible to the public. They can also have a crucial role in promoting legislative reforms. Finally, civil society can help to shape the re-use of assets to suit local community needs. Yet, cooperation between governments and civil society can be challenging, and civil society actors face various challenges concerning access, capacity, or conflict of interest.

Sharing information and ensuring transparency: To monitor the return of funds, all stakeholders need access to all information and must work closely together across national borders. This could include an exchange between civil society actors from the sending and the receiving country. Information on the agreements of the asset return, as well as on the use of funds, needs to be transparent at all levels, including national, local, and the level of the NPOs involved. But even with increased monitoring, risks of misappropriation of the returned assets themselves and other budgetary resources remain.

Involving other third parties where necessary: Even if there is a high risk of repeated misappropriation and relying on civil society for monitoring can't sufficiently address that risk or is restricted in its work, not returning the assets has many negative consequences as well. In such cases, involving a third party (e.g., the UN) was identified as a solution in the discussion.

Sanctioning the perpetrators of the crime: Beyond re-using recovered assets, perpetrators of the underlying crimes and corrupt officials need to be sanctioned appropriately. This needs to include protecting actors involved in re-using recovered assets against threats from the previous owners.

Strengthening alternative communities: Beyond the material effects of the re-used assets, using them directly locally can help to create alternative communities that address the roots of the crime itself. Such a direct link was stressed in Italy and Albania, where locally confiscated assets were directly used to build such communities to demonstrate that crime doesn't pay.

Major Findings and Way Forward



How amazing would it be for the Global Forum Symposium of this year to be the starting point of a global movement for more transparency? How cool would it be to look back in two or three years that this all started with all of you sitting here in this virtual room together and then afterwards discussing and starting things?"

Frederik Obermaier

The Global Forum's focus on the interlinkages between combating IFFs and the sustainable development agenda was not only rated as very relevant by the majority of participants but also spelled out in the many different contributions of the high-level sessions and technical breakouts. One aspect continually emphasized throughout all sessions was the need for better collaboration and cooperation between government agencies, banks, and private sector entities – across sectors and borders. Only broad coalitions of change can overcome the strong vested interests underlying many of the IFFs and the capacity constraints of individual actors. By bringing together participants from both AML/CFT and sustainable development backgrounds and by including speakers from all relevant sectors and levels of government, the Symposium made an essential contribution to strengthening the necessary interlinkages and making them productive and mutually reinforcing. Beyond the exchange, this year's Global Forum Symposium also aimed to discuss concrete solutions and inspire actions. In line with this objective, a Call for Ideas was announced at the end of Day 2.

Major Findings



A window of opportunity to replace secrecy with BO transparency:

The keynote discussion identified one clear priority and a potential “9/11 moment” to finally end secrecy and replace it with BO transparency. The high-level discussions confirmed comprehensive and substantially validated BO registers as central elements of current reform efforts. The new FATF standard, accompanied by financial support from the G7 for register implementation in Africa, will most likely lead to the emergence of several registers worldwide. The essential next step will be putting BO registers to use and ultimately interconnecting them. BO registers were also the subject of one of the technical breakout sessions. This session concluded that BO registers alone will not stop criminals from hiding their money but will make secrecy more expensive for them and (cross-border) investigations faster and easier for those trying to catch them. Making BO registers publicly accessible to benefit from public verification and easy cross-border access would make them a suitable tool for jurisdictions with underfunded and understaffed law enforcement. However, BO registers should neither be treated as a showpiece nor create too many additional costs for NPOs and companies with little AML/CFT risk.



Data is king, and a real risk-based approach to AML/CFT is overdue:

Not only in the visionary Dataland 2030 but already today, data plays a central role in AML/CFT efforts that focus on results rather than technical compliance. However, increasing effectiveness and making AML/CFT work in the context of capacity constraints while avoiding unintended consequences requires a much more granular understanding of risks and a better implementation of the risk-based approach. To that end, data can, for instance, help 1) to validate BO information, 2) to identify measures that reduce inherent risks, and; 3) to identify actors and complex criminal networks behind environmental crimes.

