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Asset Recovery at a Crossroads:

Why We Need a Victim-Centred GFAR Plus Framework

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My views on the importance of taking the interests of corruption victims into account were shaped during the campaign for the responsible recovery of the ill-gotten assets of Gulnara Karimova, daughter of former Uzbek President Islam Karimov. I helped initiate this campaign while leading the Anti-Corruption Portfolio at the Open Society Foundations' Eurasia Program from 2015 to 2021. During this period, a small coalition of activists, academics, and legal experts emerged to address the fate of approximately USD 1.2 billion in assets that Karimova had obtained through extorting bribes from foreign companies operating in Uzbekistan's telecommunications sector.[1] These assets were placed in various European jurisdictions and banks through money-laundering channels. Although she accumulated additional assets in other sectors of the Uzbek economy using similar schemes, our focus remained on the telecommunications-related corruption that came to

[1] Alisher Ilkhamov. Grand Corruption in Uzbekistan's Telecommunications Sector: Root Causes and Social Cost. *Constructing The Uzbek State: Narratives of Post-Soviet Years*, Lexington Books, 2017, p. 45-68.

light after Swiss authorities froze approximately 800 million Swiss francs in Swiss banks in 2012 and opened a money-laundering investigation into Gulnara Karimova.[2]

Switzerland's past experience in asset recovery: The Kazakhstan cases

From the outset of our campaign, a central question arose: what would happen to the assets in question if the Swiss authorities succeeded in confiscating them? Our attention to the case - and our concern about the fate of assets frozen in Switzerland and in other jurisdictions such as Belgium, Ireland, and Luxembourg - stemmed from the fact that, although the UNCAC requires corrupt assets to be returned to their country of origin, it does not specify how repatriation should occur when that country remains highly corrupt. In such situations, the risk is significant that returned assets will simply be stolen again.

By 2012, Switzerland already had relevant experience in asset recovery, so we first examined how it had attempted to mitigate the risk of re-misappropriation in earlier cases. We focused in particular on Switzerland's two well-known asset-restitution processes involving Kazakhstan.

The first case occurred in 2007, when Switzerland, acting jointly with the US Department of Justice, returned USD 115 million confiscated in the so-called "Kazakhgate" scandal.[3] Because Swiss and US authorities did not trust the Kazakh government - given President Nursultan Nazarbayev's involvement in the affair - they delegated management of the repatriation process to the World Bank. The Bank established a mechanism to return the funds through the creation of the Bota Foundation in Kazakhstan, which distributed assistance to low-income families via grants allocated to local non-governmental organizations. Two international organizations, IREX and Save the Children, were selected through a tender to manage the foundation. This model was widely praised, particularly by international civil society, as a strong example of how the restitution of stolen assets can be carried out in a manner that protects public interests and benefits the population of the country of origin.

The next case involved the restitution of another sum to Kazakhstan in 2012 - USD 48 million - also managed by the World Bank.[4] This time, however, the Bank adopted a different approach, probably because the Kazakh authorities refused to agree to the creation of a fund independent of government control. As a result, a substantial portion of the repatriated funds ultimately came under the control of an organization controlled by Dariga Nazarbayeva, daughter of President Nursultan Nazarbayev.[5] Although the Swiss authorities did not disclose whose assets had been confiscated - because the case was resolved through an out-of-court settlement -there remains strong suspicion that the confiscated

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2 *Eurasianet.org*, Jul 25, 2022, https://eurasianet.org/uzbekistan-karimova-wins-asset-seizure-reprieve-in-switzerland

3 Stolen Assets Recovery Initiative, *The World Bank and UNODC*, https://star.worldbank.org/focus-area/management-stolen-assets

4 *The portal of the Swiss government*, 21 December 2012, https://www.news.admin.ch/en/nsb?id=47337

5 Kristian Lasslett and Thomas Mayne. A Case of Irresponsible Asset Return? The Swiss-Kazakhstan $48.8 million. *Quinn Mary University of London, Ulster University*, 2018. https://kiar.center/wpcontent/uploads/2019/02/Swiss-Report-full-v2.1.pdf

funds belonged to a member of Kazakhstan's ruling elite or someone closely associated with it, possibly even to members of the presidential family itself. If so, the restitution process effectively returned the money to the same circle of individuals whose assets had originally been seized.

