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The global coalition against corruption

Ferraris with matching socks; tales of corruption from Equatorial Guinea

Alessandro · Thursday, December 10th, 2020

Would you buy a new car every time you change your socks or shoes, just so their colours match? Probably not. But Teodorin Obiang, the Vice President of Equatorial Guinea, and son of the President, did just that. It would be an amusing story, if only the cost had not been borne by the citizens of Equatorial Guinea. Teodorin, also called “the playboy”, became famous for his lavish lifestyle, consisting of luxurious holidays on private islands, purchase of yachts, private jets, luxury cars, expensive suits and jewellery.

He is now also well-known for having been prosecuted, and in some cases convicted, for embezzlement and money laundering in several countries. So far more than €200 million worth of assets plundered by Obiang have been frozen or confiscated. In 2016, US prosecutors recovered more than EUR 30 million worth of properties registered to Teodorin Obiang, including a villa in Malibu and a dozen luxury cars.^[1] In September 2019, Swiss prosecutors confiscated and auctioned off a collection of 25 supercars worth nearly €21 million.^[2] Most recently, in a February 2020 appellate ruling, a Parisian court confirmed the conviction of Obiang for embezzling more than €150 million and the confiscation of the corresponding assets including a 76-metre yacht and a 101-room mansion near the Champs-Élysées. Civil society, in particular Transparency International France played a key role in the French proceedings by filing a complaint against Obiang.

The Obiang case is in no way unique. Kleptocrats tend to select the EU as a favourite destination for their ill-gotten gains which end up sitting in the coffers of European banks, or invested in luxury goods, or high-end property in European capitals.

What lessons can the EU learn from the Obiang case?

First, that there is a role for civil society organisations to play at all stages of the asset recovery process. Second, that confiscated assets should be returned to the country they were stolen from to benefit the populations harmed by corruption.

Involving civil society in asset recovery processes

It is no exaggeration to claim that Obiang’s conviction in France was the result of the continuous efforts of civil society organisations to bring the corrupt to justice. The case came to trial because Transparency International France and another French civil society organisation, Sherpa, won the

right to file a complaint on corruption grounds in France. Getting there took almost a decade of arguments, and a change to French law. This shows how key it is to facilitate the participation of civil society organisations throughout the process. At the litigation stage, as illustrated above, by allowing civil society organisations to bring a corruption case to court. But also, at later stages, by involving independent civil society organisations in the process of managing and returning the assets. Civil society can be instrumental in helping to identify the models and modalities to ensure transparency and accountability throughout the process of asset restitution.

Returning confiscated assets to benefit the populations harmed by corruption

What should be done with Teodorin's confiscated assets? Often assets are not returned to the country of origin in the fear that they might end up back in the same corrupt pockets – especially when a kleptocratic government remains in power which is the case in Equatorial Guinea.

However, the assets confiscated by France belong to the citizens of Equatorial Guinea and should be returned to their rightful owners. Despite being one of the largest African oil producers,^[3] the country nonetheless ranks at the bottom in many international benchmarks when it comes to quality of life and socio-economic development,^[4] with more than half of the population lacking access to safe cleaning water and healthcare.^[5] It is also plagued by corruption, as shown by its performance in Transparency International's Corruption Perception Index (ranked 130 out of 180 countries).^[6]

There is currently no system in France nor in most other EU countries to guide asset recovery in these situations. It is critical that EU countries adopt a harmonised and systemic approach to asset return. Asset return should be recognised as a primary principle in EU legislation. The confiscated assets cannot be integrated into the national budget of the confiscating country. It is a question of social justice. More specifically, any restitution process led by an EU country should be underpinned by principles of transparency, accountability and integrity and ensure the effective participation of independent civil society organisations. Finally, the returned assets should be used to benefit the people of the country they were stolen from, to improve their quality of life, promote the rule of law, and fight against corruption.

[1] <https://www.justice.gov/opa/pr/second-vice-president-equatorial-guinea-agrees-relinquish-more-30-million-assets-purchased>.

[2] <http://ge.ch/justice/classement-de-la-procedure-contre-t-obiang-les-vehicules-sont-confisques-et-le-navire-libere> and https://www.lemonde.fr/afrique/article/2019/09/30/guinee-equatoriale-25-bolides-de-teodorin-obiang-adjuges-21-6-millions-d-euros-en-suisse_6013580_3212.html

[3] <https://www.hrw.org/world-report/2019/country-chapters/equatorial-guinea>.

[4] Equatorial Guinea ranks 144 out of 189 countries in the UN's Human Development Index, see http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/GNQ.pdf.

[5] <https://databank.worldbank.org>, <https://www.hrw.org/report/2017/06/15/manna-heaven/how-health-and-education-pay-price-self-dealing-equatorial-guinea>.

[6] Equatorial Guinea ranks 130 out of 180 countries in Transparency International's Corruption Perceptions Index, see <https://www.transparency.org/en/countries/guinea>

This entry was posted on Thursday, December 10th, 2020 at 9:15 am

