

TI IPP STRONGG IN NEW ZEALAND

Mitigating Money Laundering Risks in the Pacific

Established in 1999, Transparency International New Zealand (TI New Zealand) is part of the Transparency International global coalition against corruption. The TI Movement brings together chapters operating in more than 100 countries worldwide with an international Secretariat based in Berlin, working towards a shared vision: a world free of corruption.

With support from the *TI Indo-Pacific Partnership for Strong, Transparent, Responsive & Open Networks for Good Governance (TI IPP STRONGG) 2020 – 2023*, TI New Zealand aims to reduce corruption risks in the Pacific region by conducting research, monitoring, and advocacy on money laundering and illicit financial flows coming in and out of Pacific countries. As part of its research under the project *Anti-Money Laundering across Pacific Nations*, TI New Zealand will identify corruption and money laundering risks, study the impact of corrupt practices associated with illicit financial flows on the lives of citizens living in Pacific forum countries, and advocate for stronger anti-corruption frameworks.

Project At A Glance

- Topic of focus:
Anti-Money Laundering in the Pacific
- Project timeframe:
1 December 2020 – 31 August 2023
- Locations & project outreach:
The project is led from New Zealand and includes 18 Pacific countries as beneficiaries.
- Budget: 123,596 EUR



Participants from the TI Pacific Visioning Meeting, Wellington, February 2019

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BACKGROUND

Across the Indo-Pacific region, countries are making little progress in tackling corruption, as confirmed by [Transparency International's 2020 Corruption Perception Index \(CPI\)](#). Whilst the amount and nature of illicit flows of funds generated through corruption and criminal practice, and the nature of corrupt practices have been studied separately, there is limited research in the Pacific context of the ways in which the two facilitate and reinforce each other. TI New Zealand intends to address this knowledge gap by commissioning expert research, and using the findings to collectively advocate for stronger integrity systems and legal frameworks against the laundering of the proceeds of corruption.



Liquidity post COVID-19: The king is dead, long live the King!

As we rebuild we will need to consider far more seriously how we manage our net-debt ratios, in particular over the next 12-24 months where we will see increased volatility. We need to urgently find different ways of working focussed on maintaining the liquidity flow in our businesses.

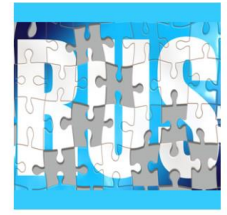
[FIND OUT MORE](#)



Human Rights: Global update and concerns related to COVID-19 pandemic

Without transparency during the COVID-19 pandemic, human rights are compromised and inequality may lead to greater corruption. This is profoundly affecting peace and security across the globe.

[FIND OUT MORE](#)



Trust, transparency and values during COVID-19 recovery

As we move past the COVID-19 epidemic and into recovery, there is an ongoing need for legislative and policy innovation. We must not forget our values in the excitement of doing new things.

[FIND OUT MORE](#)

Transparency International New Zealand published a series of articles on human rights and economic recovery in the context of the COVID-19 pandemic

PROJECT OVERVIEW

Objectives

1. Increasing knowledge of the types and risks of illicit financial flows across the Pacific forum countries and factors that heighten the risk of corruption.
2. Holding Pacific governments to account to implement stronger legal frameworks against laundering the proceeds of corruption through informed activity activities by an active Pacific civil society.

Main Activities

Activities under this project include:

- **Conducting research into the types and risks of illicit financial flows across the Pacific** by reviewing publicly known cases of illegal activities, and potential and actual corruption proceeds in and out of nations. TI New Zealand will then identify the factors that heighten the risk of corruption. TI New Zealand will ensure that the assessment focusses on the interdependency between money laundering and corruption and includes analysis of the impact of corruption on the economic, political, and social and cultural life of citizens in these nations, including people who are being trafficked or exploited, and vulnerable communities whose resources are stolen and exploited to their detriment.
- From this research, TI New Zealand will **develop recommendations for strengthening integrity systems**. TI New Zealand will work with local, regional, and international actors, including civil society, to develop and implement evidence-based advocacy and monitoring activities leading to stronger legal frameworks against laundering the proceeds of corruption.

TI New Zealand's response to the COVID crisis

TI New Zealand's research project was designed in the midst of the COVID-19 pandemic and integrates learning from 2020. The research will predominantly be conducted remotely and will utilise digital and in-country means of consulting with stakeholders. Throughout the COVID crisis, TI New Zealand have advocated strongly for increased transparency, particularly around procurement.

