

Summary of the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda second consultation with United Nations Member States

21 July 2020

On 21 July 2020, the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel) held its second virtual consultation with United Nations Member States. The consultation offered another opportunity for the Panel to interact with Member States and to update them on the progress it has made so far. More than 60 people participated in the meeting, and 10 delegations made statements.

Opening

The meeting was co-chaired by **H.E. Dr. Ibrahim Mayaki**, former Prime Minister of Niger and **H.E. Dr. Dalia Grybauskaitė**, former President of Lithuania. In his opening remarks, **Dr. Mayaki** recalled the importance of the work of the FACTI Panel, considering the current economic downturn and financial turmoil due to the pandemic. He reiterated the will of the Panel to conduct its work in an inclusive and transparent manner (despite challenges and restrictions posed by Covid-19) and provided an update on the process the Panel has undertaken since the last consultation in late April– including the series of public engagements with civil society, academia and experts held between late April and early May, the launch of a call for written inputs, the holding of virtual meetings with international institutions including the OECD, FATF, as well as the UN Office on Drugs and Crime and the recent engagement with the High Level Panel on Illicit Financial Flows from Africa. **Dr. Mayaki** also provided an update on the preparation by external consultants of seven background papers to inform and help the Panel deepen its analysis within each cluster and the holding of a second virtual meeting of FACTI Panel members to discuss the papers and the upcoming interim report. He then passed the floor to **Dr. Grybauskaitė** who provided highlights on the substantive discussions held by the Panel including the lack of implementation of instruments as well as the lack of proper review mechanisms for some of them, and the existence of loopholes and other vulnerabilities which allows actors to avoid laws and regulations with impunity. She reflected on the need for political will to address global governance challenges and on the importance of considering new technologies and future challenges to build back better. **Dr. Grybauskaitė** then called on FACTI Panel coordinators to take the floor to present early findings from the analytical work within each cluster.

Mr. Jose Antonio Ocampo, who leads the cluster on improving cooperation in tax matters, identified the following topics as key priority issues : tax evasion and avoidance, the allocation of taxation rights in the digital economy, the need for universal participation in international legal instruments and institutions on tax matters as well as reliable global data and enhanced information exchange. **Mr. Ocampo** further stated the importance of beneficial ownership information, which he described as a cross-cutting issue. **Ms. Susan Rose-Ackerman**, who coordinates the cluster on accountability, public reporting and anti-corruption measures, identified the following topics as key priority issues: the lack of transparency/open data; the issue of tax havens; and the role of financial institutions or other service providers in the area of financial transparency. **Mr. Thomas Stelzer and Ms. Irene Ovonji-Odida**, who co-lead the cluster on cooperation and settling disputes, identified the following topics as key priority issues: the development of non-trial resolutions of foreign bribery (including the lack of enforcement of the demand side of bribery), the need to improve international cooperation on asset recovery and return; and the importance to strengthen peer review mechanisms including through adequate funding. They further highlighted the importance to consider regional/country contexts and encouraged the UN to address global challenges by developing solutions which are relevant to all countries.



Statements from Member States

10 delegations made statements. All speakers thanked the Panel for continuing to engage with Member States. Many explicitly highlighted the critical importance of the work of the FACTI Panel; in light of the current global crisis and the urgent need to increase resource mobilization. Interventions were very substantive in nature, focusing on country priorities for where the Panel could make recommendations. Among the many inputs, the following priorities were highlighted by delegations:

In relation to cluster 1 on improving cooperation in tax matters:

- Addressing tax abuses, tax evasion, profit shifting and tax avoidance as well as taxation in the context of the digitalization of the economy;
- Fostering universal participation in international legal instruments on tax matters;
- Requesting more information on what a UN convention on tax matters would address;
- A more nuanced approach to the challenges facing international tax cooperation beyond an oversimplified developed country versus developing country split;
- Proposals for a fairer distribution of taxing rights, and strengthening country-by-country reporting and tax information exchange;
- Considering upgrading the UN Committee of Experts on International Cooperation in Tax Matters to an intergovernmental body with experts representing their respective Governments;

In relation to cluster 2 on accountability, public reporting and anti-corruption measures:

- Addressing the lack of proper transparency mechanisms/frameworks at the domestic level, and encouraging support for open contracting standards;
- Enhancing beneficial ownership transparency and exploring solutions that are viable for developing countries;
- Suggesting consultations with the International Leadership Group on Beneficial Ownership as well as Open Ownership.;

In relation to cluster 3 on international cooperation and settling disputes:

- Considering both sides of corruption and ways to address the gap in the demand side of foreign bribery cases, including a suggestion that developing countries could join instruments at the OECD;
- Encouraging countries to adopt good practices in the area of asset recovery, including non-conviction-based confiscation and dedicated asset recovery units;
- Collation and publication of data on pending mutual legal assistance requests;
- Further exploring the vested interests that lengthens the time it takes to get assets returned and ways to ensure the speedy and effective repatriation of the assets, including the possibility of clear international norms or rules, possibly through a protocol to UNCAC;
- Promoting efficient peer reviews mechanisms, including strengthening the role of non-state actors and the importance of transparency and awareness of reviews.

On more general issues:

- Exploring ways for the private sector to play a more active role in the fight against illicit financial flows;
- Considering the need to enhance capacity building in developing countries;
- Considering ways to address the current fragmented international framework in the area of financial integrity in a way that reflects the differences among countries and regions;
- Building on and strengthening existing instruments and initiatives to avoid duplication of work including the work of the High-Level Panel on IFFs from Africa, the OECD, the UNODC, the UNCAC Conference of States Parties, and the FATF;
- Elaborating recommendations that are both technically feasible and politically viable;
- Continuing regular consultations and providing opportunities to engage with the Panel and its substantive work.



Closing

Dr. Grybauskaitė thanked all participants for their valuable inputs and invited them to submit additional contributions in writing. **Dr. Ibrahim Mayaki** also thanked delegations and encouraged them to engage in the Panel's future activities highlighting that their participation will help the Panel present proposals that would enable the global economic and financial systems to work better for everyone and everywhere. Both highlighted that the Panel would be publishing its interim report in September 2020.

