Civil Society Financing for Development (CSO FFD) Group Statement:
Launch of the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel)

2 March 2020

I speak on behalf of the Civil Society Financing for Development (CSO FFD) Group and this statement is based on our collective submission on the FACTI panel to the Presidencies. We welcome the leadership that Nigeria and Norway have shown when it comes to placing the issue of illicit financial flows (IFF) on the agenda of the United Nations (UN). Thank you for the opportunity to share our inputs with some of the FACTI panel members today.

- The value of high-level panels lies in their ability to remain above narrow political agendas and assess how to resolve the global problems we face. On the other hand, there is a risk that such panels can get bogged down by an overly technical focus, or captive to selective or narrow political interests. We are aware that some OECD member states are very reluctant to move forward the work on tax avoidance within the UN. We are deeply concerned that this may already have resulted in political pressure to restrict the ToRs of the FACTI panel before its work has even begun.

- Developing countries and civil society organisations have expressed the need for the creation of a transparent and inclusive intergovernmental tax commission under the auspices of the UN, to address large-scale tax abuse, including avoidance and evasion. It is from this perspective that we reflect on the opportunities and risks in relation to the launch of this panel.

- The Panel should endorse and build on the work of previous high-level initiatives, rather than duplicate it. This includes endorsing the African Union Assembly Special Declaration on Illicit Financial Flows[1] and the summary report of the 2019 UN High-Level Meeting on Illicit Financial Flows. [2] The High Level Panel on Illicit Financial Flows from Africa ( “Mbeki panel”) established this agenda globally, including within the SDGs. We are therefore disappointed to note that the ToRs of the FACTI panel do not include reference to these important documents.

- We recommend that the panel explicitly analyses the very central issue of tax avoidance. Corporate tax abuse, including both avoidance and evasion, emerge clearly as the major element of IFFs in the report of the Mbeki panel.[4] As the previous World Bank president Jim Yong Kim noted, corporate tax abuse is a form of corruption that hits the poorest hardest. This must be central to the work of the FACTI panel, and not left to an unrepresentative process at the OECD in which challenging poverty is not an objective.

- We also find it important that the panel addresses the impacts that IFFs have on prospects of achieving the commitments to reduce inequality, including substantive gender inequality, as well as the cultural, economic and social rights of women and girls. The Beijing Declaration and Platform for Action (1995) commits all countries to eradicate all forms of discrimination, including that which is driven by IFFs, tax laws and policies.

- We welcome the element of regional consultations in this process. In our view, the regional consultations must take place during an earlier stage of the process, prior to the publication of the interim report. It is important to ensure sufficient time and opportunity for a broad spectrum of civil society actors to address the panel members. Such regional processes should, where relevant, reinforce and cooperate with existing regional IFF processes, including the African regional process to follow up on the work of the High Level Panel on Illicit Financial Flows from Africa.

- Finally, the FACTI panel should not detract from the need for progress on the political process on IFFs and the UN. In particular, we express our strong concern that there is currently no inclusive intergovernmental body where governments can negotiate on an equal footing and agree effective solutions to the serious problems with tax related IFFs, which have already been identified. On the contrary, international standards are being set by bodies where countries are
only allowed to participate on the condition that they sign on to existing standards and agreements that have been negotiated in non-inclusive forums. This includes the ongoing negotiations under the OECD’s Inclusive Framework, which aims at developing new international tax standards by the end of 2020.

• Therefore, we believe that without delay, governments must initiate a transparent intergovernmental process under the auspices of the United Nations to address large-scale tax abuse, including avoidance and evasion, as well as other types of IFFs. As presidents of the UN General Assembly and ECOSOC respectively, we call on Nigeria and Norway to play a leading role in this regard. The panel should not be a reason to delay action. Instead, the value of the panel will be in how quickly it can move forward this critical process.