

# Summary of first video conference of the High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda

## 31 March 2020

The High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel), met for the first time on 31 March 2020. The meeting, held virtually due to COVID-19 related restrictions around the world, allowed the Panel members to meet each other, and to take initial steps in organizing their work.

The agenda of the meeting was: review of a background paper drafted by the FACTI Secretariat, organization of work of the panel, and next steps to plan for future work.

### Opening session

**The meeting was co-chaired by H.E. Dr. Ibrahim Mayaki**, former prime minister of Niger, Chief Executive Officer of the New Partnership for Africa's Development (NEPAD) Agency, **and H.E. Dr. Dalia Grybauskaitė**, former President of Lithuania.

In his opening remarks, Dr. Ibrahim Mayaki, highlighted the challenging context due to the COVID-19 pandemic which threatens both the global economy and millions of lives. He stated that the work of this Panel is even more critical in light of this crisis which shows the absolute necessity of international cooperation and the further need for collective efforts to end poverty, increase prosperity and achieve Sustainable Development Goals (SDGs).

Dr. Mayaki presented the key objectives of the meeting and commended the high level of expertise of the Panel members that will prove vital to achieve the final outcomes. He welcomed the appointment of the co-chair, Dr. Dalia Grybauskaitė, who then took the floor to thank all Panel members for joining the meeting in this difficult time.

A *tour de table* of Panel members was then initiated during which they introduced themselves and indicated what they think is the most important achievement of this Panel. Main points included: strengthening implementation and enforcement of existing international norms and standards and improving their impact measurement by enhancing **compliance, transparency and information sharing**; developing **international standards** in key areas (including settlement of cross-border corruption, asset recovery and return); strengthening the **fight against tax avoidance & evasion** and ensuring **universal participation in tax matters** including rule-setting so that developing countries can benefit from the existing norms and standards ; addressing the **causes of corruption** such as weak governance and institutions; enhancing **accountability**, global governance, political economy of reforms and raising the **voices of citizens that have been left behind** ; improving **capacity building** at both national and global levels to finance the SDGs . The Panel members stressed the importance of developing concrete proposals to drive the Panel's work. .

### Review of background paper and substantive areas

The Secretariat made a short presentation highlighting the main objective of the paper, which is to review existing international institutional and legal frameworks related to financial accountability, transparency and integrity, with a view to start identifying gaps, challenges and vulnerabilities both in their design and implementation, including with regard to their comprehensiveness, effectiveness and universality. The Secretariat then proposed nine topics for further analysis through deep dive papers, which the panel could choose from (see background paper for details of the nine proposed topics).

The Secretariat highlighted that the primary objective of this initiative is to enable countries to finance the SDGs and that illicit financial flows are one big barrier.

Given the wide scope of the nine areas, the Secretariat proposed the following three criteria to narrow down the selection of the topics:

- (1) Topics which have direct bearing on releasing resources for financing the Sustainable Development Goals;
- (2) The technical feasibility of proposed policies;
- (3) Political viability of proposals to advance action on these topics.

In light of the above criteria, the Panel members engaged in a discussion on narrowing down the nine proposed topics. Some additional topics were also discussed.

### **Key points emerging from the discussion**

- Panel members highlighted the importance of building on existing initiatives and efforts including the FATF process, the Mbeki report and preparations for the upcoming UNGASS, to avoid duplicating work.
- Panel members emphasized the need for concrete proposals and in this context, the establishment of a global asset registry was raised by several Panel members.
- Several Panel members discussed gaps in the international architecture pertaining to tax matters (tax avoidance and evasion, financial secrecy, base erosion and profit shifting issues). The need for a multilateral instrument to enhance global cooperation in tax matters was highlighted.
- The importance of strengthening international cooperation, accountability, transparency, public reporting and information sharing was emphasized by several Panel Members.
- The role of corruption as a structural impediment to sustainable development was highlighted. This could be included through: a. giving due attention to capacity for combating corruption both at the national level as well as improving the effectiveness of international legal instruments; b. highlighting the cross-cutting nature of corruption as a basis for future work.
- Panel members raised the issue of enforcement and the lack of robust compliance mechanisms as a key barrier to the implementation of various initiatives.
- Panel members further stressed the need to improve capacity building and to develop mechanisms so that developing countries can benefit from them. They also noted that many developing countries have built capacities but are affected by issues such as resources and rules that do not reflect their priorities or interests.
- The issue of global governance was raised by several Panel members and some stated that the Panel should strive to ensure that all countries have a 'say' at the global table but also that the system should be accessible to citizens. More generally, several Panel members raised the issue of citizen participation and the need to think about how to enhance citizens engagement in holding governments accountable.