Members of our coalition investigated this matter, uncovering systemic shortcomings in the management of this second Kazakh asset-repatriation case.[6] The findings reportedly alarmed Swiss authorities, prompting them to reconsider their initial plan to delegate the management of the forthcoming repatriation of Gulnara Karimova's assets to Uzbekistan to the World Bank. Instead, they opted to designate the UNDP Multi-Partner Trust Fund - which works on sustainable development issues in low- and middle-income countries, including Uzbekistan - as the third-party manager.

Asset repatriation to Uzbekistan

What, then, is the size of the restitution planned and undertaken by Switzerland? Of the 800 million Swiss francs frozen in this country, the Swiss authorities have so far succeeded in confiscating only USD 313 million, and this is the amount currently being returned to Uzbekistan. The confiscation of the remaining assets stalled after Karimova's lawyer successfully appealed the seizure of a second tranche - worth of USD 293 million - halting the process.[7] Litigation over this amount is ongoing, and the Office of the Attorney General intends to pursue the case to the end.

The difficulties stem largely from the fact that the initial proceedings against Karimova's assets were brought under the Swiss Criminal Code, specifically the Federal Act on the Sharing of Confiscated Assets (SCAA, Art. 312.4), which requires proof of a predicate offense.[8] Establishing such proof has been complicated because Swiss prosecutors cannot rely on judgments issued by the Uzbek judiciary, which lacks independence from the executive and presidential authorities. Moreover, in Karimova's case, the Uzbek authorities grossly violated internationally recognized standards of justice and due process. Her lawyers used these abuses to argue against the confiscation of her ill-gotten assets.

Switzerland adopted a more progressive legal mechanism in 2016 - the Foreign Illicit Assets Act (FIAA, Art. 196.1) - which allows for a simplified civil-law route to asset confiscation.[9] However, this reform came too late for the Office of the Attorney General to reclassify Karimova's case under the new civil framework.

In the meantime, the process of returning Gulnara Karimova's assets has begun, and Switzerland has sought to align this process with the principles adopted in 2017 at the Global Forum on Asset Recovery (GFAR), in development of which Switzerland played a central role. The principles outlined in GFAR's final document reflected the

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6 Ibid.

7 *Eurasianet.org*, Jul 25, 2022, https://eurasianet.org/uzbekistan-karimova-wins-asset-seizure-reprieve-in-switzerland

8 François Membrez and Matthieu Hösli. How To Return Stolen Assets: The Swiss policy pathway. *Centre for Civil and Political Rights*, 2020. https://ccprcentre.org/files/media/SwissReport_Asset_Recovery_25_Feb_20201.pdf

9 Ibid.

recommendations of civil society organizations specializing in anti-corruption.[10] Chief among these were the principles of transparency and accountability, as well as civil society participation in the asset-repatriation process. The document also incorporated a recommendation advanced by our coalition, that repatriation should be carried out in the interests of the victims of corruption. This principle, however, requires clarification.

To my knowledge, the concept of "victims of corruption" was first proposed by Richard Messick, an American legal expert in anti-corruption and Executive Editor Global Anticorruption Blog.[11] He introduced the term in a paper prepared for the Open Society Foundations and later elaborated on it in his article "Legal Remedies for Victims of Corruption Under U.S. Law"[12]. Messick used the term in a relatively narrow sense, referring either to governments or to individuals who directly suffered harm from specific acts of corruption.

I drew on Messick's concept and sought to expand it in the context of asset repatriation, arguing that the victims of corruption should be understood to include the entire population of the country from which the assets were stolen. I articulated this broader interpretation in a speech at a civil society forum held during the Conference of the States Parties to the United Nations Convention against Corruption in June 2016.[13] With respect specifically to the repatriation of Karimova's assets, I set out how this principle should operate in my article "How to return one billion dollars stolen from the people of Uzbekistan."[14]

A group of Uzbek activists endorsed this approach in their appeal to the Swiss authorities.[15] While welcoming Switzerland's efforts to align the Karimova asset-return process with the GFAR principles, they also urged Swiss officials to complement these efforts with an approach that explicitly recognizes and protects the interests of the population of Uzbekistan - the true victims of corruption.