Within the limits of data protection, private actors need to better share their data with law enforcement, supervisors, and among each other. Furthermore, law enforcement agencies must provide data-driven feedback to feed algorithms and artificial intelligence. Fed with high-quality, transaction-level data, technology has the potential to transform the fight against IFFs and make it more effective.



Further improvements of the global architecture and standards are necessary:

To address systemic loopholes that enable secrecy and IFFs requires an inclusive and cohesive global governance structure. Improving this structure within the FATF and beyond, for example at the UN, would help to ensure that the standards for AML/CFT/CPF, as well as other existing frameworks, take into account the very different local contexts, priorities, and constraints as well as unintended consequences already at the formulation stage.



Tackling IFFs from environmental crime is essential to sustainable development:

Reaching middle and high-level environmental crime offenders requires expertise in financial investigation and stronger inter-agency cooperation. Considering strong vested interests, real change might require broad coalitions across sectors and borders.



Social re-use of assets is indispensable:

Considering the massive volume of IFFs continuing to flow from the Global South to the Global North every year, returning misappropriated assets is an essential part of a development-oriented fight against IFFs. Using the returned assets directly in the local communities affected can foster their sustainable development and help to create alternative communities that address the roots of the crime itself.

Way forward - The Call for Ideas: From Exchange toward Action

At the end of Day 2, representatives from the German and Norwegian governments announced the Call for Ideas, the Global Forum's second conceptual pillar, to move from exchange toward action. The Call for Ideas will be open to all kinds of stakeholders (especially multi-stakeholder coalitions) and formats (e.g., studies, IT tool development, roadmaps, task teams, hackathon). Up to five (innovative) projects will be selected by an advisory group and awarded a total of EUR 500.000 to implement their ideas in the following 12 months. The results might be showcased at the third Global Forum Symposium in 2024. The official announcement and invitation for proposals is scheduled for the beginning of 2023.

Up to **5 projects** will be selected by an Advisory Group and awarded a total of **EUR 500.000** to implement their ideas in the following **12 months**

Annexes

Glossary

AML/CFT/CPF	Anti-Money Laundering / Countering the Financing of Terrorism / Countering the Financing of Proliferation of Weapons of Mass Destruction
BIRN	Balkan Investigative Reporting Network
BO	Beneficial Ownership
BMZ	German Ministry for Economic Cooperation and Development
EUR	Euro
FACTI Panel	United Nations High-Level Panel on International Financial Accountability, Transparency, and Integrity
FATF	Financial Action Task Force
FDPs	Forcibly Displaced Persons
FIU	Financial Intelligence Unit
GAFILAT	Financial Action Task Force of Latin America
Global Forum	Global Forum on Illicit Financial Flows and Sustainable Development
GBP	UK pounds
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
IFFs	Illicit Financial Flows
KSH	Kenyan Shilling
KYC	Know Your Customer
MFA	Norwegian Ministry of Foreign Affairs
ML/TF	Money Laundering / Terrorist Financing
NPO	Non-Profit Organization
OCCRP	Organized Crime and Corruption Reporting Project
OECD	Organization for Economic Co-operation and Development
SDG	Sustainable Development Goal
STRs	Suspicious Transaction Reports
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
UNCAC	United Nations Convention against Corruption
UNTOC	United Nations Convention against Transnational Organized Crime
USD	US-Dollar

AGENDA
Virtual Symposium
28 – 29 September 2022



GLOBAL FORUM
on Illicit Financial Flows and
Sustainable Development

**Combating Illicit Financial Flows:
Implementing International Standards Effectively, Coherently,
and in a Development-Oriented Manner**

DAY 1, SEP. 28 – OPENING & HIGH-LEVEL EXCHANGE

14:00 Official Start and Welcome

14:05 Opening Remarks

Dr Bärbel Kofler, Parliamentary State Secretary, German Federal Ministry for Economic Cooperation and Development
Ms Bjørg Sandkjær, State Secretary International Development, Norwegian Ministry of Foreign Affairs

14:20 Keynote Discussion

40 min

From Panama to Pandora:

How are financial secrecy and the use of tax havens impacting our world today?

