2011 Annual Conference Report
Tackling the Shadow Financial System: A Working Plan for the G20

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The Task Force on Financial Integrity and Economic Development is a unique global coalition of civil society organizations, leading development economies and more than 50 governments working together to address inequalities in the financial system that penalize billions of people. Launched by Global Financial Integrity in January 2009, the Task Force advocates for greatly improved transparency and accountability in the global financial system.
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Introduction

Representatives from civil society, governments, policy makers, academics, journalists and the private sector gathered in Paris, France October 6th and 7th, 2011, for the third annual conference of the Task Force on Financial Integrity and Economic Development (Task Force).

The Task Force conference featured two days of keynote presentations, panels, and breakout sessions focusing on implementable action items for achieving greater transparency and accountability in the global financial system. The discussions centered around the Task Force's five recommendations for promoting greater transparency for the benefit of developing and, increasingly, developed countries:

- **Automatic Exchange of Tax Information**
- **Curtailment of Trade Mispricing**
- **Country-by-Country Reporting of Profit and Taxes Paid by MNCs**
- **Disclosure of Beneficial Ownership of Financial Accounts**
- **Harmonization of Predicate Offenses under Anti-Money Laundering Laws**

In an effort to facilitate a robust exchange of ideas, breakout sessions delved into specific topics related to transparency and development. Breakouts featured experts on the Financial Action Task Force (FATF), Socially Responsible Investing (SRI), the Tax Justice Network’s 2011 Financial Secrecy Index, Media Messaging, the Arab Spring, Inequality and Human Rights, IUU Fishing, and Trafficking in Illicit Goods and Services.

A series of keynote speakers added further depth to the conference. This year’s speakers included Ingrid Fiskaa from the Norwegian Ministry of Foreign Affairs, Jon Lomøy of the Organization for Economic Cooperation and Development, Jeffrey Sachs of Columbia University, Philippe Meunier of the French Ministry of Foreign and European Affairs, and Abdalla Hamdok from the United Nations Economic Commission for Africa.

In order to include the widest audience possible, the conference was streamed live via webcast in English and French on the 2011 conference page of the Task Force website. The Task Force also used Twitter to share highlights and solicit questions, some of which were asked during each session. English speakers followed the conference via the #taskforce2011 tag, and French speakers were involved using #taskforce2011fr.
This report includes a summary of all the presentations from the 2011 Task Force annual conference and concludes with priorities on the way forward, targeted towards the G20 meetings in November 2011. We encourage you to visit the Task Force website to watch video and audio recordings of all the presentations from the 2011 conference and to learn more about the need for greater transparency in the global financial system.
Summary of presentations

Day One

Opening Remarks

*Keynote Speaker: Ingrid Fiskaa, Norwegian Ministry of Foreign Affairs; Raymond Baker, Task Force on Financial Integrity & Economic Development*

Ingrid Fiskaa of the Norwegian Ministry of Foreign Affairs delivered the opening remarks for the 2011 conference. She discussed how people around the world are angry and active in expressing that anger, citing examples such as the protest in India against corruption, the Occupy Wall Street movement and the Arab Spring. She noted that Tunisia and Egypt are already succeeding in turning the tide on illicit flows, and the world as a whole has come a long way not just since the Task Force was established, but also in the short time since last year’s conference in Bergen. There is now widespread awareness that illicit financial flows inhibit development.

On continuing progress, the State Secretary referred to Norway’s Strategic plan for Development Cooperation 2012-2014, expressing a hope that by the time this comes to fruition most of the controversy surrounding this subject will have abated. She also discussed some of the shortcomings on these issues. She commented that while the G20 announced the end of bank secrecy in 2009, the international community remains largely disappointed. The G20 has been too concerned with plugging leaks in its own national budgets rather than working for the broader context of economic empowerment. There is a need to work to increase awareness that illicit financial flows hurt everyone, and that everyone would benefit from greater transparency and a level playing field. She also mentioned that while the OECD deserves recognition for the Global Forum and the peer reviews, there is some criticism of the process. It remains unclear at present as to where the Global Forum will lead.

