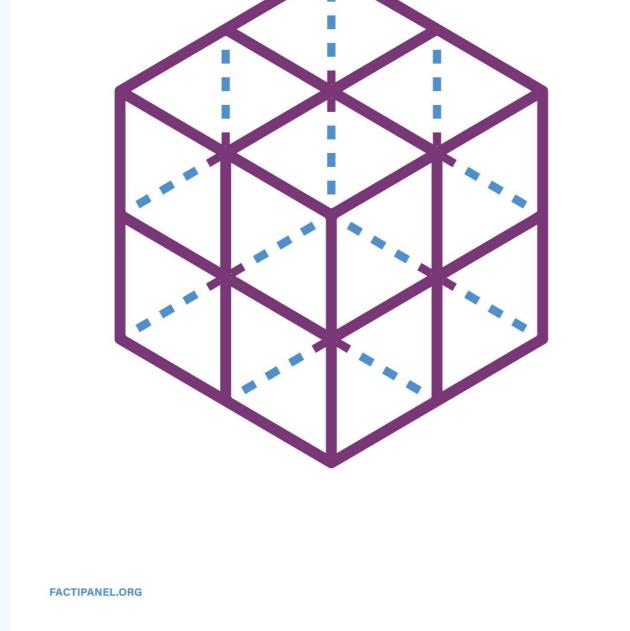
24 SEPTEMBER 2020 – INTERIM REPORT

FACTIPANEL.ORG





FACTI PANEL INTERIM REPORT SEPTEMBER 2020

KEY MESSAGES

- Financial accountability, transparency and integrity systems can help countries prevent the drain of resources from development, contributing to achieving the 2030 Agenda.
- International instruments lack co-ordination, leave gaps and may overlap and even conflict with each other.
- The Panel therefore calls for global acceptance that the shortcomings are systemic and require systemic responses.
- Success calls for a legitimate and coherent ecosystem of instruments and institutions dedicated to financial accountability, transparency and integrity.



SIZE OF THE CHALLENGE

ESTIMATES OF THE DRAIN ON RESOURCES DUE TO INSUFFICIENT FINANCIAL INTEGRITY

- \$500 \$600 billion a year lost from profit-shifting by multinational enterprises
- \$7 trillion of private wealth is hidden in haven countries
- 10% of world GDP may be held in offshore financial assets
- \$20 \$40 billion a year estimates in bribes received by public officials in developing and transitioning countries
- \$1.6 trillion, or, 2.7% of global GDP lost to money laundering by criminals, including drug traffickers and organized crime



CROSS-CUTTING FINDINGS

- The COVID-19 pandemic and digitalisation of economies are exacerbating challenges
- A legitimate, coherent ecosystem of instruments and institutions needs coordination
- Future directions can be set by deliberate actions by Members States, working with other forces of change
- Active participation of non-state actors is a necessity to fortify political will, tackle vested interests, and build coalitions for reform
- Peer review needs to be strengthened and made fairer, so that countries are held accountable to each other for following through on commitments
- Policy makers need to be nimble to confront constantly evolving methods of draining resources



CLUSTER-SPECIFIC FINDINGS

COOPERATION IN TAX MATTERS

-Need to develop a more coherent, nuanced and equitable approach to international tax cooperation

Developing countries
must participate equally in
crafting and agreeing on
tax norms

There is no neutral body to collate and analyse tax data, which impedes progress ACCOUNTABILITY, PUBLIC REPORTING AND ANTI-CORRUPTION

-Major gaps in the regulation and supervision of the enablers of corruption, with systemic implications from lapses in haven countries

 Cross-border access to beneficial ownership information is too difficult; responsibility of financial centres and developed countries

INTERNATIONAL COOPERATION & SETTLING DISPUTES

Structural deficiencies in international tax dispute settlement frameworks

 Concerns associated with non-trial resolutions and major compensation gap in foreign bribery cases

Many obstacles to the speedy, transparent and accountable recovery and return of assets

 Important weaknesses in the UNCAC implementation review mechanism



CONCLUSIONS

- The international community needs to build trust to cooperate on innovative approaches and foster joint action
- **Cross-cutting issues:** Governance, capacity, systemic thinking, role of non-state actors
- **Cooperation on tax matters**: Architecture for cooperation, taxation of the digital economy, financial reporting and information exchange, data production and publication
- Accountability, public reporting and anti-corruption: Addressing impunity, enablers, beneficial ownership, capacity building
- International cooperation in settling disputes: International tax dispute settlement, non-trial resolutions, foreign bribery and compensation, confiscation, return and disposal of assets, implementation and peer review

