

FINANCIAL ACCOUNTABILITY TRANSPARENCY & INTEGRITY

Financial Integrity for Sustainable Development

Report of the High-Level Panel on International
Financial Accountability, Transparency and
Integrity for Achieving the 2030 Agenda



THE FACTI PANEL WAS CALLED ON TO:



Review existing international institutional and legal frameworks;



Identify any gaps, impediments and vulnerabilities in their design and/or implementation;



Make evidence-based recommendations on how to make relevant systems more comprehensive, robust, effective, and universal; and



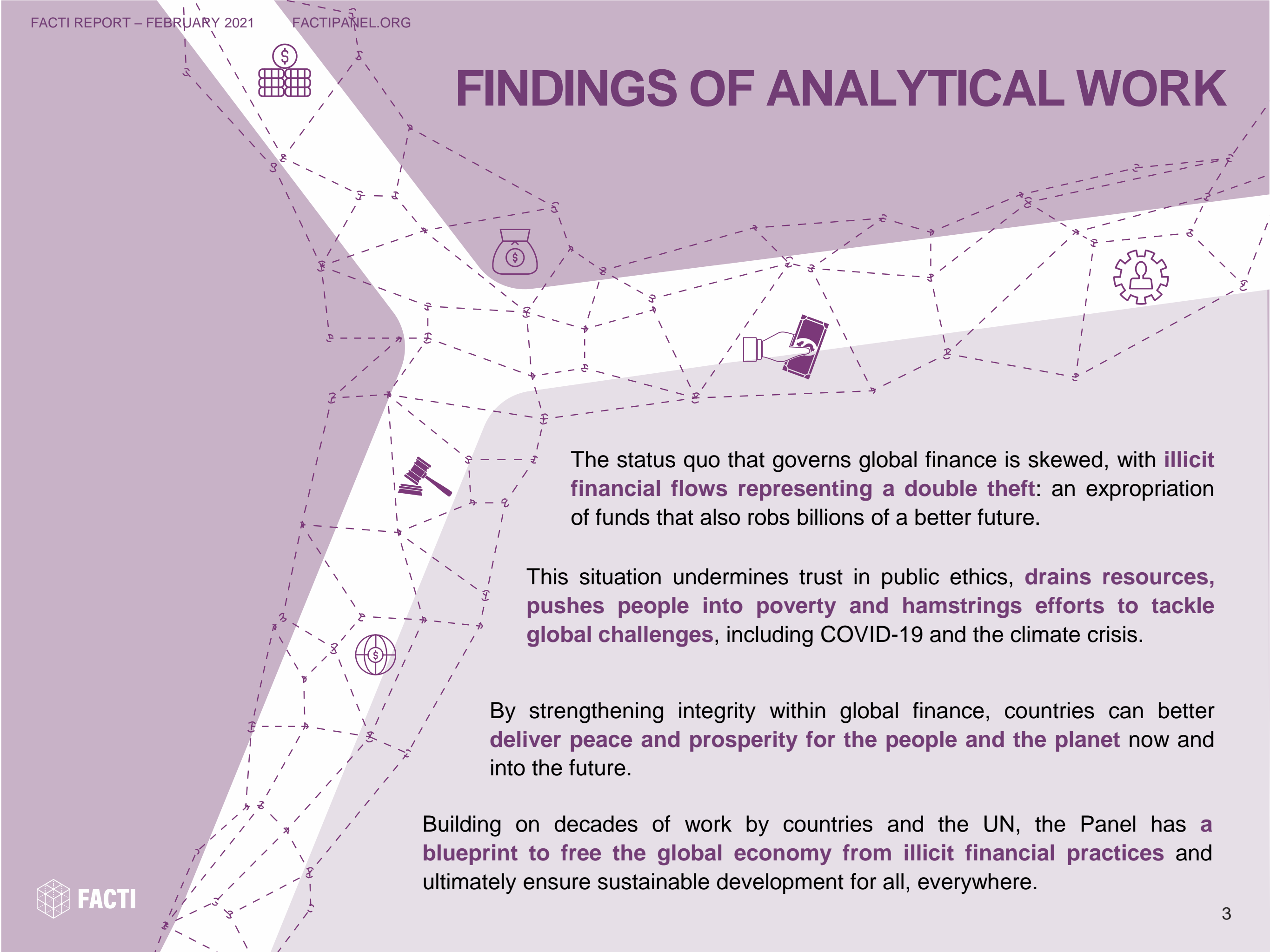
Suggest ways to address identified gaps, impediments and vulnerabilities.

BACKGROUND

The Panel, launched in March 2020, is an initiative of the 74th **President of the United Nations General Assembly** and the 75th **President of the United Nations Economic and Social Council**.

The Panel's mandate notes that insufficient financial accountability, transparency and integrity erodes the ability of countries to raise revenue. It also directly undermines the efforts of the global community to successfully achieve the Sustainable Development Goals (SDGs).

FINDINGS OF ANALYTICAL WORK



The status quo that governs global finance is skewed, with **illicit financial flows representing a double theft**: an expropriation of funds that also robs billions of a better future.

This situation undermines trust in public ethics, **drains resources, pushes people into poverty and hampers efforts to tackle global challenges**, including COVID-19 and the climate crisis.

By strengthening integrity within global finance, countries can better **deliver peace and prosperity for the people and the planet** now and into the future.

Building on decades of work by countries and the UN, the Panel has **a blueprint to free the global economy from illicit financial practices** and ultimately ensure sustainable development for all, everywhere.

“Financial integrity for sustainable development” is the idea that all economic and financial activities should be conducted in line with the content, and spirit, of legitimate financial rules and standards, which must be fully compatible with – and contribute to – sustainable development.

Achieving financial integrity for sustainable development requires greater transparency, enhanced accountability and more cooperation at the national, regional and global levels, with all people contributing.

A NEW APPROACH: FINANCIAL INTEGRITY FOR SUSTAINABLE DEVELOPMENT

A systemic problem that requires a systemic solution

An “entire ecosystem” approach based on values, policies, and institutions which are driven by a unified aim: to foster a system of financial integrity for sustainable development.

A GLOBAL PACT ON FINANCIAL INTEGRITY FOR SUSTAINABLE DEVELOPMENT



Beyond tracking illicit financial flows, stopping them, and returning assets, the Panel adds, “and use them to finance the SDGs”

The global pact involves all countries agreeing to take comprehensive action to create financial integrity for sustainable development, and to use the proceeds released by these actions to make additional investments in achieving the SDGs.

If funds are deployed judiciously, they can fill a massive gap:

Resources, instead of vanishing into an offshore maze, could be used to benefit the people and places from which they were generated.

A commitment from States that money recovered from action on illicit flows will be used for additional investments towards achievement of the SDGs, and not for other purposes.

THE SCALE OF RESOURCES WE STAND TO GAIN

The resources drained by corruption, money laundering and tax abuses are of a scale that is unfathomable by ordinary citizens. And yet, it is ordinary citizens, everywhere, who stand to gain the most from their recovery when financial integrity for sustainable development is realized.



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 in money laundering by criminals, including drug traffickers and organized crime



\$7 trillion

of private wealth is hidden in haven countries



\$500-600 billion

a year lost from profit-shifting by multinational enterprises

BUILDING A BETTER FACTI's FUTURE TOGETHER: Recommendations



VALUES

Accountability
Legitimacy
Transparency
Fairness



POLICIES

Enablers
Civil society and media
International cooperation and formation sharing
Dynamism in policy making and enforcement
Capacity building



INSTITUTIONS

Global data collection and dissemination
Effective implementation review
National governance arrangements
Global governance arrangements

FACTI'S 14 RECOMMENDATIONS: VALUES

ACCOUNTABILITY

LEGITIMACY

TRANSPARENCY

FAIRNESS

1A: Legal tools against impunity
1B: Standards for settlements in corruption cases
1C: Business accountability

2: UN Tax Convention

3A: Beneficial ownership registries
3B: Public country-by-country reporting
3C: Public spending transparency

4A: Capital gains and digital taxation under UN convention
4B: Global minimum corporate tax
4C: Tax dispute resolution mechanism
5A: Mediation mechanism for asset recovery
5B: Use escrow accounts for frozen assets

FACTI'S 14 RECOMMENDATIONS: POLICIES

ENABLERS

CIVIL SOCIETY/ MEDIA

INFORMATION SHARING

DYNAMISM

CAPACITY BUILDING

6A: Global professional standards
6B: National regulation of enablers

7A: Minimum standards of protection
7B: Civil society inclusion in international policy making

8A: End information sharing asymmetries related to tax
8B: Enable free exchange of information among national authorities
8C: Promote spontaneous exchange of information among law enforcement

9A: International organization horizon scanning
9B: Flexible national and international regimes to adjust to new risks

10A: International compact for financial integrity
10B: International public goods for implementation
10C: Strengthen UN research capacity on anti-corruption

FACTI'S 14 RECOMMENDATIONS: INSTITUTIONS

DATA COLLECTION AND PUBLICATION

IMPLEMENTATION REVIEW

NATIONAL GOVERNANCE

GLOBAL GOVERNANCE

11A: Data centre for monitoring taxing rights
11B: Entity for data on asset recovery
11C: Entity for data on money laundering

12A: Update UNCAC implementation review
12B: Peer reviews to reduce duplication

13: Coordinated national governance mechanisms

14A: Coordination mechanism at ECOSOC
14B: Intergovernmental tax body
14C: Improve formal inclusivity at FATF
14D: Integrate UNCAC COSP into ECOSOC Coordination



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CONCLUSIONS

-  The international community should reform, redesign and revitalize the global architecture to combat illicit financial flows with a view to cementing ‘financial integrity for sustainable development’.
-  The resources released by these 14 recommendations must be spent on delivering sustainable development for all, everywhere.