The Task Force hopes that 2012 will see further progress on its five recommendations, building on recent developments that include country-by-country reporting legislation in the U.S. and EU and the Open Government Partnership Initiative. These initiatives serve to remind us that the Task Force needs to have an active presence everywhere. It is encouraging to see the growth of the Task force membership, for example the governments of Greece and India along with other supporters. However, more support is needed, especially governments. The State Secretary concluded by noting that resources provided for work on illicit financial flows are insufficient given the significance of the topic and its impact on development and encouraged participating governments to give funding.
Task Force Director Raymond Baker brought the opening remarks to a close by observing that there is a growing strain in the democratic capitalist system. Capitalism has not been doing a good job of spreading economic stability and prosperity, and the resultant severe inequality is a threat to global democracy. The greatest driver of the income disparity is the shadow financial system. It has been estimated that this system now handles half of global trade. Wealth accumulation is conducted in a hidden manner; it is about getting rich secretly and not sharing. Task Force member Global Financial Integrity has analyzed the shift, and the outflow is estimated at more than US$ 1 trillion per year. This outflow, the transfer of money from poor to rich, is growing. He emphasized that the answer is greater transparency in the global financial system. Of the Task Force's five recommendations none are technically difficult, what is needed is political will. A more transparent world is the path to a more equitable world, and a more equitable world is necessary for democracy.

Session I: Beneficial Ownership

Anthea Lawson, Global Witness (chair); Jean Pesme, World Bank; Raymond Baker, Task Force on Financial Integrity & Economic Development

The panel provided clarity on the concept and context of beneficial ownership transparency, explained why it is important, identified deficiencies and challenges, highlighted progress, and pointed to the way forward. The underlying issue of beneficial ownership is identifying who is the natural person who has control of and derives benefit from the funds. In essence, it is the knowing and understanding with whom one is doing business. The current lack of transparency prevents this.

The panel provided several stories as illustration, including information from a new investigation by Global Witness, publication pending. This investigation involves a group of companies purportedly making arms length transactions with each other. However, many of these companies were incorporated on the same date, with the same PO Boxes listed as addresses, and with the same set of nominees as directors and shareholder - one of whom was actually deceased for several years before the company was incorporated.

In both the UK and U.S. it is a crime to have a fake passport; however, hiding identity behind a corporate veil is not. Limited liability is a privilege granted by the state, but this privilege is being misused by those who want to hide their identity. The Task Force would like to see a national registry in each country that collects and publishes information on the ultimate beneficial ownership of each company registered there. This would not only enable far more effective law enforcement in cases of fraud and money laundering, but would also help small and medium sized businesses that cannot dodge tax and regulation by using hidden subsidiaries as the large multinational enterprises do. Markets are supposed to operate best when there is equal access to information.

The work of the Task Force and its members has been instrumental in achieving progress on this issue. Recent developments include: recognition by President Obama of the need for transparency as stated
in the Open Government Partnership (OGP) Plan, a European Commission suggestion that greater beneficial ownership information on EU companies would help the fight against organized crime, and a forthcoming review of the Third EU Anti-Money-Laundering Directive. The Financial Action Task Force (FATF) also is nearing the end of a two year review of its standards, including a recognition that Recommendation 33 on beneficial ownership is inadequate. The World Bank’s Stolen Asset Recovery Initiative (StAR) is expected to publish a report analyzing the use of companies in recent corruption cases.

When it comes to the requirement on banks to identify the beneficial owner of funds, it is clear that there is a gap between law and practice. While banks assert that they are improving in due diligence, there is evidence demonstrating that the financial system is severely deficient in identifying the actual controlling interest in accounts and funds flows. Effective enforcement is the key.

**Session II: Country-by-Country Reporting**

*Antoine Heuty, Revenue Watch Institute (chair); Mathilde Dupré, CCFD-Terre Solidaire; Richard Murphy, Tax Research LLP*

The panel discussed how the significant progress on broadening recognition of the need for country-by-country reporting; noting that the international community at a critical juncture for implementing effective standards. There has been a surge in publicity and public awareness of the need for country-by-country reporting, largely due to the recommendations and advocacy of members and supporters of the Task Force. However, the need for both vigilance and further public education, on measures proposed and adopted by governments is critical. The Panel stressed the need to prevent obfuscation of the issues and achieve implementation of measures that are effective in practical reality.

There are increasing national and regional calls for country-by-country reporting. Progress includes:

- The adoption of the Extractive Industries Transparency Initiative (EITI).
- In the U.S., the 2010 Dodd Frank Wall Street Reform and Consumer Act (Dodd-Frank) that requires all American firms to report to the SEC the detailed payments made to any state in which it operates.
- Norway has indicated an intention to implement country-by-country reporting.
- A campaign was launched in France by NGOs, Trade Unions and citizen movements in 2009, which has met success so far in resolutions being adopted by several regional councils supporting country-by-country reporting.
- South Africa, Spain and France are promoting the country-by-country reporting proposal in the sub working group on pillar 8 of the development working group within the G20.
- In the “OECD Taskforce on Tax and Development” plenary meeting, four developing countries asked for country-by-country reporting in March 2011.
- The March 2011 report by the IMF Fiscal Affairs Department, “Revenue Mobilization in Developing Countries”, acknowledged country-by-country reporting requires more in-depth discussion.
The G20 has so far proven reluctant to target the users of tax havens. There is no agreement about the need for further transparency from Multinational Corporations (MNCs) even though transparency in financial reporting and tax compliance for MNCs was introduced in the development agenda at the Seoul Summit. Country-by-country reporting would deliver on this promise.

