



GLOBAL ORGANIZATION OF PARLIAMENTARIANS AGAINST CORRUPTION  
ORGANIZATION MONDIALE DES PARLEMENTAIRES CONTRE LA CORRUPTION  
ORGANIZACIÓN MUNDIAL DE PARLAMENTARIOS CONTRA LA CORRUPCIÓN

**GLOBAL ORGANISATION OF PARLIAMENTARIANS  
AGAINST CORRUPTION (GOPAC): FIGHTING  
CORRUPTION AND PROMOTING INTEGRITY  
THROUGH AN ANTI MONEY LAUNDERING INITIATIVE**

**BY**

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## **Global Organisation of Parliamentarians Against Corruption (GOPAC): Fighting Corruption and Promoting Integrity through an Anti Money Laundering Initiative**

**By Roy Cullen MP (Etobicoke North, Canada)  
Chair, GOPAC AML Initiative**

### What is GOPAC?

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.

The Global Organisation of Parliamentarians Against Corruption (GOPAC) ([www.parlcent.ca/gopac](http://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. GOPAC is led by an international Board of Directors and Executive Committee, chaired by John Williams, MP for St Albert, Canada, and Chair of the Canadian House of Commons Standing Committee on Public Accounts. 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.

### International Anti Money Laundering Initiatives (AMLI): Current Status

Money laundering is a device for making funds obtained illegally accessible for the personal use of perpetrators without being traceable back to their illicit source – typically by transferring the funds across international borders to legitimate financial institutions. The central concept of international Anti-Money Laundering Initiatives (AMLI) is to reduce the motivation for economic crimes by making access to their proceeds more difficult.

The negative effects of terrorism are obvious. Those of corruption also are well known. 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%).

AMLi initiatives are important to discourage supply of funds to international terrorists and their organizations. Impeding the international flow of such funds reduces the means available to terrorists and identifying their sources discourages their funders.

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***<sup>1</sup> whom have signed onto the regime, which include annual self-assessments and 5-year peer reviews. They break down as follows:

- Africa: 1
- Asia and South Pacific: 6
- Europe: 20
- Middle East/North Africa: 1
- North America and Caribbean: 3
- South America: 2

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 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

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<sup>1</sup> 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.

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

Parliamentarians at the 2002 GOPAC founding Conference identified five areas for particular attention by the organisation. In addition to an anti-money laundering initiative, they 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](http://www.parlcent.ca/publications/index_e.php)). The successful pursuit of these related initiatives will complement the Anti-Money Laundering Initiative.

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 (headed by Roy Cullen, Member of Parliament for Etobicoke North, Canada -hereafter known as ‘Team Leader’). 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.

The project will proceed through four stages, as follows:

1. **Orientation and training:** building a knowledgeable team of parliamentarians: to work with the international organizations that are developing Anti-Money Laundering Initiatives (AML I); to provide political support and motivation; to increase public awareness of the need for AML I; and to bring AML I to a successful conclusion in many parts of the world.
2. **Develop Position and Discussion Papers:** in association with the organizations participating in AML I: to publish position papers and discussion papers; to engage GOPAC members and parliamentarians in general around the world; to raise awareness of AML I; and to coalesce parliamentary opinion on the issue. Team members will work within their regions to provide a broad-based understanding of current practices and issues.
3. **Prepare and Publish a Report:** in association with the organizations participating in AML I, to publish a substantive document, within the next two to three years, outlining objectives desired such as an international treaty or convention, making acceptance of laundered money by a financial institution a crime in their own country - and the repatriation of the money should it occur. The document will include significant detail and set out the way ahead.
4. **Conference:** To host a conference of parliamentarians (GOPAC members) to sell the substantive document and the way ahead with follow-up through GOPAC chapters to motivate and monitor progress.

#### Work plan and Deliverables

We propose to complete the four stages of the proposed project in approximately 24-36 months. Each stage will include a GOPAC AML Team face-to-face meeting to ensure thorough understanding of plans and intended results and to build personal commitment and trust. While the initiative will be financially independent of GOPAC, the GOPAC Chair and Executive will be informed regularly on developments and will ensure the participation of a globally balanced, knowledgeable and dedicated team of GOPAC members.

For the purposes of the outline of products, events and time lines, a 30-month project, is assumed. Since all work on this initiative is compensated on a per diem basis, shortening or extending the project 6 months likely will have no appreciable impact on costs.

#### **Stage 1: Orientation and training**

The key event is a 3-day meeting in Paris (to have convenient access to FATF and OECD expertise) to:

- a) orient the Team members on money laundering, on the FATF AML regime, and on global AML actions and initiatives; and

- b) develop a good understanding of the project objectives, team working practices and approaches to communication.

Prior to the meeting, GOPAC would put together the Team. The Team Leader, supported by the GOPAC Secretariat and AML experts would prepare the first Team meeting agenda and materials, as well as a draft research and consultation plan for consideration of the Team.

After the meeting Team members would establish informal regional networks of colleagues and experts to ensure they have a good initial sense of regional issues related to money laundering and AML initiatives.

Based on the meeting any needed follow-up briefing and orientation of Team members will be undertaken to ensure a good understanding on the part of the entire team. The research and consultation plan will be confirmed and initiated. The Secretariat would establish a distinct workspace on the GOPAC Website for the Team and experts.

### **Stage 2: Development of Position and Discussion Papers:**

This stage would begin by initiating the core research and consultation. This likely will require two different kinds of initiatives: a) commissioning experts to develop certain products for Team review; and b) conducting regional consultations to assess applicability and impediments to the implementation approach. All research and consultation would include interim reporting to the 2<sup>nd</sup> Team meeting.

Team members will also personally conduct consultations within their regions, and provide input into the discussion papers insofar as practical through other GOPAC members. A fund to support the communications cost in certain regions likely will be needed. The objective is to establish a good understanding of any impediments facing parliamentarians in each region and the kinds of support they might need – essentially sensitising the Team products to regional differences.

The meeting would come at roughly the mid point of the research and consultation. In addition to contracted research, Team members would be expected to come to the meeting prepared to highlight their sense (and that of their informal networks) on particular factors that must be addressed in a global AMLI. With this background, the meeting would provide for redirection, additional study and a preliminary discussion of the positions and issues that would be contained the AMLI Report to be prepared in Stage 3.

The remaining part of Stage 2 would complete the anticipated research. In addition, the Team Leader, supported by the Secretariat and contracted experts would flesh out the Team report outline.

### **Stage 3: Prepare and Publish Report:**

Based on a review of the findings of the research phase and the draft report outline, this stage would begin with a meeting that essentially provided instructions to the drafting team. It also would set up distinct review stages for Team members. It would conclude with a Team approved report.

Supported by the Secretariat, the Team Leader would direct the report preparation and Team discussions. It is expected that the report would contain a description of a global approach to AML that is sensitive to regional differences, that outlined roles that parliamentarians should play, and that included key briefing materials and tools.

The Team Leader, in consultation with the GOPAC Executive Committee would consult on how GOPAC can adopt the AML package at a GOPAC event, and ensure its implementation worldwide.

**Stage 4: Conference:**

This would complete the transfer of the project products for acceptance by GOPAC and implementation. There are some advantages to formally transfer the AMLI to GOPAC at one of its global conferences. A conference is anticipated for 2006 and if the project is delayed in inception or completion, this might be the result. However, during 2005, there is a planned formal face-to-face Board of Directors meeting together with a regional chapter event. It is likely that timing can be made to coincide with the conclusion of the AMLI. In addition to the GOPAC Conference other mechanisms to publicize the products would be used.

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