Implementation Review Group
Fifteenth session
Vienna, 10–14 June 2024
Item 4 of the provisional agenda*
State of implementation of the United Nations
Convention against Corruption

Implementation of provisions of a cross-cutting nature in
chapter II (Preventive measures) and chapter V (Asset
recovery) of the United Nations Convention against
Corruption and regional supplement

Thematic report prepared by the Secretariat

Summary

The present report contains a compilation of the data available as at
15 March 2024 on successes, good practices, challenges and observations identified
during the second cycle of the Mechanism for the Review of Implementation of the
United Nations Convention against Corruption, including by geographical region, with
a focus on the implementation of provisions of a cross-cutting nature in chapter II
(Preventive measures) and chapter V (Asset recovery) of the Convention. The
implementation of the articles of the Convention not covered in the present report is
assessed in the thematic reports prepared by the Secretariat on the implementation of
chapter II (CAC/COSP/2023/4) and chapter V (CAC/COSP/IRG/2024/6).

* CAC/COSP/IRG/2024/1.
I. Scope and structure of the report

1. In accordance with paragraphs 35 and 44 of the terms of reference of the Mechanism for the Review of Implementation of the United Nations Convention against Corruption, the present thematic report contains a compilation of the most relevant data, including by geographical region, on successes, good practices, challenges and observations contained in the executive summaries and country review reports relating to the implementation of provisions of a cross-cutting nature in chapter II (Preventive measures) and chapter V (Asset recovery) of the Convention. More specifically, the report contains data on asset declarations, financial disclosure systems and prevention of conflicts of interest (art. 7, para. 4; art. 8, para. 5; and art. 52, paras. 5 and 6); beneficial ownership identification (art. 12, para. 2 (c); art. 14, para. 1 (a); and art. 52, para. 1); and measures to prevent money-laundering, the prevention and detection of transfers of proceeds of crime, and financial intelligence units (arts. 14, 52 and 58). The data in the present report is complemented by the thematic report on the implementation of chapter II (CAC/COSP/2023/4), submitted to the Conference of the States parties to the Convention at its tenth session, and the thematic report on the implementation of chapter V (CAC/COSP/IRG/2024/6), to be submitted to the Implementation Review Group at its fifteenth session. Both reports focus on the other topics and provisions under review in the second cycle.

2. The present report is based on information contained in the 88 executive summaries and country review reports that had been completed as at 15 March 2024, including 26 reviews completed for Asia-Pacific States, 25 for African States, 14 for Western European and other States, 12 for Latin American and Caribbean States and 11 for Eastern European States.

3. Although a further six executive summaries have been adopted since the preparation of the thematic report entitled “Implementation of provisions of a cross-cutting nature in chapter II (Preventive measures) and chapter V (Asset recovery) of the United Nations Convention against Corruption” (CAC/COSP/2023/6) and the regional supplement entitled “Implementation of chapter II (Preventive measures) and chapter V (Asset recovery) of the United Nations Convention against Corruption” (CAC/COSP/2023/7), submitted to the Conference of the States parties at its tenth session, the substantive analysis provided therein remains unchanged. Rather than reproducing a narrative analysis, the present report therefore presents tables and graphs containing updated data relating to the implementation of provisions of a cross-cutting nature at the global and regional levels. In line with this reduced format, the report is structured as follows: section II provides the overall data on recommendations and good practices, and is therefore best read in conjunction with the thematic report (CAC/COSP/2023/6); and section III provides the data by regional groups, and is therefore to be read alongside the regional supplement (CAC/COSP/2023/7).

4. The structure of the two sections is aligned with that used in the two previous reports referenced above, which is based on the structure of the executive summaries, with closely related articles and topics clustered together.

II. Data on challenges and good practices in the implementation of cross-cutting provisions in selected articles of chapters II and V of the Convention

5. Figures I to IV and tables 1 and 2 below provide an overview of the most prevalent challenges and good practices identified in the implementation of the selected articles of chapters II and V, organized by article of the Convention. For a better comparison among provisions, figures I and III contain information on articles analysed in their entirety, while figures II and IV contain information on provisions of which some subparagraphs were analysed separately.
Figure I
Challenges identified in the implementation of articles 14, 52 and 58 of the Convention, by article

<table>
<thead>
<tr>
<th>Article of the Convention</th>
<th>Need to adopt or strengthen systems for a wide range of stakeholders to prevent conflicts of interest, to expand definition of conflicts of interest, to develop more detailed regulations on gifts, and to strengthen the framework for the verification and management of conflicts of interest</th>
</tr>
</thead>
</table>

Table 1
Most prevalent challenges in the implementation of selected provisions of the Convention

