

The StAR Quarterly

October 2019

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Foreword

The bigger picture

Our quarterly newsletters are always full of information about our work – from workshops for financial investigators to legislative assistance on the legal framework for asset declarations and consultations on non-conviction based forfeiture laws. That's because we want to use this platform to give you a little insight into what we do.

But how do all these activities fit into StAR's wider remit? How do they contribute to

StAR's overarching goal? One of our supporters recently asked us this – and it's a fair question. We live and breathe this topic, and as a result we've focused more on describing *what* we do than explaining *why* we do it and how all the smaller pieces contribute to our mandate. So here goes.

StAR's overarching goal is to ensure that chapter V of the UN Convention Against Corruption is realized, and that funds find their way back to the people they were originally intended to benefit, or that victims of corruption are compensated. Asset recovery is hard work and requires action on all fronts. So what are those fronts?

First of all, we work to increase the capacity of practitioners so that they can be more successful in their efforts – by imparting skills and know-how on how to conduct an investigation or obtain relevant information from another jurisdiction. This is the main aim of our country work, the first part of the newsletter, and it's where StAR currently puts most of its efforts in terms of time and funds. This typically focuses on countries directly harmed by corruption.

But it takes two to tango. We also need to make sure that the other side, the financial centers, feels the pressure to act, and that asset recovery stays high up on the international policy agenda. This is reflected in our goal to support efforts to end safe havens for corrupt funds, and it's the main aim of our policy work with other international bodies whose objectives partly overlap with ours (think: FATF, UNODC CoSP, Egmont, CARIN). This is covered in the second part of the newsletter, on *Policy and Partnerships*, where we describe our work to ensure that asset recovery is on the agenda and concrete actions are taken.

As this field evolves, patterns of corruption change, practitioners use new tools to recover assets, and new practical challenges emerge. It is important that we keep abreast of these developments to inform both our policy work and interactions with international partners, as well as our interactions with countries – this part of our work falls under *Knowledge and Innovation*, the third part of the newsletter. Sometimes simply putting the facts on asset recovery cases out there can in itself build pressure to act: the Asset Recovery Watch, our database on known asset recovery cases, which shows the relatively low number of successful corruption-related international asset recovery cases, is a great example of that. A new data collection effort to improve available, and internationally comparable information on the actual figures of returned assets and provide a better evidence base for policy making is currently underway.

Finally, for our "Spotlight" piece in this newsletter, we feature an excerpt from a

report by Africa Network for Environment and Economic Justice (ANEEJ), a Nigerian civil society organization, that describes an impressive civil society effort to monitor the “Abacha II” funds returned from Switzerland to Nigeria in December 2017.

We hope that this goes some way towards explaining *why* we do what we do.

Emile van der Does de Willebois
Coordinator StAR Initiative

The GFAR Principles in Action: the MANTRA Project's Monitoring of the Disbursement of Abacha II funds in Nigeria (see the [Spotlight below](#))

“Our main priority is that the returned money actually makes it to the end beneficiary. For us, returning the money directly to poor people in Nigeria via cash transfers represents a fundamental shift compared to what happened in Abacha I where the money was used for building roads and schools, and in some cases these roads and schools were not actually built. But in this instance now, the money is getting directly to the poorest who are the victims of grand corruption. And they understand the significance of this. Across Nigeria, we've asked recipients: Do you know where this money comes from? And they said: “Yes, this is money that was stolen by our former president.”

David Ugolor, Executive Director, Africa Network for Environment & Economic Justice (ANEEJ), Nigeria



Country Engagements

Updates from our country work during the past quarter

- StAR traveled to San Jose, **Costa Rica** in July to support the country's efforts to adopt legislation on non-conviction based asset forfeiture (NCB). StAR has been working with the Costa Rican authorities on NCB legislation since 2013 but an earlier draft of a comprehensive NCB bill was never
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adopted. The July mission centered around discussions of legislative scope and effectiveness of a new NCB bill that is currently under discussion. In its current form, the bill does not include corruption as a relevant offence for NCB confiscation, which we see as a major deficiency and have recommended to include corruption in order to establish a more effective legal framework for confiscating the proceeds of corruption.

