

UNODC to assist States trying to recover stolen assets

UNODC has launched a ground-breaking initiative to assist Member States that are trying to recover stolen state assets from foreign bank accounts. The first countries to participate in the Asset Recovery Initiative are Nigeria and Kenya.

When people in positions of political power loot state assets, the entire country pays. With its new Asset Recovery Initiative, UNODC is trying to ensure that the countries are paid back.

As part of the initiative two leading experts in anti-corruption measures and financial regulation will visit Kenya and Nigeria, where they will examine the two countries' mechanisms for recovering assets illegally diverted under previous governments.

The experts hope to identify the technical challenges to recovery, the existing obstacles to successful investigation and prosecution, and the changes that might be needed in

legislation and regulatory procedure. The initiative will provide UNODC with guidelines for the delivery of technical assistance on asset recovery, not only to Kenya and Nigeria, but to other countries with similar needs.

According to Julius Kiplagat Kandie, Kenya's ambassador to the United Nations agencies in Vienna, Kenya has lost between US\$3 billion and US\$4 billion to corruption. "That represents a real major challenge to the development in that it diverts scarce resources . . . needed in areas such as education, social services, health and general economic growth," he said.

Asset looting has severe consequences for affected countries. It undermines foreign aid, drains currency reserves, reduces the tax base, harms competition, undermines free trade and increases poverty levels. Looted assets typically derive from two sorts of activities: bribery and the embezzlement of state assets. The second type of asset looting can

involve the direct transfer of funds from the public treasury to personal accounts, the physical theft of the state's gold stocks and natural resources, and the misappropriation of revenue and loans from international financial institutions.

The former president of Zaire, Mobutu Sese Seko, was alleged to have looted Zaire's treasury of some US\$5 billion—an amount equal to the country's external debt at the time. The Government of Peru reports that around US\$227 million was stolen and transferred abroad during the presidency of Alberto Fujimori.^[1] And Former Ukrainian Prime Minister Pavlo Lazarenko is believed to have embezzled around US\$1 billion from the state.

[1] Ad Hoc Committee for the Negotiation of a Convention against Corruption, Global study on the transfer of funds of illicit origin, especially funds derived from acts of corruption, A/AC.261/12, 28 November 2002.