

Notes for
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House of Commons, Ottawa, Canada

**How the Global Organization of Parliamentarians
Against Corruption (GOPAC) is leading the fight against
corruption and money laundering**

Presentation to Commonwealth Parliamentary Association
Royal York Hotel
Toronto, Ontario
September 6, 2004

What is GOPAC?

- Some of the poorest countries in the world are the most corrupt, as measured by Transparency International's Global Corruption Report. According to Transparency International a one unit decline on a 10-point corruption index lowers real GDP by 0.3 to 1.8 percentage points. Looked at from the perspective of an individual firm, bribery adds to the cost of doing business (in Uganda, an estimated 8% - based on a case study conducted in that country).
- In democracies that work, citizens look to parliaments – their elected representative assemblies – to help ensure that governments address problems and are held accountable for their actions and performance. And, parliaments and parliamentarians, through the roles they play, can be a powerful positive force for ensuring that government delivers programs and services to citizens honestly and effectively.

- By the way, Canada is one of the least corrupt countries in the world, according to Transparency International – but we are not satisfied and are trying to rout it out completely.
- Corruption also causes huge inequities with respect to the distribution of national income and wealth.
- It inhibits public and private investment in the developing world – where it is needed the most!
- Some have suggested that corruption should be designated as a crime against humanity.
- The Global Organisation of Parliamentarians Against Corruption (GOPAC) (www.parlcent.ca/gopac) is an international network of parliamentarians, based in Ottawa Canada, organized for the single purpose of fighting corruption and promoting integrity in governance. An international Board of Directors and Executive Committee lead GOPAC. Its Secretariat is located in the Parliamentary Centre in Ottawa, an NGO

with over thirty years of experience in working with Canadian and international parliamentarians.

- In addition to the global organization, there are GOPAC chapters representing specific geographic regions. Regional chapters may also sponsor national chapters within their region.
- The Global Organization of Parliamentarians Against Corruption (or GOPAC) is a group of parliamentarians worldwide who are committed to the fight against corruption and money laundering.
- GOPAC was officially launched at a Global Conference hosted by the Parliament of Canada in Ottawa in October 2002.
- GOPAC was incorporated as a not-for-profit under Canadian law in September 2003.
- Our organization declared its support of the UN Convention Against Corruption (UNCAC) and offered the support of GOPAC members in the effective

implementation of the Convention's provisions. GOPAC representation was in attendance at the UNCAC signing ceremony in Merida Mexico (December 2003).

- GOPAC now has chapters (either fully formed or under the process of formation) in all regions of the world that, through their membership, have been actively working towards eradicating corruption in their regions and countries.
- Many of GOPAC's chapters have also established strong working relationships with their local Transparency International representatives. In the case of Australasia, Kenya, Middle East/North Africa, Tanzania and South Asia – the chapters have founded their Secretariats within Transparency's local offices.
- Parliamentarians at the 2002 GOPAC founding Conference identified five areas for particular attention by the organisation. A Need to fight the laundering of money was identified as a priority and in response to this the Anti-Money Laundering Initiative (or AMLI) was

launched. In addition to an anti-money laundering initiative, the conference participants recognized the need for monitoring parliamentary performance, training for parliamentarians on financial and budgetary oversight, a code of conduct for parliamentarians, and election financing. They also felt there was a need to update the Parliamentary Centre – World Bank Institute Anti-Corruption Handbook for Parliamentarians (http://www.parlcent.ca/publications/index_e.php).

International Anti Money Laundering Initiatives (AMLI):

Current Status

- Money laundering is part of the puzzle in the fight against corruption.
- Just as bribery and corruption have a demand and supply side (i.e. those who offer bribes and those who accept them) so too is corruption facilitated when the flight of corrupt funds goes unheeded or undetected.
- In the fight against corruption we need to deal with both the demand and supply side – so also must we deal with money laundering. If the laundering of corrupt money is difficult, this also will act as a disincentive to corrupt activities.
- I should say our focus initially should be on the large-scale corrupt activities that are practiced by political leaders and senior bureaucrats.
- Money laundering activities associated with petty bribery should be our focus only after we have dealt a blow to the flight of large sums of capital by corrupt leaders.
- Examples of this abound – we do not need to convince ourselves of the odiousness of these activities.

- The flight of corrupt capital impedes the growth of developing economies, and leads to an unjust distribution of income.
- Parliamentarians are not alone in the fight against money laundering.

The principal global initiative to reduce money laundering to date was the formation of the Financial Action Task Force (FATF) in 1991. FATF is closely associated with the OECD and its members, and its secretariat is located in the OECD offices in Paris. It has identified 40 recommended actions – currently being updated – that have been accepted by most OECD countries. The core features of the FATF regime include:

- Governments ***make it a crime*** and empower the ***confiscation of property laundered;***
- Financial Institutions (FI's) to ***know their clients*** and record the identity based on official documents;
- FI's to ***keep records*** of transactions ***for at least 5 years;***

- FI's to increase **diligence** for unusually large suspicious transactions and those from non-compliant countries;
- Governments to detect and **monitor physical cross-border transport**;
- Governments to **ensure FI's have capacity** and ensure responsible ownership;
- Governments to ensure **aggregate flows of cash are monitored** and provided to the IMF and Bank for International Settlements;
- Governments to **cooperate on information, investigation and prosecution**.
- To date, there are **33 participating members**¹ whom have signed onto the regime, which include annual self-assessments and 5-year peer reviews.