The panel discussed the new EU Accounting Directive due for publication in October 2011, which includes the EU definition of country-by-country reporting. The panelists observed that while this appears to be good news, unfortunately, the proposals are not examples of true, transparent, full country-by-country reporting.

EITI, Dodd-Frank and the EU directive underway represent progress but do not go nearly far enough. Payment data in itself does not provide transparency; what is owed is not the same as what is paid. The whole purpose of the current system of corporate reporting is to hide data. The crucial point on country-by-country reporting is that it empowers people to ask the right questions and provides powerful data for holding companies and governments accountable. While welcoming the forward-moving developments taking place, work must continue towards exposing the deficiencies and in advocating the full requirements for transparency.

**Keynote Presentation**

*Jon Lomøy, Organization for Economic Cooperation and Development*

In his keynote address, Ambassador Lomøy expressed thanks to the Task Force for the work done in putting the issue of transparency and illicit financial flows on the global agenda. It has moved from being a fringe issue to being recognized as major global concern.

He emphasized that Official Development Assistance (ODA) and illicit financial flows are both distinct yet interlinking factors affecting development. Lack of transparency enables the magnitude of the illicit flows. He pointed out that ODA is not only insufficient for meeting the Millennium Development Goals (MDG’s), but risks decline due to the global financial crisis. At the same time, the monetary value of illicit financial flows vastly outweighs ODA and undermines efforts for effective application of ODA.

Curtailing illicit financial flows is a critical part of the story that needs to be addressed if living conditions in developing countries are to be improved; providing for critical public services such as infrastructure, health and education.

Ambassador Lomøy observed that the OECD has been working on tax haven issues for some time, and it is making progress through the peer review process of the [Global Forum on Transparency and Exchange of Information for Tax Purposes](https://www.oecd.org). He spoke of how he has come to this discourse not as a tax expert, but from the basis of how resources are mobilized for development. He agreed that the OECD shares common interests with civil society, but being an international organization it works in different
ways and in difference time scales. The Global Forum demonstrates the commitment of the OECD to ensuring that tax and development are addressed on the global stage.

On stolen assets recovery, the OECD has recently published a report that shows some success stories but highlights that much more work is needed. The OECD hopes to keep reporting on members’ success stories.

Mr. Lomøy expressed appreciation for the role of Norway in the field of the global development agenda, including its objective of improving cooperation between tax authorities and those investigating crime.

The key to progress is political will. It is crucial to recognize the factor of “it takes two to tango”, in that developed countries hold responsibility in hosting the financial institutions that facilitate illicit financial flows. Mr. Lomøy concluded by stating assurance of the OECD’s commitment to supplying the pressure needed for change.

Breakout Session I

FATF 40+9 Review: A Task Force Assessment

Heather Lowe, Global Financial Integrity (chair); Vallerie Schilling, FATF; Robert Palmer, Global Witness

The panel highlighted how the Financial Action Task Force (FATF) Recommendations, while considered “soft law” and thus not legally binding, have been widely adopted internationally. The panel outlined current measures to encourage and enable wider adoption of the Recommendations and to improve effectiveness in their implementation.

In June 2011, the FATF published its second public consultation paper seeking input as the organization conducts a review of its 40+9 Recommendations. The Task Force provided an official response; with proposals for measures that will help strengthen the reach and application of the FATF Recommendations.

The FATF is scheduled to complete its review by March 2012. The current revision exercise, its third since inception, places particular focus on the Recommendations 33 and 34 which concern the transparency of beneficial ownership. This aligns with the growing role of the FATF in helping people to understand the linkages between anti-money laundering and corruption.

Due diligence by financial intermediaries on beneficial ownership includes special measures to identify potential and existing clients who are Politically Exposed Persons (PEPs). This is crucial in the fight against corruption. FATF Recommendation 6 addresses the issue of PEPs specifying action to be taken by financial intermediaries in conducting enhanced due diligence. In the context of the Arab Spring
and assets stolen by deposed dictators, public attention has recently been focused on proceeds of corruption being laundered through major money center financial institutions.