In addition to a meeting with the General Prosecutor and other prosecutors, StAR facilitated an engagement with local journalists on the NCB bill, and participated in a public event on NCB forfeiture on 04 July with the Attorney General, Minister of Justice, Supreme Court justice, justice sector officials, parliamentarians, academics, experts, students, and citizens. Topics discussed at the public event were: i) the nature of NCB asset forfeiture ii) successful experiences on NCB asset forfeiture iii) case studies: Georgia and Italy, iv) Human rights and NCB asset forfeiture and v) European Court of Human Rights and NCB asset forfeiture standards.



StAR/UNODC staff met with Costa Rica's General Prosecutor Emilia Navas and other prosecutors to discuss issues of interest related to Costa Rica's NCB bill



A representative from Italy discusses his country's experience at a public event "Myths and Realities on Non-Conviction Based Forfeiture in Costa Rica"

- Over the summer, StAR continued mentoring and providing assistance to financial investigators in Kyiv, **Ukraine** in their pursuit of mutual legal assistance in asset recovery cases. As part of our engagement in Ukraine under the framework of Global Forum on Asset Recovery follow-up, StAR has been working with the National Anti-Corruption Bureau (NABU) to identify gaps in their operational practices that impact financial investigations and the recovery of assets from foreign jurisdictions. A mission in July included discussions around mutual legal assistance requests, case prioritization, financial data analysis, and creating a financial profile of investigation subjects.
 - In **Sri Lanka**, StAR provided further advice on strengthening the legal framework on asset declarations for public officials. We used the opportunity of a country visit in July to discuss the transition to electronic filing of asset declarations with counterparts in the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) and other relevant agencies. Comprehensive reform of the asset and interest disclosure system is a key element of Sri Lanka's anti-corruption legal overhaul, which was launched in the National Anti-Corruption Action Plan earlier this year.
 - Following a scoping mission in April 2018, StAR agreed to provide technical assistance to **Ecuador** in the strengthening of institutions and capacity-building, in coordination with the Office of the Attorney-General of the State.
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Complementing other activities, StAR delivered a two-day workshop on circumstantial evidence in August for approximately 30 judges and prosecutors. In September, StAR delivered another two-day workshop to a group of 30 judges and prosecutors, this time on the topic of authorship and participation in financial crimes, with an emphasis on illicit association for criminal purposes and organized crime.

Creation of a new inter-institutional Asset Recovery Group (GEIRA) in Ecuador

In November 2018, the StAR Initiative had facilitated a workshop for discussions around the creation of an inter-institutional asset recovery group (GEIRA), which aims to allow a better exchange of information and cooperation among all institutions involved in the process of recovering proceeds of corruption. On 27 September 2019 representatives from all institutions involved were gathered to sign the MoU. The GEIRA is comprised of the Office of the Attorney-General of the State, the National Court of Justice, the Council of the Judiciary, the Center for Strategic Intelligence (CIES), the Management Service of Immovable Property, the Citizens Participation Council, the Internal Revenue Service, the Ministry of Foreign Affairs, the Anti-Corruption Secretariat, and the Financial and Economic Analysis Unit (UAFE).



- In September, StAR conducted a one-day training session on the use of open source information to collect information on assets and interests to staff of the National Integrity Agency in Bucharest, **Romania**, which is responsible for asset and interest declarations, following up on a training
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held in May 2019. StAR also consulted with prosecutors from the National Anti-Corruption Directorate regarding a needs assessment, design, and implementation of a training on financial investigations and asset recovery.

- After a scoping mission in July, StAR conducted a financial investigations workshop in **Armenia** in September, and met with technical counterparts at the Ministry of Justice. The mission included the first in a series of workshops aimed at building practitioner capacity in asset recovery, including around financial investigations, corruption investigations, and international cooperation. Presentations and practical exercises were deployed to establish a baseline of knowledge around key concepts associated with asset recovery.