GFAR Plus

While the principles adopted at the Global Forum on Asset Recovery (GFAR) marked a significant step forward in the field of asset recovery, in my view they require further development - particularly with respect to the interests of corruption victims.

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[10] GFAR Principles for Disposition and Transfer of Confiscated Stolen Assets in Corruption Cases, Washington D.C., December 4-6, 2017, https://star.worldbank.org/sites/default/files/the-gfar-principles.pdf

[11] https://globalanticorruptionblog.com/author/rickmessick/

[12] Published in: *Legal Remedies for Grand Corruption: The Role of Civil Society*, Open Society Foundations, 2019, pp. 100–113

[13] Alisher Ilkhamov. Asset recovery as redress for the victims of corruption in closed societies. UNCAC Implementation Review Group Briefing for NGOs, Vienna, 23 June 2016, https://uncaccoalition.org/files/victims-of-corruption-in-closed-societies-ilkhamov.pdf

[14] *OpenDemocracy*, 9 August 2018, https://www.opendemocracy.net/en/odr/how-to-return-one-billion-dollars-stolen-from-the-people-of-uzbekistan/

[15] *UNCAC Coalition*, 16 September 2020, https://uncaccoalition.org/asset-recovery-switzerland-and-uzbekistan-sign-agreement-on-return-of-usd-131-million-statement-by-uzbek-civil-society-activists/

The concept of "victims of corruption" does appear in the GFAR final document. Principle 5, entitled *Beneficiaries*, states: *"Where possible, and without prejudice to identified victims, stolen assets recovered from corrupt officials should benefit the people of the nations harmed by the underlying corrupt conduct."* The inclusion of this idea was an important achievement. However, the principle falls short of offering concrete guidance on how this goal should be achieved in practice.

Principle 6, *Strengthening Anti-Corruption and Development*, moves somewhat closer to addressing the issue by highlighting the importance of anti-corruption efforts in the country of origin. Yet instead of establishing such measures as a precondition for asset return, it provides only a non-binding suggestion: *"Where possible, in the end use of confiscated proceeds, consideration should also be given to encouraging actions that fulfil UNCAC principles of combating corruption, repairing the damage done by corruption, and achieving development goals."*

The weakness of this recommendation lies in two phrases that reduce it to a statement of good intentions:

- **"Where possible"** — making anti-corruption measures optional rather than required in the context of asset recovery.
- **"In the end use of confiscated proceeds"** — implying that anti-corruption steps are expected only *after* the assets are returned, not as a prerequisite for their repatriation.

In practice, this means that fulfilling UNCAC principles of combating corruption is not a mandatory condition for asset return.

Our coalition argued that strengthening anti-corruption efforts *should* be a binding requirement for the repatriation of stolen assets. I call this enhanced approach "GFAR Plus" (GFAR+): the idea that GFAR principles must be supplemented by explicit conditionality tied to anti-corruption reforms. Such conditionality is essential to ensuring that repatriation serves the true victims of corruption and to unlocking the full potential of asset recovery as a tool for driving institutional, and therefore long-term, change in the countries from which the assets were stolen.

This approach does not contradict the method Switzerland has adopted so far - returning assets through a reputable third party such as an international financial institution or a UN agency. However, the third-party model does not fully realize the transformative potential of asset recovery, and it carries costs and risks that diminish its overall impact.