Additional topics/areas of work not included in the background paper were proposed by panel members. It was highlighted that further work is needed to examine why smuggling remains a persistent challenge for many countries despite the various efforts to combat it. Also, some Panel members proposed that the work on taxation should include further analysis on the disruptive impact of digital business models on indirect taxation.

### **Clustering and organization of work**

The Panel members agreed to narrow down the nine proposals highlighted in the background paper based on the three criteria stated above. The following three clusters were proposed:

**a. Improve cooperation in tax matters:** fostering universal participation in international legal instruments on tax matters; further work on tax avoidance and evasion; preparing consistent and reliable global data on taxation;

**b. Accountability, public reporting and anti-corruption measures:** promoting accountability in contexts where it is currently lacking such as beneficial ownership; anti-corruption measures; improving tracking of asset ownership and use of this information including through the establishment of a global asset registry;

**c. Cooperation and settling disputes:** improving cooperation and standardization on bribery investigation and prosecution; examining options to strengthen peer review processes; exploring options to improve capacity; improving international cooperation on asset recovery and return;

Panel members recognized that global governance and issues related to the political economy of reforms are critical; and. Therefore, that they should be mainstreamed in all three clusters.

The session then moved to the allocation of clusters among panel members; it was agreed that clusters are not mutually exclusive as panel members may opt to work on more than one cluster. However, it would be more efficient and effective if some members took a lead on some of the topics depending on their interest and area of expertise.

The clusters and topics for which Panel members expressed preference or interest are as follows:

Cluster	Panel members	Proposed papers
Improve cooperation in tax matters	Jose Antonio Ocampo; Annet Oguttu; Karim Daher; Heidemarie Wieczorek-Zeul; Shahid Hafiz Kardar; Benedicte Schilbred Fasmer; Irene Ovonji-Odida; Magdalena Sepúlveda.	Fostering universal participation in international legal instruments on tax matters;  Preparing consistent and reliable global data on taxation.
Accountability, public reporting and anti-corruption measures	Thomas Stelzer; Yury Fedotov; Manorma Soeknandan; Susan Rose-Ackerman; Benedicte Schilbred Fasmer; Jose Antonio Ocampo; Shahid Hafiz Kardar; Tarisa Watanagase; Bolaji Owasanoye; Magdalena Sepúlveda; Annet Oguttu.	Improving accountability, public reporting and information sharing;  Tackling structural impediments to fighting corruption.
Cooperation and settling disputes	Thomas Stelzer; Yury Fedotov; Irene Ovonji-Odida; Yu Yongding; Bolaji Owasanoye.	Exploring options to improve capacity;  Rule setting & political economy of reform;  Improving cooperation and standardization on bribery investigation and prosecution;  Examining options to strengthen peer review processes.

## Closing segment

During the closing session, follow-up actions were discussed. It was agreed that the Panel will engage with stakeholders (finance ministers/experts; civil society and member states) during April through virtual meetings (including a global town hall with civil society organizations).

The Secretariat will produce guidelines to assist Panel members in their communication efforts, finalize and publish the background paper, produce a two-pager policy note as input to the engagement with stakeholders, publish the report of this meeting and issue a note to the press.

Panel members also discussed logistical issues including the impact of the COVID-19 on the unfolding of the work of the panel. In that respect, the Secretariat indicated that, due to the crisis, the interim report is now expected to be completed by September. The final might still be issued by February 2021.

The secretariat encouraged Panel members to think about how this crisis can impact the work of the Panel and how to make sure that the reports to be published be in touch with the reality that the world will be facing in three to four months. Dr. Dalia Grybauskaitė further emphasized the importance of taking into account this situation in the panel's work.

The co-chairs thanked all for the successful meeting which achieved all its objectives.