

To the kind attention of:
FACTI panel members

Subject: Concerns regarding recent updates on progress of FACTI panel work

13 August 2020

Your excellencies,

The [Civil Society FfD Group](#) is an open network of more than 800 organizations, federations and networks from diverse regions and constituencies around the world, including the Women's Working Group on FfD. We believe that mobilizing financing for development is more urgent than ever, and appreciate the commitment of the FACTI Panel members to move the process forward during these challenging times.

As noted in our previous [submission](#) regarding the FACTI panel, we believe that 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. This is ever more important as the coronavirus crisis has become a game changer, both for the financing for development landscape as well as for the attitudes of many Member States towards reforms. At the 28th May High-Level Event "Financing for Development in the Covid-Era and Beyond", the need to curtail illicit financial flows was one of the main items, receiving explicit support from many heads of state.

With this in mind, we are concerned to note the following recent updates from the FACTI panel:

- On 10 July 2020, Dr. Mayaki, FACTI Panel Co-Chair, [noted](#) that *"Third, we have also heard about the global governance challenges. I must be frank that this the hardest area for a High Level Panel to make recommendation for it relies solely on the willingness of Member States to agree on new solutions. And the willingness to engage in that cooperation is not in our hands as the co-chairs of the Panel."*
- The summary of the second video conference, 25 June – 1 July [noted](#) that *"Further, Panel members agreed that the Panel's final report in February 2021 will prioritise recommendations which are both technically feasible and political viable."*

Article one of the Charter of the United Nations states that a key purpose of the organisation is *"To achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character"*. Illicit financial flows clearly qualify as a very central and urgent international problem. Furthermore, through article 27 of the Addis Ababa Action Agenda, governments specifically committed to scaling up international tax cooperation. Calling on governments to initiate effective cooperation on tax matters under the auspices of the UN is in essence a call for them to live up to the commitments they have already made. We therefore do not believe that such a call ought to be the "hardest area" for a High Level Panel to address and follow up on. In fact, addressing the governance challenges is an essential first step towards developing effective solutions to the more technical aspects of illicit financial flows.

Our expectation about the work of expert panels such as the FACTI panel, is that they aspire to generate willingness, not to assume it. We strongly believe that the FACTI panel should clearly

express what intergovernmental cooperation, policy change and institutional reforms are needed to curtail illicit financial flows. It should not self-censor its work in response to individual or a minority of member states.

Furthermore, we would like to call the attention of the FACTI panel members to the fact that the environment in which the panel is operating has changed substantially since the beginning of the year, and that much more progress is now possible. It is our view that the governments that are currently engaged in designing appropriate responses to the crisis are much more open to proposals from experts, and much more willing to conduct fundamental reforms than we all anticipated at the beginning of the year. The FACTI panel should make full use of this opportunity.

The measure of success of the FACTI panel will be precisely in its clarity of recommendations in support of global governance reforms, including the long-standing call by a majority of UN Member States for a universal, intergovernmental tax body at the UN, and how it provides impetus to move member states in this direction. Such a call should be clearly noted as a structural reform needed immediately, not long-term.

This has been an urgent issue that especially developing countries have been calling for years. The consequences of unfair tax rules have been devastating for developing countries, struggling with limited fiscal and policy space, the impact of which is playing out in the context of the current pandemic. The current global human crisis is imposing its heaviest tolls on the most vulnerable, including exposing once again the depth of gender inequalities, with unpaid domestic and care work subsidizing the global economy. Ensuring that the international tax system works for the interests of all countries, with special attention to the interests of developing countries, has never been more urgent.

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