Costs. A significant portion of recovered funds is typically absorbed by the indirect, management, and operational expenses of the third party and its implementing partners. For example, when Switzerland repatriated the first tranche of USD 131 million to Uzbekistan in 2022 through the *Ishonch* Uzbekistan Vision 2030 Fund, a local branch of the UNDP Multi-Partner Trust Fund Office (MPTF), its report for 2024 shows that *Ishonch* received only USD 94,846,665.[16] Neither party disclosed where the remaining USD

[16] Annual Narrative Report: Uzbekistan Vision 2030 Fund for the period 01 July 2022 to 31 December 2024, May 2025. https://static1.squarespace.com/static/65c0c4573759ba28391f7ef6/t/685c29c347afff3de8da9b05/1750870486764/Uzbekistan+Vision+2030+Fund+-+2024+Narrative+Report.pdf

36,153,335 was allocated, raising concerns about the lack of transparency - despite Switzerland's commitment to transparency in this process.

In addition, MPTF and the *Ishonch* Fund reserved the right to deduct approximately 10 percent in indirect and management costs.[17] This leaves roughly USD 85 million for actual program implementation - just 65 percent of the original repatriation amount. The Fund's report lists only three projects under implementation, totalling USD 67 million. This means roughly USD 18 million remains unreported, with no clarity on whether further projects will be launched. This lack of transparency raises further questions, especially given that Switzerland has already authorized the transfer of a second tranche of USD 182 million[18] while USD 18 million of the first tranche remains unspent.

According to Sara Noshadi, UNESCO Representative in Uzbekistan, a portion of the repatriated funds was used to co-finance the 43rd UNESCO General Conference held in Samarkand in October 2025.[19] If this is the case, it could constitute a misappropriation of restitution funds and warrants clarification from the Swiss authorities as to whether this expenditure had been agreed with them.

Risks. The risks of third-party management are illustrated by the previously noted problems with the USD 48 million repatriation to Kazakhstan. There has also been criticism of the World Bank's handling of asset-return processes, including in the case of repatriation of USD $321 million from Switzerland to Nigeria.[20]

Switzerland versus the EU on asset recovery

Thus far, I have discussed the fundamental approaches to repatriating stolen assets, focusing in particular on Switzerland, which holds the global record for attracting such assets to its financial system - a topic that warrants separate discussion. Despite the persistent challenges in Switzerland's confiscation and repatriation practices, the country has at least made efforts to align its actions with GFAR principles and has achieved measurable progress in doing so.

The situation within the European Union is significantly worse - both in terms of policy and practice. In reality, we have observed predominantly negative scenarios in how EU member states handle asset recovery. In some cases, EU countries have simply expropriated confiscated assets that were stolen from other - often developing - countries by absorbing

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[17] Agreement between the Republic of Uzbekistan and the Swiss Confederation "On the modalities for the return of illegally acquired assets forfeited in the Swiss Confederation to the benefit of the population of the Republic of Uzbekistan", 16.08.2022, *LexUz*, https://www.lex.uz/uz/docs/6212923

[18] Information on the "Agreement regarding the sharing of forfeited assets" between the Swiss Federal Council and the Government of the Republic of Uzbekistan, *Swiss Confederation*, 06.02.2025. https://www.eda.admin.ch/countries/uzbekistan/fr/home/actualite/nouveautes.html/content/countries/uzbekistan/en/meta/news/2025/February/restitution

[19] *Ozodlik Radio YouTube Channel*, 29 October, 2025, 17:05–17:34, https://www.youtube.com/watch?v=D0kc_1XnwQg&t=1054s

[20] Julia Crawford. Switzerland : Is the Abacha accord a model for returning 'dictator funds'? *Justiceinfo.net*, 8 March 2018, https://www.justiceinfo.net/en/36633-is-the-abacha-accord-a-model-for-returning-dictator-funds.html

them into their national treasuries. Such actions violate not only GFAR principles but also the obligations under UNCAC, which require the return of stolen assets to their countries of origin. Examples include Sweden, which appropriated USD 30 million-worth of Gulnara Karimova's assets,[21] and Belgium, which appropriated USD 108 million of her assets after confiscation.[22]

In other cases, EU member states did return the recovered assets to their countries of origin but transferred them directly into the hands of governments with high levels of corruption. This occurred when France restituted USD 10 million of Karimova's assets to Uzbekistan in 2020[23] and when Belgium transferred USD 108 million to Uzbekistan in 2025[24] - both sending the funds directly to the Uzbek authorities.

