Executive Summary

Every successful recovery of stolen assets represents a victory in the battle against corruption; sending a signal that there is no safe haven for the corrupt; demonstrating that there is no impunity for those that steal from the poor; delivering much-needed resources for national development and poverty reduction.

The return of stolen assets is the final step, the culmination of the process of asset recovery. Planning for the return of stolen assets raises a series of policy questions that the authorities recovering stolen assets will need to consider carefully. How to use the funds most effectively to support the country’s development goals? How to keep the public informed about the decisions taken? How to reassure citizens that the returned assets will be used for development and poverty reduction purposes? These are important questions that will likely receive considerable media attention and public scrutiny.

The objective of this note is to provide an analytical framework that can help policy makers approach these questions systematically. Two considerations guide the document: first, the use of the returned assets is the sovereign decision of the country that recovers its stolen property: second, countries that have embraced a policy of openness and transparency in the design of arrangements for the management of returned assets have benefitted from this approach.

Forward planning is critical, particularly where the amount recovered is sizeable relative to the budget. The authorities will need to arrange for the disposal and repatriation of property held abroad, ensure that macro-economic and budget management issues are addressed, and start planning how to allocate the funds and put in place appropriate management arrangements.

Returned assets will generally be channeled through the public financial management systems, particularly so where these systems are robust and enjoy the public’s confidence. However, national authorities may decide that alternative arrangements are to be preferred because they provide for greater visibility, offer additional safeguards and controls, or address other policy considerations. The decision regarding the appropriate arrangements rests with the receiving country’s national authorities.

Three alternative arrangements are identified. First, “enhanced” country systems build on the existing country system with adjustments to improve control systems that are considered weak. For example, enhanced procurement, reporting and audit-
ing arrangements may be added to the existing country system. Second, autonomous funds are public entities established through legislation with discrete governance and management arrangements, which ensure clear lines of accountability for the delivery of specific outputs or services. Last, nongovernmental organizations can be awarded grants to manage returned assets where they can offer benefits that could not be realized through the alternatives, such as the ability to mobilize grassroots participation, reach out to marginalized groups, and use innovative, community-based service delivery models.

Considerations that are likely to influence national authorities’ decision regarding the appropriate choice of management arrangements include the strengths and weaknesses of the financial management system, the amount and timing of asset returns, and the overall governance context. Arrangements that enhance access to information and offer opportunities for engagement in decision making are generally welcome, particularly where there are high-profile returns. The case for investing in strengthened management arrangements is much stronger where there are substantial returns.

The selection of the appropriate management arrangements for returned assets is likely to be the subject of much debate, the more so the larger the amount of money concerned. Perceptions, expectations and opinions may diverge markedly between key stakeholders in the administration, civil society and the broader public. The note argues that a structured decision-making process can help the national authorities navigate toward appropriate solutions.

Finally, the note highlights the role of monitoring as means of verifying information gathered through administrative channels, identifying strengths and weaknesses in the management arrangements, and strengthening the engagement of key stakeholders. Civil society can contribute to this monitoring function through social auditing and analytical work.