The FATF Recommendations are not adopted fully in all countries. Some countries lack capacity for adoption of the standards, where the national administration does not currently provide for the required regulatory and oversight agencies. Adoption by a jurisdiction of the FATF standards should ultimately include the full set of Recommendations, as these operate in an interconnected manner. However, in recognizing the challenges faced by jurisdictions with capacity constraints, the FATF provides guidance on a core set of Recommendations for initial and increased implementation.

Bribery and corruption are predicate offenses for money laundering within the current Recommendations. The Task Force advocates further establishing tax evasion as a predicate offence for money laundering. The panel explained that there is a growing awareness of the interconnections between corruption, tax evasion and money laundering, and that effective implementation of FATF measures needs to address these linkages. A critical factor in progressing with effective enforcement will be international cooperation between governments, civil society, and regulatory and law enforcement agencies.

**Socially Responsible Investing and Country-by-Country Reporting**

*Giuseppe van der Helm, EuroSIF (chair); Heidi Finakas, KLP Kapital Forvaltning AS; David McNair, Christian Aid*

The panel discussed the importance of tax and transparency in socially responsible investing (SRI) and the business case for country-by-country reporting. The Task Force has been successful in putting country-by-country reporting on both the civil society and government agendas. Awareness is now growing within the business and investor communities that tax is a key factor in corporate social responsibility (CSR). A new briefing paper by Christian Aid, *Tax and Sustainability: A framework for businesses and socially responsible investors*, aims to engage businesses and the SRI community in the debate on the connection between taxation and development.

Why is business taxation important? Business tax contributions can provide a large part of a country’s revenue for investment in services such as healthcare, education and infrastructure. Mobilizing domestic revenues strengthens governance because it binds officials and citizens to each other via the social contract. It is important that there is a shift in the dynamic around tax morale in terms of the willingness of residents to pay taxes, but will not happen if the big players are perceived to be avoiding taxes.

A major incentive for investors to require country-by-country reporting is that it provides valuable financial information. Country-by-country reporting provides clear, full information on a company’s exposure in different country contexts. It empowers shareholders, and financial markets in general, to evaluate the risk and reward profile of different projects. Financial analysts agree that greater
transparency leads to better assessment of risk and cost of capital and more accurate valuations of companies. The panel reminded that investors, as the owners, they have the power to influence the businesses with which they are involved.

The business case for transparency and country-by-country involves mitigating risk, which executives must weigh against the need to maximize profits for shareholders. Publishing transparent financial statements on a country-by-country basis would enhance a company’s reputation for being a responsible, law-abiding member of society. As well as reputational risk, transparency reduces regime risk. Engaging in aggressive tax planning can increase the risk of a country's revenue authority performing an audit of the company's financial records; this, in turn, can have an effect on reputational and cash flow risk. Extensive tax planning also affects cash flow risk in terms of potential volatility and uncertainty of profits. Taken together, these tax-related risks may jeopardize investor confidence.

The way forward is to provide the business community with opportunities to engage in transparency and paying taxes due in a meaningful and effective way that goes beyond public relations. Full country-by-country reporting is needed, and political will is the key to progress.

**Session III: Automatic Exchange of Information**

*John Christensen, Tax Justice Network (chair); Malcolm Couch, Isle of Man Treasury Department; Grace Perez-Navarro, Organization for Economic Cooperation and Development; Christian Chavagneux, Alternatives Economiques*

The panel discussed the question of how much progress on automatic exchange of information for tax purposes can reasonably be expected within the next ten years.

The [Multilateral Convention on Mutual Administrative Assistance in Tax Matters](#) has recently been opened to all countries, allowing them to benefit from cross border tax cooperation and information sharing. The potential effective reach of the Multilateral Convention is naturally limited to the jurisdictions which sign on, and there are doubts that major secrecy jurisdictions such as Switzerland will be ready to relinquish secrecy through this mechanism.

The [European Union Savings tax Directive](#) (EUSTD), by far the most successful arrangement currently in place on automatic information exchange, is under revision in order redress deficiencies. Its potential progress is, however, being blocked by the Swiss “Rubik” deals involving separate bilateral agreements between Switzerland and each Germany and the UK. Rubik provides for a withholding tax to be taken from German and UK taxpayer accounts with Swiss banks, thus effectively outsourcing German and UK tax collection to Swiss bankers whilst allowing anonymity and impunity for tax evaders and their advisers. The European Union is currently addressing the question of the legality of these agreements.
The Isle of Man represents a success story, as it has now adopted automatic information exchange with the European Union. The panel considered how on-request bilateral Tax Information Exchange Agreements do not provide required information. From the Isle of Man perspective, there is a view that financial centers will increasingly be obliged to adopt a new and more transparent mode of operation, and there is a role for that alternative without losing a competitive edge.