Why did these EU countries behave in this way? Primarily because the EU itself has yet to develop and adopt a clear, responsible policy on asset recovery - one that member states could follow without having to reinvent the wheel each time.

In fact, the EU has issued documents on asset recovery, but they are strikingly vague on the issue of repatriation. On 3 April 2014, Directive 2014/42/EU was adopted,[25] offering no guidance on asset repatriation whatsoever and focusing solely on confiscation. On 24 April 2024, a new version - Directive 2024/1260 - was adopted.[26] Although more detailed and containing a section nominally addressing asset restitution, it remains almost useless for practical purposes. Its language is vague, imposes no obligations to return assets to their countries of origin, and provides no guidance on how such repatriation should occur. While it uses the term "victims," it refers primarily to specific individuals and legal entities and fails to include the broader population of the countries from which the assets were stolen.

Most regrettably, the directive does not reflect the GFAR principles at all - let alone the more progressive approach that prioritizes the genuine and long-term interests of corruption victims, as discussed earlier. It is no coincidence that immediately after the adoption of this Directive, Belgium - having confiscated USD 216 million in Gulnara Karimova's assets - appropriated half of the amount into its own treasury and transferred the other half to the Uzbek government, which is known for systemic corruption. In doing so, Belgium violated GFAR principles, particularly the principle of accountability.

This disregard for UNCAC provisions and GFAR principles exposes the neocolonial practices underlying certain EU policies concerning corruption, particularly those related to asset recovery. The one notable exception within the EU is France, which, largely thanks to

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21 Aktivister: Ge Telias uzbekpengar till folket, *Sydsvenskan,* 2018-09-09, https://www.svd.se/a/xRkl8l/aktivister-ge-telias-uzbekpengar-till-folket

22 *Indegazette.be*, 1 April 2025, https://www.indegazette.be/belgie-en-oezbekistan-ontvangen-elk-10044-miljoen-euro-uit-corruptiezaak/

23 *RFERL*, May 14, 2020, https://www.rferl.org/a/uzbekistan-france-transferred-10-million-of-karimova-s-assets/30612519.html

24 *Indegazette.be*, 1 April 2025, https://www.indegazette.be/belgie-en-oezbekistan-ontvangen-elk-10044-miljoen-euro-uit-corruptiezaak/

25 *EUR-Lex*, 29.4.2014, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0042

26 *EUR-Lex*, 2.5.2024, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1260&qid=1763758720793

the advocacy efforts of Transparency International France, has adopted clearer legislation on asset repatriation.[27] Beyond this case, however, the European Union as a whole lags far behind Switzerland on all key metrics of responsible asset recovery.

Conclusion

The experience of repatriating the Gulnara Karimova's ill-gotten assets of highlights fundamental gaps in the global framework governing asset recovery. While UNCAC establishes the obligation to return illicit assets and GFAR sets out valuable principles - transparency, accountability, and civil society participation - these standards remain incomplete. The concept of *GFAR Plus*, which makes anti-corruption reforms in the country of origin a mandatory condition for repatriation, would fill this gap and ensure that recovered assets truly benefit the victims of corruption.

Switzerland's record demonstrates both the progress that is possible and the limitations of current approaches. On the one hand, Switzerland has made tangible efforts to align itself with GFAR principles, relying on reputable third parties to manage funds and showing a willingness to correct past mistakes. On the other hand, significant problems persist, including high management costs, insufficient transparency, and the risk of political capture.

In contrast, the practices of some EU member states reveal troubling remnants of neocolonial attitudes, with countries either appropriating recovered assets for themselves or returning them directly to corrupt governments - actions that disregard both UNCAC and GFAR commitments.

To move forward, states should not only meet their existing obligations under UNCAC and GFAR but also build on them by embracing the GFAR Plus approach. Only by making anti-corruption conditionality an integral part of asset recovery can the international community ensure that stolen assets are returned to - and truly serve - the populations from whom they were taken.

[27] *Transparency International France*, 03 March 2021, https://www.transparency.org/en/press/france-adopts-new-provision-for-returning-stolen-assets-and-proceeds-of-crime-a-step-forward-with-room-for-improvement