A StAR team meets with officials from the Investigative Committee of the Republic of Armenia during a scoping mission in Armenia. Source: [Investigative Committee](#)



Policy Influence & Partnerships

In July, StAR participated in the plenary meetings and working group of **Egmont, the worldwide organization of FIUs**, in The Hague, Netherlands. (The World Bank has observer status with Egmont.) The discussion in the plenary focused on ‘public-public’ cooperation (i.e. both domestic and international cooperation and especially emphasized the importance of cooperation between law enforcement/FIUs and tax authorities. The meeting was opened by H.M. Queen

Máxima of the Netherlands, the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), who emphasized the impact of de-risking on the financially excluded, including non-profit organizations (NPOs). Six new countries joined Egmont (Dominican Republic, Ethiopia, Palestine, Papua New Guinea, Turkmenistan, and Uganda) and the suspension of El Salvador's FIU was lifted, bringing the organization's total membership to 164. Of note was a presentation by a representative from Namibia on a large case that was uncovered through analysis of trade statistics, triggered by a World Bank-assisted National Risk Assessment of Anti-Money-Laundering/Combating the Financing of Terrorism (AML/CFT). Emile presented the StAR Best Case Award to the FIU of Peru for a multi-national corruption case in which assets were recovered from abroad, and Peru's FIU also won Egmont's Best Case Award.

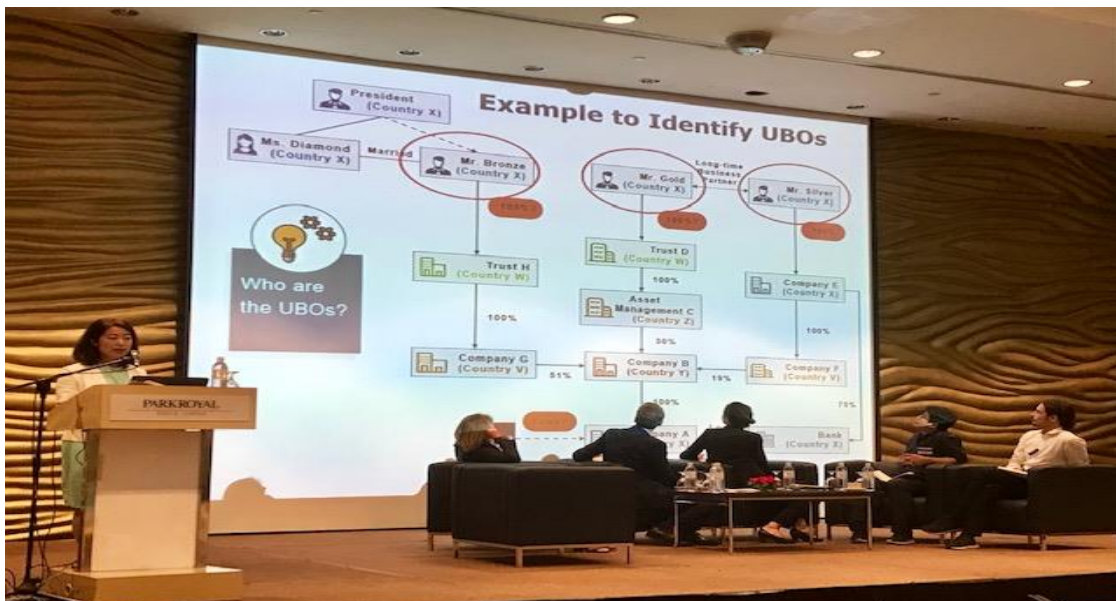


Emile van Der Does de Willebois at the Egmont Plenary meeting in The Hague, where he presented the StAR Best Case Award to Peru's FIU

In August, StAR contributed to a number of activities of the 29th **APEC Anti-Corruption and Transparency Working Group (ACTWG)**, hosted by Fiscalía de Chile (Chile Office of Prosecutor General). At an APEC workshop on “The Evolving Use of Corporate Compliance Programs by Law Enforcement: Learning from International & Domestic Practices”, StAR presented on the principles of UNCAC on corporate compliance (on behalf of UNODC), and moderated a session on “Criminal Investigation of Bribery and Corporate Compliance”. StAR also used the opportunity to present its publication [*International Partnerships on Asset Recovery*](#), which includes a directory of asset recovery networks, and anti-corruption law enforcement initiatives in the APEC region at a meeting of the APEC Network on Anti-Corruption Authorities and Law Enforcement Agencies (ACT-NET).

In July, StAR co-sponsored a regional workshop on **Promoting Beneficial Ownership Transparency in Southeast Asia**, in Kuala Lumpur, which was jointly organized by the Malaysian Anti-Corruption Commission (MACC), the United Nations Office on Drugs and Crime (UNODC) and StAR, with support from the government of the United Kingdom. Participants included regional judges and prosecutors, law enforcement officials, anti-corruption authorities, other government entities, civil society contributors, and private sector representatives. The workshop included discussions in which participants identified key challenges in their respective countries with regards to the legal and institutional frameworks for beneficial ownership (BO) and international cooperation, and discussed ways for overcoming those challenges. Among the challenges identified were a lack of a legal framework or substantive legal definition of beneficial ownership, a lack of an institutional framework for maintaining up-to-date BO information, inadequate access to such information, and gaps in capacity and resources for investigating beneficial ownership, particularly in foreign jurisdictions. A StAR expert presented on the international standards and best practices of beneficial ownership frameworks, including a case of BO registration and public access in Ukraine. StAR also moderated several sessions and facilitated group discussions that led to the development of an outcome document that includes a set of recommendations for policy-makers in the region.

[Outcome Document](#); [UNODC's story about the event](#)
[Agenda, presentations, list of speakers](#)



A representative from the Asian Development Bank (ADB) gives a presentation at a UNODC/StAR Regional Workshop on Promoting Beneficial Ownership

Transparency



Chief Commissioner of the Malaysian Anti-Corruption Commission, Ms. Latheefa Koya, speaks to the media at the workshop. Image credit: UNODC

In September, StAR attended and presented at the **Steering Committee and Annual General Meeting of the Asset Recovery Interagency Network-Asia Pacific (ARIN-AP)** as well as a regional asset recovery workshop in Ulaanbaatar, Mongolia. StAR has observer status at ARIN-AP and has a country engagement with Mongolia which includes support to this regional initiative in order to raise awareness and build capacity on asset recovery in the Asia-Pacific region. In the context of this event, we contributed to a regional workshop on “Finding the Hidden Assets: Concealing the Beneficial Ownership of Proceeds of Crime’,” organized by ARIN-AP, IACC and the Australian Department of Home Affairs.

StAR contributed to a panel discussion on asset recovery in Latin America and the Caribbean at the **OAS Policy Dialogue** in September in Washington, DC. The dialogue served to discuss recent developments and theory around addressing money laundering and corruption through the lens of cases supported by the OAS, IADB, and the World Bank. The dialogue explored questions around policy design, illicit financial flows, and the role of the OAS and multilateral development banks in supporting the efforts of member states.

[Agenda; Recording of the event and presentations](#)



Knowledge & Innovation

Please visit our website for a complete list of [StAR publications](#).



Spotlight On...

GFAR Principles in Action: the MANTRA Project's Monitoring of the Disbursement of Abacha II funds in Nigeria

At the Global Forum on Asset Recovery (GFAR) held at the World Bank in December 2017, Nigeria, Switzerland, and the World Bank signed an MOU on the return of \$321 million in funds stolen by President Abacha and his family to Nigeria (“Abacha II”). Under the agreement, the World Bank is monitoring the disbursement of the funds which are being used for a direct cash transfer program under the National Social Safety Net Project (NSSNP). As of May 2019, good progress has been reported and the funds are indeed reaching targeted poor households, with \$37 million of stolen funds already disbursed to over 300,000 households and a further \$50 million in stolen assets requested for disbursement.[\[1\]](#)

In line with Principles 4 and 10 of the [GFAR Principles](#), which, respectively, call for transparency and accountability in the return and disposition of recovered assets and encourage the inclusion of civil society, non-governmental and community-based organizations in the asset return process, Nigerian civil society organizations played a prominent role in the negotiations leading up the MOU and in the monitoring of the disbursed funds

The Africa Network for Environment and Economic Justice (ANEEJ), with financial support from DfID, is leading an impressive effort to monitor the disbursement and end-use of returned assets, called the MANTRA project (Monitoring of Recovered Assets through Transparency and Accountability). Under their first round of monitoring, a group of 35 civil society partner organizations dispatched over 500 monitors to the field to verify the reported data, survey beneficiaries, and witness cash disbursements first hand.

The initial results of this monitoring exercise are promising. While there is certainly room for improvements in the project implementation (and the report makes a few helpful suggestions in this regard), the monitoring shows that, by and large, disbursements are on track and are successful in directly reaching poor households in Nigeria. Spot checks confirmed enrolled participants in all 11 states and over 90% of monitored beneficiaries reported having received at least the base transfer of 5,000 Naira per household per month (around US\$16).

This monitoring effort is exactly the kind of commitment to transparency, accountability and inclusion of non-governmental stakeholders in asset returns that was envisaged in GFAR Principles 4 and 10 and that we need to see happen more routinely for returns of stolen assets around the world.

See below the executive summary of ANEEJ's detailed report on the MANTRA project. The full report is available [on ANEEJ's website](#). The [MANTRA website](#) has more materials on the field monitoring project.

[1] [“World Bank Monitoring Role in the Return of Stolen Funds to the Federal Republic of Nigeria”](#), UNODC International Expert Meeting on the Return of Stolen Assets, Addis Ababa, May 2019

“Tackling Poverty With Recovered Assets: The MANTRA Model”, ANEEJ, January 2019

Executive Summary

The 2015 Sustainable development Goals (SDGs) identify the need for the prevention of illicit financial flows and the recovery of stolen assets as essential for development. The SDGs further recommend that funds recovered in asset recovery interventions are invested in social safety net programmes in the country of origin^[1]

Nigeria has recorded successes in asset recovery efforts with the repatriation of \$752 million of the Abacha loot from Switzerland to Nigeria in 2005 and 2006 (World Bank, Federal Ministry of Finance, December 2006). The Swiss authorities also returned \$322.5 million dollars of the Abacha loot to Nigeria in 2017.

In 2005, the Memorandum of Understanding (MOU) between Switzerland and Nigeria mandated that the recovered funds were to be spent on MDG-based interventions

and this was spent on 5 sectors (Health, Education, Water, Electricity and Roads) and the process was monitored by CSOs in Nigeria (World Bank, Federal Ministry Of Finance, December 2006). In 2017, the MOU between both countries specified the funds should be spent on the poor through the existing social safety net programmes and monitored by civil society groups and the World Bank.

The Federal Ministry of Justice, in January 2017, signed an MOU with the African Network for Economic and Social Justice (ANEEJ) for the monitoring of the \$322.5 million recovered Abacha loot. ANEEJ commenced the *“Monitoring of Recovered Assets through Transparency and Accountability”* (MANTRA) project in 2018 with funding from the British government's Department for International Development (DfID) under the Anti-Corruption in Nigeria (ACORN) programme to carry out the monitoring of the disbursement of the recovered assets in one of Nigeria's social safety net programmes, the National Cash Transfer Programme (NCTP). MANTRA was designed to address issues of corruption within the broader objectives of the ACORN programme which aims to strengthen the anticorruption regime in Nigeria. The MANTRA project also aims to ensure that assets recovered are disbursed or invested in programmes for the poor and vulnerable in line with the SDGs.

ANEEJ's first monitoring exercise held in December 2018, in partnership with 6 regional civil society organization (CSO) who took the lead in their regions to engage a total of 35 CSOs, over 500 monitors and 44 Supervisors for the exercise in 5 geopolitical zones of the country.

The specific objectives for the August/September 2018 monitoring exercise were:

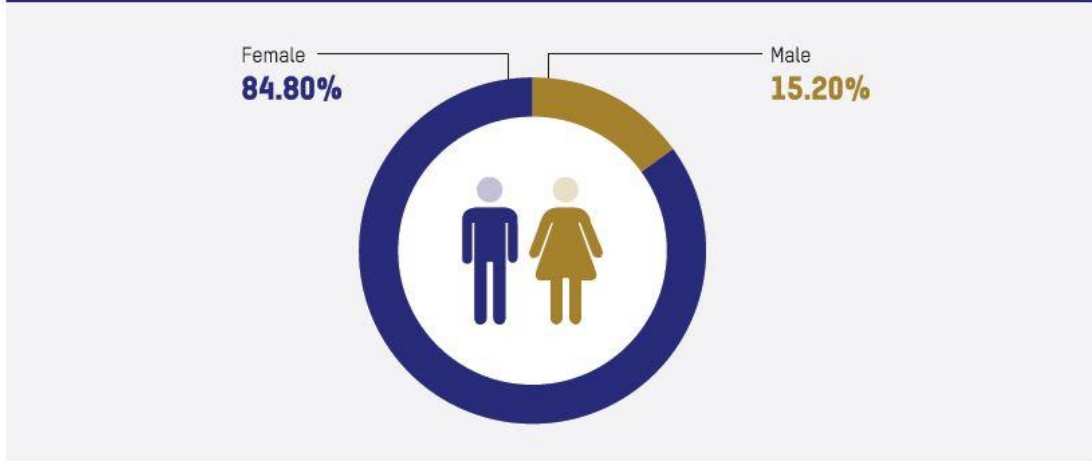
- To verify that the data reported for the August/September 2018 payment period (number of households enrolled, number of households benefiting from the conditional cash transfer, total funds disbursed and the proportion of grievances reported that was resolved).
- To verify that the data generated are fit for decision making and cannot be manipulated for personal interest
- To assess and identify potential challenges to data quality that the data management and reporting systems may create at all levels.
- To develop recommendations to improve the gaps identified.

[Read More](#)

1. SDG 16 places emphasis on the need for “effective, accountable and inclusive institutions at all levels” Target 16.4 specifies ‘by 2030, significantly reduced illicit financial and arms

flows, strengthen the recovery and return of stolen assets and combat all forms of organized crimes”

Figure 7: Gender of Caregivers and alternates on monitoring survey



Amongst the 30,846 households surveyed, 4,704 representing 15.2% were males while 26,142 representing 84.8% were females. *Source: Tackling Poverty with Recovered Assets: The MANTRA Model, Figure 7*

SN	State	Total Funds Disbursed (Naira)	Amount Of Funds Disbursed From Abacha Loot (80% Of Total Funds Disbursed)
1	CROSS RIVER	39,520,000	31,616,000
2	NIGER	105,320,000	84,256,000
3	KWARA	78,470,000	62,776,000
4	BENUUE	26,420,000	21,136,000
5	ANAMBRA	62,520,000	50,016,000
6	NASARAWA	93,660,000	74,928,000
7	BAUCHI	188,480,000	150,784,000
8	KANO	353,850,000	283,080,000
9	KADUNA	87,920,000	70,336,000
10	GOMBE	109,830,000	87,864,000
11	JIGAWA	363,500,000	290,800,000
	Total	1,509,490,000	1,207,592,000

Total funds disbursed to 11 states monitored by the MANTRA project in the August/September 2018 payment round. *Source: NCTO. Tackling Poverty with Recovered Assets: The MANTRA Model, Table 5*