<table>
<thead>
<tr>
<th>Article of the Convention</th>
<th>Most prevalent challenges in implementation (in order of article of the Convention)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art. 7, para. 4</td>
<td>Need to adopt or strengthen systems for a wide range of stakeholders to prevent conflicts of interest, to expand definition of conflicts of interest, to develop more detailed regulations on gifts, and to strengthen the framework for the verification and management of conflicts of interest</td>
</tr>
</tbody>
</table>
**Article of the Convention** | **Most prevalent challenges in implementation (in order of article of the Convention)**
--- | ---
Art. 8, para. 5 | Lack of adequate systems for the declaration of outside activities, employment, investments, assets and substantial gifts or benefits; inadequate systems for the verification and management of conflicts of interest; lack of a sanctions mechanism
Art. 12, para. 2 (c) | Need to enhance transparency regarding the owners and managers of private entities
Art. 14, para. 1 (a) | Institutional weaknesses in financial supervision; lack of or inefficient identification of beneficial owners; lack of implementation of a risk-based approach; insufficient supervision of financial institutions and designated non-financial businesses and professions
Art. 14, paras. 1 (b)–5 | Country-specific gaps in the regulatory and supervisory frameworks aimed at countering money-laundering and the financing of terrorism; incomplete implementation of standards and recommendations issued by other international monitoring bodies such as the Financial Action Task Force and Financial Action Task Force-style regional bodies; inadequate measures to detect and monitor the cross-border transfer of cash and bearer negotiable instruments; insufficient supervision of money or value transfer services; insufficient information maintained throughout the payment chain for all electronic transfers of funds; inadequate enhanced scrutiny applied to transfers of funds that do not contain complete information on the originator
Art. 52, para. 1 | Lack of identification of foreign and domestic politically exposed persons and beneficial owners; deficiencies in the scope of politically exposed persons; lack of application of the customer due diligence and enhanced scrutiny rules to existing accounts
Art. 52, paras. 2–4 | Inadequate issuance of advisories; prohibition of shell banks; lack of resources of competent authorities
Art. 52, para. 5 | Ineffective financial disclosure system; lack of a monitoring, verification and sanctions mechanism to ensure compliance with reporting obligations
Art. 52, para. 6 | Insufficient reporting of interest in or signature or other authority over foreign accounts
Art. 58 | Lack of emergency freezing powers for financial intelligence units; inadequate allocation of resources, inadequate independence and insufficient capacity of financial intelligence units, including in the area of inter-agency and international cooperation

**Figure III**

**Good practices identified in the implementation of articles 14, 52 and 58 of the Convention, by article**

![Bar chart](chart.png)
Figure IV

Good practices identified in the implementation of article 7, paragraph 4; article 8, paragraph 5; article 12, paragraph 2 (c); article 14, paragraph 1 (a); and article 52, paragraphs 1, 5 and 6, of the Convention, by article

Table 2

<table>
<thead>
<tr>
<th>Article of the Convention</th>
<th>Most prevalent good practices (in order of article of the Convention)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art. 7, para. 4</td>
<td>Structured approach to promoting transparency and preventing and managing conflicts of interest among different categories of public officials; extensive use of online platforms to increase transparency and improve efficiency of corruption preventive measures</td>
</tr>
<tr>
<td>Art. 8, para. 5</td>
<td>Efforts in establishing, modernizing or reinforcing the asset declaration system; designation of one person per institution who is responsible for collecting financial disclosures; the possibility to cross-check declarations across several databases</td>
</tr>
<tr>
<td>Art. 12, para. 2 (c)</td>
<td>Establishment and updating of corporation registries; publication of beneficial ownership information; establishment of various electronic means to provide information; regular awareness-raising activities for private sector representatives and policy measures to incentivize corporations to self-report wrongdoing</td>
</tr>
<tr>
<td>Art. 14, para. 1 (a)</td>
<td>Well-established national regime for preventing money-laundering and the financing of terrorism; the establishment and institutional setting up of public beneficial ownership registries; outreach activities for financial institutions; lowered threshold of permitted cash payments for persons trading in goods in order to facilitate the tracing of illicit assets</td>
</tr>
<tr>
<td>Art. 14, paras. 1 (b)–5</td>
<td>Sound domestic inter-agency coordination mechanisms; promotion of regional and international cooperation on countering money-laundering; effective national risk assessment providing a comprehensive assessment of the legal and institutional framework</td>
</tr>
<tr>
<td>Art. 52, para. 1</td>
<td>Definition of politically exposed persons includes domestic politically exposed persons; establishment of beneficial ownership information; ability to exchange financial information</td>
</tr>
<tr>
<td>Art. 52, paras. 2–4</td>
<td>Establishment of a registry of bank accounts or of beneficial owners; sharing of financial intelligence with other States; prohibition of correspondent banking relationships with shell banks</td>
</tr>
<tr>
<td>Art. 52, para. 5</td>
<td>Effective asset declaration system; verification and publication of declarations</td>
</tr>
</tbody>
</table>
### III. Data on the implementation at the regional level of cross-cutting provisions in selected articles of chapters II and V of the Convention

6. A total of 258 recommendations were issued with regard to asset declarations and financial disclosure systems (art. 8, para. 5, and art. 52, paras. 5 and 6) and 65 were issued with regard to the declaration of conflicts of interest (art. 7, para. 4). Figures V and VI show the regional distribution of the recommendations issued in relation to those provisions.