Mr Gerard Ryle, Pulitzer Prize and Emmy Award-Winning Director of the International Consortium of Investigative Journalists (ICIJ)

Mr Frederik Obermaier, Pulitzer Prize-Winning Investigative Journalist and Co-Founder of paper trail media

15:00 Break

15:15 High-Level Roundtable Discussion

75 min

How to create a conducive ecosystem for both AML/CFT and the Agenda 2030

Hon. Mahen Seeruttun, Minister of Financial Services and Good Governance, Republic of Mauritius

Ms Vasilika Vjero, Deputy Minister of Finance and Economy, Republic of Albania

Mr Jean-Luc Lemahieu, Director, Division for Policy Analysis and Public Affairs, United Nations Office on Drugs and Crime (UNODC)

Mr Esteban Fullin, Executive Secretary of the Financial Action Task Force of Latin America (GAFILAT) and Co-Chair of the Financial Action Task Force Global Network and Co-Ordination Group (GNCG)

Ms Irene Ovonji-Odida, Member of the Independent Commission for the Reform of International Corporate Taxation, former Member of the High-Level Panel on International Financial Accountability, Transparency, and Integrity (FACTI)

15 min Reflections from Civil Society and Private Sector

The impact of the implementation of AML/CFT standards and the achievement of SDGs

Dr Slagjana Taseva, Chair of Transparency International North Macedonia

Mr Alan Ketley, Executive Secretary of the Wolfsberg Group

16:45 Closure Day 1

17:00 Voluntary post-event aftershow with live band



DAY 2, SEP 29 – FIRESIDE CHAT & TECHNICAL EXCHANGE

14:00 Welcome and Recap of Day 1

14:15 Fireside Chat

25 min

The German FATF Presidency: A look back at key achievements and their impact on future challenges

Dr Marcus Pleyer, Deputy Director General of the German Federal Ministry of Finance and FATF President 2020 - 2022

14:40 Lightning Round

10 min

Introduction of breakout sessions

14:50 Short Break

15:00 Breakout Sessions Part I: Deep Dive

90 min

Choose 1 of 5



Beneficial Ownership Transparency

BO Registers. Why we need them and how to implement them in an effective, coherent, and development-oriented manner.

Inclusive Financial Integrity

Leaving no one behind. How to achieve financial integrity that includes all.

Digital Transformation

Path to Dataland. Identifying and addressing IIFs risks with the help of data.

Environmental Conservation

Catalysts of change. Building partnerships to follow the money of environmental crimes.

Asset Recovery

Social re-use of assets. Crime does not pay, social re-use of assets does.

16:30 Short Break

16:40 Breakout Sessions Part II: Discover What You Missed

30 min

Crisp briefing on the breakout topic and summary of key take-aways – choose 1 of 5

Beneficial Ownership Transparency

Inclusive Financial Integrity

Digital Transformation

Environmental Conservation

Asset Recovery

17:10 Key Achievements and Findings

25 min

Summary of breakout results to plenary

17:35 Way Forward

10 min

Launch of Call for Ideas & closing remarks

Dr Rudolf Teuwsen, Head of Division, German Federal Ministry for Economic Cooperation and Development
Ms Hege Haaland, Head of Division, Norwegian Ministry of Foreign Affairs

17:45 Wrap-Up

Publication details

Published by:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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Bonn and Eschborn, Germany

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Division Global Policy, Governance, Cities

Section Governance, Human Rights

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Design/layout:

DIAMOND media GmbH, Neunkirchen-Seelscheid

Photo credits/sources:

Screenshots: © GIZ/ Global Program Combating Illicit Financial Flows

On behalf of

German Federal Ministry for Economic Cooperation and Development (BMZ)

Division 411: Governance, Democracy and Rule of law

Royal Norwegian Ministry of Foreign Affairs

Bonn, December 2022

Hosted by



Federal Ministry
for Economic Cooperation
and Development



Norwegian Ministry
of Foreign Affairs

Implemented by

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH