

## Anti-corruption in the G20

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### Executive Summary

As the C20 policy pack shows, corruption scandals have shaken Latin America since the last G20 Summit was hosted in the continent in 2012. In a 2017 survey, nearly two thirds of people in the region said corruption was getting worse. But this is not only a Latin American problem. In recent years, a multitude of corruption scandals emphasizes the evidence, witnessed by citizens, of widespread wrongdoing: from corruption in FIFA to the Odebrecht case, citizens see evidence of widespread wrongdoing that is at best only partially addressed by authorities.

### Introduction

Corruption is a major barrier to prosperity and equality, destroys public trust in government, affects economic and financial stability, curtails the basic rights

of citizens, undermines the rule of law, skews competition, impedes cross-border investment and trade, and distorts resource allocation.

These shared challenges are sending a common message: world leaders need to urgently come together to find sustainable, concrete and shared solutions to today's problems. We know that these are not easy times for multilateralism, but there is no other option: shared problems need shared solutions. Determined and effective enforcement of the rule of law is expected from the G20.

The G20 has a special responsibility to prevent and tackle corruption, to establish legal and policy frameworks that promote a clean business environment and to continue to assist countries in their

capacity building efforts to combat bribery, fraud, payoffs among other.

### **How has the G20 addressed anti-corruption so far?**

Since its creation in 2010, the Anti-Corruption working group (ACWG) has been a leading mechanism for cooperation in raising the standards of transparency and accountability across the G20 countries, and contributing to the global fight against corruption. Its work has been guided by two-year action plans.

In their plan, they promise to work from a strong foundation that includes respect for international law, a commitment to respecting human rights and the rule of law as well as a commitment to respect the sovereignty of each country and their international commitments and domestic legal systems.

In the 2017 - 2018 Action Plan, which was created in 2016 in China, they pledged to implement their existing commitments

and to act in the following areas: practical cooperation, beneficial ownership, integrity and transparency in the private sector, bribery, integrity and transparency in the public sector, vulnerable sectors, international organizations, and capacity building.

In a context in which large-scale, cross-border corruption cases are increasingly frequent, national level efforts to combat corruption often fall short. Many of those anti-corruption laws, policies and other tools have only been partially implemented. Too often corruption remains an afterthought in G20 leaders' decisions and actions. Enough commitments have been made, now it is time to put them into practice.

### **What happened in the G20 Summit Argentina?**

This year the ACGW was co-chaired by France and Argentina. During the meetings, delegates from member countries and guests, and representatives of international organizations sought to

agree on an action plan from 2019 to 2021. The meetings were chaired by Laura Alonso, head of the Anticorruption Office of Argentina, and by Guillaume Chabert, assistant secretary for Multilateral Affairs of the Treasury of France.

In the opening session at the C20 summit, Argentinian President Mauricio Macri highlighted the importance of civil society in prioritising anti-corruption and promoting transparency, as outlined in the final C20 communique to G20 leaders. Days before the summit, Macri also announced that Argentina will develop a national anti-corruption strategy, and will invite other G20 members to do the same.

From an anti-corruption perspective, this year is critical for the G20. The current Anti-Corruption Action and Implementation plans come to an end, and the G20 Anti-Corruption Working Group has a unique opportunity to assess how its work will continue. But why make new promises when the previous ones are still outstanding?

Some NGOs, such as Transparency International, urged leaders to uphold their commitments on anti-corruption and other essential issues at the G20 meeting in November, and launched the #G20takeaction social media campaign. Human Rights Watch also asked the Argentine justice to investigate the responsibility of King Salman's son for crimes against humanity.

However, the topic went unnoticed. In the final communiqué, only one paragraph is dedicated to anti-corruption. Paragraph 29 states that they "will remain committed to preventing and fighting corruption and lead by example," thus creating a new plan for 2019-2021. This shows that 1) the necessary attention has not been given to the topic, 2) new proposals continue to be created when the last ones have not yet been fulfilled, and 3) the scandals of corruption that involve various member countries in a broad way have not been addressed.

At the summit, there were two major scandals of corruption, which could have

been addressed, although that was not the case. First, the case of Odebrecht that involves several member countries, and second, the case of human rights violation by the Saudi Crown Prince. We will only attend the Odebrecht case here.

### **Odebrecht case**

Odebrecht is a Brazilian conglomerate consisting of diversified businesses in the fields of engineering, construction, chemicals and petrochemicals, which is involved in a cross-border corruption case. This company relied on banks in Antigua, Panamá, Switzerland, the United States among others, to make bribe payments to Brazilian and foreign public officials and politicians in 20 different countries including Angola, Argentina, Colombia, Ecuador, the United States, Guatemala, Mexico, Mozambique, Panama, Peru, the Dominican Republic and Venezuela.

The case involves the bribery of various politicians to obtain contracts for various public works, allowing it to become the largest construction company in Latin

America. In Brazil, the company was part of a cartel of engineering companies that paid bribes and gratuities in exchange for being allowed to rig the contracts, especially at Petrobras.

The corruption ring operated not only in Brazil, but also in other countries of Latin America and Africa, which relied on accounts held offshore in the name of at least 42 shell companies. When their usual bank (the Antigua Overseas Bank) went bankrupt, they bought 51% of the Meinh Bank Antigua, an inactive branch of the Austrian Bank. The problem here is that there is no sign that authorities in the country or in Austria, asked question or investigated the bank at any time during the period Odebrecht used it for money laundering.

Overall, most G20 countries do not conduct money laundering risk assessments, holding the directors and senior managers personally responsible for non-compliance with the anti-laundering rules. That's why in this case

for example, and in many others for sure, verification of information is weak across the board. In conclusion, this undermines the ability of competent authorities to investigate suspicious cases, and the ability of banks and businesses to carry out proper due diligence.

### **Conclusion**

Corruption is an issue that affects all countries. Although the G20 is presented as a discussion forum to find solutions to issues like this, little progress has been made. There are several reasons for this. First, by not having agreements that are mandatory or binding, countries are not forced to apply the necessary regulations. This may be because it suits them to allow corruption to continue, or because they simply have other issues that they consider most important on the agenda.

Secondly, we also find another difficulty and it is the fact that two of the presidents who were at the summit will no longer be presidents. These are the cases of Temer and Peña Nieto, presidents of Brazil and Mexico, countries with high levels of corruption. So, what is to be done in these cases where there are presidents who reach certain agreements, but then other presidents will be the ones to carry them out?

We still need to see the proposals of the ACGW itself, but without having complied with the previous proposals, it is very difficult to create and achieve new ones.

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