**Figure V**

*Number of recommendations issued with regard to the implementation of article 8, paragraph 5, and article 52, paragraphs 5 and 6, by regional group and in total*

<table>
<thead>
<tr>
<th>Regional Group</th>
<th>Number of Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>African States</td>
<td>100</td>
</tr>
<tr>
<td>Asia-Pacific States</td>
<td>67</td>
</tr>
<tr>
<td>Eastern European States</td>
<td>26</td>
</tr>
<tr>
<td>Latin American and Caribbean States</td>
<td>33</td>
</tr>
<tr>
<td>Western European and other States</td>
<td>35</td>
</tr>
<tr>
<td>All regions</td>
<td>258</td>
</tr>
</tbody>
</table>

- **Number of recommendations**
- **Number of executive summaries finalized, by regional group**

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**Table: Most prevalent good practices (in order of article of the Convention)**

<table>
<thead>
<tr>
<th>Article of the Convention</th>
<th>Good Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art. 52, para. 6</td>
<td>Efforts in reinforcing asset declaration systems</td>
</tr>
<tr>
<td>Art. 58</td>
<td>Close cooperation with foreign financial intelligence units; reports issued by the financial intelligence unit can be incorporated into a judicial proceeding as evidence; sharing of information by the financial intelligence unit on its role and responsibilities; efforts by the financial intelligence unit to strengthen cooperation with regulated entities through training and by setting up an electronic platform for reporting suspicious transactions</td>
</tr>
</tbody>
</table>
Figure VI
Number of recommendations issued with regard to the implementation of article 7, paragraph 4, by regional group and in total

7. With regard to measures to prevent money-laundering (art. 14), the number of recommendations was not distributed evenly between the paragraphs of the article in any of the regional groups (see figure VII). While article 14, paragraph 1, was the subject of the highest number of recommendations in almost all regional groups, the implementation of the other paragraphs of article 14 did not appear to pose a major challenge in any of the groups.

Figure VII
Number of recommendations issued with regard to the implementation of each paragraph of article 14, by regional group and in total

8. With regard to the identification of beneficial owners (art. 12, para. 2 (c); art. 14, para. 1 (a); and art. 52, para. 1), the highest number of recommendations was issued in relation to article 52, paragraph 1, of the Convention (see figure VIII). However, where beneficial owners were not identified or where such identification
was inadequate, reviewers in many cases issued joint recommendations covering both article 14, paragraph 1 (a), and article 52, paragraph 1, of the Convention.

Figure VIII
**Number of recommendations issued with regard to the implementation of article 12, paragraph 2 (c); article 14, paragraph 1 (a); and article 52, paragraph 1**

9. The issuance of advisories inspired by relevant initiatives of regional, interregional, and multilateral organizations against money-laundering (art. 52, para. 2 (a)), and the existence of systems enabling States parties to communicate the identity of high-risk clients identified (art. 52, para. 2 (b)) remained the topics with the highest number of recommendations among those contained in article 52 of the Convention in the majority of regional groups (see figure IX). In contrast, the prevention of the establishment of shell banks did not seem to pose a major challenge in any of the regional groups.

Figure IX
**Number of recommendations issued with regard to the implementation of article 52, paragraphs 2 to 4**

10. A range of challenges were identified in relation to financial intelligence units (art. 14, para. 1 (b), and art. 58), but most recommendations related to the provision of additional resources to financial intelligence units, the signature of memorandums
of understanding aimed at enhancing cooperation with other units and the capacity of those units to issue freezing orders. Figure X depicts the number of recommendations issued in relation to financial intelligence units.

Figure X
Number of recommendations issued with regard to the implementation of article 14, paragraph 1 (b), and article 58, by regional group and in total

![Graph showing number of recommendations issued by regional group]

**IV. Outlook**

11. The present report reflects the data contained in the 88 completed executive summaries and country review reports. A more substantive analysis of the trends in recommendations and good practices, as was undertaken for the thematic reports (CAC/COSP/2023/4, CAC/COSP/2023/5 and CAC/COSP/2023/6) and the regional supplement (CAC/COSP/2023/7) submitted to the Conference of the States parties at its tenth session, will be provided in future iterations of the present report, based on the thematic focus of upcoming meetings of the Implementation Review Group. The completion of further country reviews will additionally enable a more comprehensive analysis of trends in the implementation of the Convention, with a view to preparing a study on the state of implementation of the provisions under review during the second cycle, to complement the study developed on the provisions under review during the first cycle.1

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