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**PRESS RELEASE - September 24, 2020**

### **Financial Transparency Coalition's response to the FACTI Panel's Interim Report**

The Financial Transparency Coalition (FTC) welcomes the [Interim Report](#) by the High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda ([FACTI Panel](#)).

We especially welcome the FACTI Panel's support for long overdue systemic reforms in the current global financial system as called for in the Mbeki Panel's report on Illicit Financial Flows from Africa in 2015. With the engagement of thought-leaders, experts and civil society organisations from the African continent, the Mbeki Report laid out trendsetting analysis about how financial crime and tax abuse endanger development in Africa. The FACTI Panel has a historic opportunity to replicate this level of commitment and mobilize states at the global level.

Commenting on the need for transparency and accountability in the global financial system, Eryn Schornick, Interim Director of the FTC said: *"This is a major step forward in recognising that illicit financial flows are putting lives at risk in these uncertain times of the pandemic when corruption and tax abuse are starving governments of critical revenue necessary to provide healthcare and education, services important to a life free from poverty and deprivation."*

The FTC endorses the FACTI Panel's progress on the rights-based framing of illicit financial flows (IFFs). The acknowledgment of 'tax abuse' as an issue that severely affects the SDG 2030 agenda marks a departure from seeing tax and IFFs through a purely technocratic and legalistic lens. We also welcome the rights-equity-justice framework adopted by the FACTI Panel, and its recognition that resources lost to IFFs erode democracy, aggravate structural and systemic multidimensional inequalities - especially gender inequality, and undermine national and extraterritorial obligations to respect, protect and fulfil human rights.

In light of the FinCEN Files leak earlier this week, the report sends a strong signal to tax havens, secrecy jurisdictions and influential financial centres across the world – stop undermining financial accountability and integrity by continuing to offer secrecy services.

Maximilian Heywood of Transparency International argues: *"The FACTI Panel presents a unique opportunity to complement existing frameworks with concrete recommendations to close current policy gaps. Establishing a global asset registry for example, is a tangible policy action which should be internalised and implemented by member states and international institutions."*

Fiscal sovereignty may allow stronger developing countries to opt out of certain G20 and OECD led processes as the report documents. This possibility may not be afforded to other developing countries with lesser geopolitical weight and so we welcome the call for inclusive global governance frameworks.

Despite the comprehensive mapping exercise undertaken in the Panel's interim report, there are noticeable shortcomings. The report, while recognizing the systemic exclusion of developing and low-income countries,

falls short of meaningfully incorporating voices and evidence from civil society, social movements, academics and experts based in the Global South. Though there is a focus on the existing multilateral norm-shaping and cooperation processes in Africa, the Panel does not recognize the lack of similar processes in Asia-Pacific and Latin America and the Caribbean.

Sakshi Rai of Centre for Budget and Governance Accountability posits: *“The democratic deficit in the global financial system remains unaddressed as developing countries continue to depend on global, undemocratic processes which have an exclusionary ethos. Certain processes only exist due to private interest groups or are administered by private entities.”* The FTC believes that all countries should be able to participate meaningfully and on equal footing when shaping norms that govern the international financial system. Though, the FACTI Panel disappoints in carefully sidestepping the G77 call for the establishment of an intergovernmental tax body under the auspices of the UN.

Donald Deya from the Pan African Lawyers’ Union is of the position that: *“The FACTI Panel must resist any dilution in progressive recommendations that will diminish the central role of the United Nations in international financial reforms. We expect to see in the FACTI Panel’s work a global replication of the work that the Mbeki Panel on Illicit Financial Flows from Africa did regarding the African continent and no less.”*

We look forward to the FACTI Panel’s Final Report in February 2021. We expect the Panel to engage constructively with governments, civil society and experts to democratise the international financial system by way of multilateral governance frameworks that align with global human rights obligations.

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#### Notes to Editors:

- The Financial Transparency Coalition (FTC) is a global civil society network, operating as a collaborative coalition of eleven civil society organisations based in every region of the world. The FTC works to curtail illicit financial flows through the promotion of a transparent, accountable and sustainable financial system that works for everyone. The members of the FTC are the Asian Peoples Movement on Debt and Development, Centre for Budget and Governance Accountability, Christian Aid, European Network on Debt and Development, Fundación-SES, Global Financial Integrity, Red Latinoamericana por Justicia Económica y Social, Pan-African Lawyers Union, Tax Justice Network, Tax Justice Network Africa, and Transparency International.
- [A toolkit on illicit financial flows](#), Financial Transparency Coalition, March 2020
- [Trapped in Illicit Finance: How abusive tax and trade practices harm human rights](#), Financial Transparency Coalition, October 1, 2019
- [The HLP Report A Simplification of the AU/UNECA High Level Panel Report on Illicit Financial Flows from Africa](#), Financial Transparency Coalition, March 2020

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