The FATF maintains a list of countries and territories that are non-cooperative in the fight against money laundering and terrorist financing. The countries on this list are those that have been identified as having financial systems with critical

¹ Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Gulf Co-operation Council, Hong Kong (China), Iceland, Ireland, Italy, Japan Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

weaknesses in anti-money laundering systems, which serve as obstacles to international cooperation in this area.

Role of Parliamentarians: Parliamentarians can play a vital role through their influence on legislation, by vigorous oversight of government activity and support of parliamentary auditors, and perhaps most effectively through personal leadership. They can engage the public and help build the political will to act. However, to do so, they must understand how money laundering occurs and the mechanisms for its mitigation. They also need the support of recognized experts and a global voice. GOPAC provides the global voice and the proposed Anti-Money Laundering Initiative can help provide the understanding and expertise.

The GOPAC Proposal

The objectives of the GOPAC AML proposal are:

- a) to engage parliamentarians from around the world in the anti-money laundering (AML) agenda by developing a better understanding of how money laundering occurs and launching an international initiatives to combat it; and
- b) to build political support to effectively implement practical mechanisms to combat money laundering.

The ultimate result that we are seeking is ***extending the anti-money laundering regime*** beyond its current focus – principally in Europe and North America and to develop effective strategies that parliamentarians can execute (e.g. promotion of international treaties) to combat money laundering.

GOPAC will establish a globally balanced team of up to 12 parliamentarians. I have been asked to lead this initiative. The Team will work with AML experts and organizations (such as the FATF) to develop a global approach to

combating money laundering and promote its practical implementation.

We propose, therefore, to begin by ensuring that the Team understands well the current international approach and its implications before beginning to assess the impediments and special features of their regions that could hinder or require adjustments prior to implementation. These will be documented for discussion and resolution. After such background work, the Team will shift focus to develop a coherent global strategy that is sensitive to these differences and develop an approach to implementing a global AML regime, including any tools and supporting materials for parliamentarians. The final step is communicating the approach internationally, including through GOPAC. We anticipate that GOPAC would formally adopt the Team's proposals and work to implement them.

- In November 2003 an Anti Money Laundering Workshop for East African parliamentarians was organized in Nairobi, Kenya - in cooperation with the IMF. Over twenty East African parliamentarians were in attendance. Participants were very enthusiastic about the workshop and indicated that they had gained a

greater understanding of the nature and significance of the GOPAC's Anti-Money Laundering Initiative (AMLI). Most notably, the Kenyan parliamentarians in attendance committed to drafting an Anti-Money Laundering Bill that was later submitted to the Minister of Finance (July, 2004).

- African Parliamentarians Against Corruption (APNAC) has been one of the more successful regional chapters, most particularly in its activities on the national level. The national chapter in Senegal has been instrumental in pushing the Assembly to pass several bills such as the *Anti Money Laundering Bill*, *National Commission on Anti-Corruption Bill* and a bill requiring representation of the National Assembly on the board of the Public Works Commission.
- In Kenya, APNAC has managed to get anti-corruption issues firmly on the national agenda through lobbying for legislative change; fuelling nationwide debate to raise public awareness on corruption and collaboration with the Executive branch of government. APNAC-Kenya has most recently been influential in the creation of the Office of Governance and Ethics, reclaiming of

national forests and the investigation of corruption in government institutions.

GOPAC Update

- Work is underway for the 2nd GOPAC Global Conference to take place in the fall of 2005.
- GOPAC has established itself as an effective partner in anti-corruption work involving parliaments and parliamentarians. GOPAC has published/issued a number of resource documents of use to parliamentarians, staff, academics etc. Included is a CD Rom Resource Document, a paper on *Parliamentarians Fighting Corruption: A Conceptual Overview*, *Combating Corruption: A Parliamentarian's Handbook* (in its third edition), and contributions to an upcoming Commonwealth Parliamentary Association/World Bank Institute publication on *The Role of Parliament in Curbing Corruption*.
- Regional chapters and regional chapters in formation have begun to focus their work on the implementation of the UN Convention Against Corruption and other regional anti-corruption conventions such as the Inter

American Convention and the African Union convention. Focus is on ratification and *effective* implementation.

- GOPAC, under the leadership of its Secretary (Con Sciacca, MP, Australia) has begun to address how to bring parliaments as institutions as members of the organisation.
- For those of you who would like more information about GOPAC, please give me your business card and I will send you some information. Check out our website also at www.parlcent.ca/gopac.
- Also, please refer to the conference Data Paper 17.
- I thank you.