

The G7 was founded on the principles of open democracy and human rights. With stable currencies, open access to the international banking system, elite schools and luxury real estate and goods, G7 countries act as destination countries and often, safe havens, for the proceeds of corruption and illicit financial flows. The G7 should adopt innovative and hard-hitting new policies and legislation that target kleptocratic leaders where it hurts the most – their pockets. It is time for G7 countries to stop acting as a safe harbor.

G7 countries should use their financial leverage to combat grand corruption that continues to undermine global peace and democracy. This should occur by increasing financial pressure on high-level corrupt actors, their corporate networks and their enablers (including businesspersons, lawyers, bankers, real estate agents and accountants) to deprive the spoilers of the lifestyle and affluence that they desperately covet. Only through such a strategy focused on the key networks involved in corruption and human rights abuses, will the G7 be able to help achieve real accountability and systemic change for the systems in place that enable corruption and pillage.

There is an opportunity to use financial tools of pressure such as network sanctions, anti-money laundering measures and law enforcement action that are critically necessary to create leverage for peace, human rights, democracy, and good governance. The impact and effectiveness of these tools - when deployed strategically and robustly – is clear and key to transforming kleptocratic systems of governance around the world. The G7 should utilize financial pressures on elites and their networks to curtail their ability to exploit the global financial system and limit their ability to personally profit while stealing from state coffers.

Support for the deployment of targeted network sanctions, anti-money laundering and law enforcement measures in the immediate term would accelerate progress of dismantling kleptocracies and lead to the structural reform of institutions of governance and accountability that are so necessary to address the grand corruption that incentivizes the kleptocracy. Human rights and corruption sanctions designations in response to grand corruption that threatens peace and democracy are the newest and potentially most effective tool for taking aim at the kleptocracies which permeate countries and threaten to further destabilize the world.

Human Rights and Corruption authorities to sanction entire networks of kleptocracies combined with strict application of AML measures aimed at the massive theft of state resources and legal action, including non-criminal conviction based confiscation of assets, will more than anything else assist the longer-term goal of finally altering the incentive structures that currently favor corruption, violence and subversion of democratic institutions and processes.

The Sentry recommends that the G7 take the following concerted actions steps:

1. **The G7 should commit to using a wider toolkit of tools of financial pressure to target systemic corruption and human rights violations.** Consideration should be given to adopting a multi-faceted approach to targeting kleptocracies including AML measures, targeted network sanctions and law enforcement action to effectively bring about systemic change in kleptocracies and tackle corruption and human rights abuses.
2. **The G7 should signal an intention to adopt Human Rights and Corruption Sanctions regimes in due course.** All G7 countries should commit to enacting targeted sanctions against the networks of elites and their enablers engaging in rampant corruption and economic mismanagement as well as their business interests. Countries have long recognized the use of sanctions as effective tools to advocate for and encourage change in some of the world's most repressive nation and can act as a deterrent to or accountability for corruption and gross violations of human rights.
3. **The G7 should pledge additional resources to help improve the effective implementation and monitoring of anti-money and anti-corruption measures.** This could include (1) a commitment to



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explore the coordinated issuance of country advisories and public notices detailing money laundering and corruption risks for kleptocracies that can assist in sharing vital information across the public and private sectors; (2) pledging to bolster efforts to improve supervision of banks and designated non-financial businesses and professions (DNFBPs) and commit to impact-focused outcomes; and (3) the creation of a task force to monitor G7 compliance with commitments on anti-corruption measures to show leadership on this space

4. **The G7 should commit to introducing additional transparency requirement for state-owned enterprises, including beneficial ownership disclosures.** The *UNODC Oslo Statement on Corruption involving Vast Quantities of Assets* recommends that (R4) *state-owned or controlled enterprises should disclose their management structures, revenues, expenditures, and profits and disclosure should be required [to obtain] of the beneficial ownership of the supplier companies providing services or goods, and the value accrued by public officials or PEPs through contracts to private companies during their tenure at State-owned or controlled enterprises in line with national legislation.* SOEs should also be required to maintain beneficial ownership information and make this publicly available.
5. **The G7 should commit to introducing legislation detailing civil recovery powers.** This would allow law enforcement in countries to be able to freeze and seize assets and compel individuals to explain their source of wealth used to purchase assets (similar to Unexplained Wealth Orders in the UK) and the freezing of illicit funds in banks and financial institutions without the need for a criminal conviction, which can be a lengthy process.
6. **The G7 should encourage the adoption of public private partnerships including collaboration with civil society to address AML/CFT & corruption.** Innovative collaboration between the public and private sector is essential. The *UNODC Oslo Statement on Corruption involving Vast Quantities of Assets* recommends that (R13) *consideration should be given to developing formal and informal mechanisms and encouraging closer public-private sector collaboration to tackle corruption involving VQA [vast quantities of assets], including by cooperating with civil society to complement the work of government and the private sector.*