Transparency International EU

The global coalition against corruption

Ill-gotten gains: Europe should not become a home for corrupt money

Lucinda Pearson · Monday, December 16th, 2019

If you have a pot of money of dubious origin, Europe could appear a safe place to launder and hide it. For example, it is believed that former Tunisian President Ben Ali and his family have hidden as much as US$17 billion in bank accounts across the world, equivalent to more than a third of Tunisia's average Gross Domestic Product (GDP)[1]. A big chunk of this money ended up in the coffers of European banks.

According to estimates, a small 2.2% of the proceeds of crime are frozen and an even tinier 1.1% is actually confiscated, meaning very little is ever returned to victim populations. In fact, according to the World Bank and the OECD, EU countries' performance in international asset recovery has been quite poor, with only one country – the UK – having returned confiscated assets to foreign jurisdictions. Even in this case, it was not done in a systematic and structured way.

This could be set to change with the recent commitment by the French government to adopt a legislative framework for the return of stolen assets to victim populations. A parliamentary report "Investir pour mieux saisir, confisquer pour mieux sanctionner" (Working to better seize, confiscate and sanction), published on 26th of November lays the ground for future legislation by highlighting the principles of transparency, accountability, solidarity, integrity and efficiency that should be the basis for any future regulation of the restitution of assets.

Transparency International has been supporting these efforts at national level, insisting on the need for a well-governed and inclusive process involving civil society both in the country where the money is held and the country where it is returned to. The recent case involving Gulnara Karimova, the daughter of the former President of Uzbekistan is illustrative of the lack of transparency surrounding the return of confiscated assets. No information has been released by the French government so far.

Transparency International also underlines that even if international and national development agencies can be instrumental in the process of return, this money is debt owed to victim populations and should not be confused with public aid. This issue is currently very topical in France as the appeal of Teodoring Nguema Obiang, the son of the Equatorial Guinean President has just started, and France has initiated the process of returning more than EUR 60 million to Uzbekistan with no specific conditions despite the country ranking at 158th out of 180 in Transparency International's Corruption Perception Index.

The French initiative should inspire EU leaders to adopt a similar legislation at EU level. Grand

corruption[2] takes away huge amounts of money from countries, depriving their population of the most basic services.

It is therefore essential that this issue is addressed in a systemic and comprehensive fashion at EU level. Transparency International calls on the EU to reform its asset recovery framework to facilitate confiscation including in situations where securing a prior conviction is not possible and introduce principles for the responsible return of stolen assets to victim populations of third countries.

The infographic below provides detailed information on the issue of asset recovery and our recommendations for EU-wide reform. Click here to download a pdf version.

[pdf-embedder url="https://transparency.eu/wp-content/uploads/2020/07/upload_asset_recovery_compress.pdf"]

1. https://sanctionswatch.cifar.eu/people/tunisia/zine-el-abidine-ben-ali/
2. According to Transparency International, Grand Corruption occurs when: A public official or other person deprives a particular social group or substantial part of the population of a State of a fundamental right; or causes the State or any of its people a loss greater than 100 times the annual minimum subsistence income of its people; as a result of bribery, embezzlement or other corruption offence. For more details, see: https://www.transparency.org/news/feature/what_is_grand_corruption_and_how_can_we_stop_it

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