SUMMARY OF PROGRESS & KEY ACHIEVEMENTS - 2022

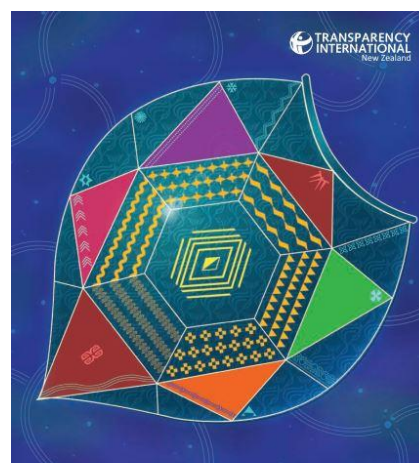
Launch of the report

The research report on corruption and money laundering in the Pacific progressed through independent peer review and TINZ Board sign-off during March and April 2022. The report was launched on 5 May 2022 at a [well-attended webinar](#). The report was titled: *Corruption and Money Laundering in the Pacific: Intertwined Challenges and Interlinked Responses*.

The research, undertaken by Professor John Hopkins and Chat le Nguyen from Canterbury University, analyses the primary anti-money laundering (AML) measures relevant and applicable to anti-corruption. It examines the capacity and practice of implementing these standards in the Pacific, with detailed analyses of and case studies from seven selected Pacific Island Countries (PICs).

The report finds that most PICs have a sound AML legal framework for combating corruption and confiscating its proceeds. However, corruption and money laundering remain an issue because:

- of the countries' limited willingness and/or ability to combat corruption through available AML tools
- the countries studied do not pay sufficient attention to the link between corruption and money laundering
- they lack specific policies to employ AML measures as anti-corruption tools
- they are not equipped with sufficient resources and expertise to address corruption-related money laundering



CORRUPTION AND MONEY LAUNDERING IN THE PACIFIC:
INTERTWINED CHALLENGES AND INTERLINKED RESPONSES

Dr. Chat Nguyen and Professor W. John Hopkins

The report calls for the following:

- Better due diligence by Financial Institutions, including better access to information about who owns companies operating within their financial system. Better due diligence measures tend to deter corruption proceeds from being laundered.
- Strengthening of legal frameworks around the confiscation of criminal proceeds, thus reducing the incentive for engaging in corrupt activities.
- More adequate staffing, resourcing and training of Financial Intelligence Units in Pacific countries.
- Greater collaboration and commitment between key players in the financial system of each country.
- Better cross-border cooperation, including regional initiatives and the use of regional inter-agency networks such as the Asset Recovery Interagency Network.

Advocacy activities supporting the research

From May to December 2022, TI New Zealand engaged in various opportunities to get the report out around networks, agencies and decision-makers. The report has had one reprint to date:

Date	Type of Activity	Target Group	Details
May 3 2022	Launch	Regulators including Pacific, researchers, chapter links, Pacific banks, AML experts	Attended by 120 participants, including Australian experts. Speakers included Mrs Marie Pegie Cauchois of UNODC, Joseph Veramu of Integrity Fijj and John Hopkins. Video link sent to all participants.
May 3 2022	Media Release	Pacific media, NZ national media	Interviews on Radio NZ Pacific with lead researcher, and with J Haggie for National Business Review and with J Haggie on RNZ Morning Report

May 2022	TINZ Newsletter		Distributed to 2500
May 2022	Social media release		Released with promotion on both the TINZ site and our South Pacific outreach site and repeated promotion
May 2022	Sector presentation	AML Practitioners	Keynote address by researchers at NZ's premier AML Conference
May-June	Pacific CSO		Provision of hard copies to chapters
May 2022	Presentation to MFAT group		Development Economy and Prosperity Division. Impacts and actions
June 2022	Media Release		Media Release: Open letter to the Pacific Islands Forum leaders and observers calling for strengthened anti-corruption efforts and implementation
August 22	MFAT Engagement & Chiefs of Police		To talk about getting more traction. Inclusion of report in conference pack for Pacific Chiefs of Police
July 22	PASAI Engagement		Report provided to PASAI, discussion about how to get more traction
October 2022	Newsletter article		Generally, on threats to democracy and the need for accountability, including reports.
December 2022	Presentation		GOPAC Oceania presentation
December 2022	Regulator Influencer		Discussion with Christian Barnard, Director of New Zealand's Financial Crime Group, on getting traction
Dec 2022	NZ Police Engagement		Discussion Chief Advisor, Commissioner of Police, leading to an agreement with NZ Police to support country summaries work. Meeting with appropriate senior staff to kickstart that project

Country summaries

Following discussions on getting more traction from the report, including noting that the report is necessarily academic and quite dense, discussions were had with the New Zealand Police about producing a set of country summaries (two pages) that could spark discussion in those nations and be visibly clear and attractive for Pacific country decision-makers. A brief was developed, and TI New Zealand has started moving this forward.

LOOKING AHEAD

TI New Zealand's priorities for 2023 include:

- Completing the country-by-country summaries with the support of the New Zealand Police.
- Using the country summaries and the original report in advocacy efforts, largely through New Zealand-based regulatory bodies and cross-Pacific support units.
- Working on the other elements of the 2023 plan up till August 2023. This includes work with Integrity Fiji on OGP, budget analysis, and discussions with key stakeholders about future project concepts around money laundering and financial systems integrity.