

# The Fight Against Corruption and Money Laundering

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# Incidence of Corruption

- Pervasive - exists in all countries of the world.
- Petty and 'big ticket' corruption.
- symptom of weakness in the political, social, legal and economic systems of a country.
- Takes a variety of forms including bribery, nepotism, patronage, theft of state assets, evasion of taxes, diversion of revenues and electoral fraud.



# Impact of Corruption

- Effects are far reaching and impact all aspects of a social, political and economic life.
- Reduced quality and stability of governance systems.
- diminishes economic performance.
- Corruption is divisive and makes a significant contribution to social inequality and conflict.



# Role of Parliamentarians in Combating Corruption

- Parliament and parliamentarians play an *essential* - and a *leadership* - role in combating corruption.
- Four areas of importance: legislative, financial, oversight and representation.
- Legislative: enact laws addressing behaviour; focus on integrity in governance; regimes for financial and public service management; transparency and accountability.



# Role of Parliamentarians in Combating Corruption

- Financial Control: Parliament's role in financial management; power of the purse; financial reporting back to parliament.
- Oversight: Auditors and ombudsman; executive reporting to parliament; public questioning of Ministers and Executive; committees.
- Representation: Combination of public deliberation and consensus building within parliament, as well as engagement of citizens on matters of public policy.



# What is GOPAC?

- Global Organisation of Parliamentarians Against Corruption (GOPAC).
- Over 800 parliamentarians in 90+ countries of the world organized into regional and national chapters including.
- Global Chair is John Williams MP (Canada), Vice Chair is Dr. Naser Al Sane, MP (Kuwait).
- The Global Secretariat is based in Ottawa, Canada.
- [www.gopacnetwork.org](http://www.gopacnetwork.org)



## Parliamentarians Fighting Corruption

- Helping parliamentarians to improve their capacity to fight corruption.
- Believe in bringing technical experts together with the *political will* to effect change.
- GOPAC's membership identified 7 areas of focus: Access to Information; Anti-Money Laundering; International Conventions Against Corruption; Parliamentary Codes of Conduct; Parliamentary Immunity; Parliamentary Oversight; and Resource Revenue Transparency.
- Global Task Forces.



# Anti-Money Laundering Initiative

- Strong connection between corruption and money laundering.
- Regimes that lack systems of accountability and transparency typically allow for high levels of money laundering and corruption.
- GOPAC's Anti-Money Laundering Initiative (AMLI).





## Why is the fight against money laundering so important?

- Size and scope of money laundering.
- Motivation for laundering money pre and post terrorists activities, drug money, corrupt money, tax evasion.
- Corruption and money laundering threats to international security.
- proceeds of crime.



# Anti-Money Laundering (AML) Policy and Legislative Design

- Must be tailored to specific needs of each jurisdiction.
- Financial intelligence is essential to detect and deter money laundering and terrorist financing.
- International standards set by Financial Action Task Force (F.A.T.F.)
- F.A.T.F. sets AML standards.
  - 40 Recommendations on Money Laundering
  - 9 Special Recommendations on Terrorist Financing



# AML Policy and Legislative Design

- Regular mutual evaluation exercises assess compliance
- Setting a big net
- Privacy issues
- Defining ‘suspicious transactions’
- Solicitor/client privilege
- Financial intermediaries



## AML Policy and Legislative Design

- Monetary instruments
- Onus - burden of proof re: seizures
- Telegraphic transfers and internet banking
- Domestic/offshore money laundering (offshore banking system)
- Asset recovery



## AML Organization structures

- Financial Intelligence Unit (FIU)
- Department/agency
- Responsible Minister
- Agency independence
- Need for rules, regulations and guidelines especially for financial intermediaries



# AML Implementation

- Political will
- The role of parliamentarians
- GOPAC anti-money laundering initiatives
- Inter-agency and international cooperation
- Awareness training



# AML Implementation

- Financial resources
- Risk management
- Transparency & accountability
- Financial sector - 'know your customer'
- Reporting compliance by financial intermediaries