A far-reaching goal that would enable effective exchange of information is the adoption of a system of global tax identifier numbers. The panel acknowledged that this is an ambitious goal for the next ten years but is feasible in the longer term. Civil society is often cautioned that demands and recommendations are unrealistic. Nevertheless, the rapid recent success of the recognition and adoption of country-by-country reporting, even if imperfect at present and with a longer way to go for wider adoption, demonstrates the potential for success in this area, too.

Progress will depend on political will. Ultimately, elites need to drive the political impetus within their countries. The present surge in public outrage, fuelled by the economic crisis, has the potential to change the tide of political will towards real reform.

Breakout Session II

Preview: 2011 update of the Tax Justice Network’s Financial Secrecy Index
John Christensen, Tax Justice Network (chair); Markus Meinzer, Tax Justice Network; Alex Cobham, Christian Aid

The Tax Justice Network’s Financial Secrecy Index (FSI) identifies and ranks secrecy jurisdictions according to their contribution to opacity in international finance. The panel presented the methodology of the FSI and highlighted the implications of the rankings. The FSI helps to explain why international efforts to crack down on tax havens and financial secrecy have been ineffective so far and is an important resource in the effort to improve financial transparency.

A secrecy jurisdiction provides laws and regulations that create a veil of secrecy to hide and disguise the economic activity of non-residents in the jurisdiction concerned. The FSI lists 73 secrecy jurisdictions. OECD and EU member countries feature prominently in the list of the top 20 secrecy jurisdictions. For example, the UK, when combined with its offshore satellites, tops the list as the most significant global player in financial secrecy.

The FSI combines qualitative and quantitative data in its assessment of jurisdictions. The qualitative data is applied to determine a “secrecy score”, based on 15 “secrecy indicators”. The indicators are elements of financial services available to non-residents of a country that enable secrecy in economic activity. Quantitative data, derived mostly from International Monetary Fund data, are applied in determining a country’s global weighting in terms of the share of the global market for cross-border financial services.
The secrecy score and the global weighting are combined to produce a ranking within the index.

The Panel explains that the FSI provides a view of the secrecy spectrum instead of an artificial dividing line between what is and is not a secrecy jurisdiction. The panel emphasized that being a secrecy jurisdiction is really a matter of degree. Each country nowadays engages to some extent in providing financial secrecy to non-residents, either deliberately or through negligence.

The Panel agreed that the FSI provides a complementary resource to Transparency International’s Corruption Perceptions Index (CPI). The FSI shows the supply side for illicit financial flows, and the CPI the demand side. The FSI demonstrates that powerful developed countries are the larger players on the supply side and observed how major secrecy jurisdictions are members of the OECD, to which the G20 has provided a mandate to address the abuse of tax havens. Measures the OECD has adopted thus far, primarily bilateral Tax Information Exchange Agreements involving the provision of data on request, have been ineffective.

The FSI succeeds in presenting a view of the extent and composition of global financial secrecy, despite the challenge of quantitative data being inconsistent across jurisdictions. Lack of transparency is undermining democracy and the market system. Critically, the FSI proposes concrete measures that each jurisdiction can implement to improve transparency.

Illicit Financial Flows and Media Messaging

Dietlind Lerner, Task Force (chair); Monique Danziger, Global Financial Integrity; Alice Powell, Publish What You Pay

The Panel presented general principles for effective media messaging, and gave examples of how they can be successfully applied in achieving widespread public education and advocacy on transparency and illicit financial flows.

The panel highlighted the reporter’s adage “if it bleeds it leads”. A key to media interest and coverage is to link an advocacy issue with a topic currently grabbing the headlines, and often headline stories connect with news of violent and destructive events. A current example is the Arab Spring. Through the outcry for return of assets allegedly stolen by deposed autocratic rulers, civil society has been able to publicize the magnitude and injustice of corruption and the opacity within the financial system that enables this.

The panel also explained the principle of finding a cultural touchstone on which to connect the advocacy issue. In the early stages of the Task Force’s work, the member organizations gave the “illicit financial flows” brand a deliverable, a product, by developing analytical reports; then were able to “sell” the shocking story of the magnitude of funds flowing out of developing countries. It is also necessary to
consider the need of the reporter to use an approach that hooks the interest of their reader, order to get the message out there.

Relationship building and developing mutual trust are key components of successful media messaging. If an editor is interested in the issue, provide them with material. Be available to provide comment and insight to reporters while being mindful of their deadline requirements. Collaboration amongst civil society organizations helps gain coverage.

Social media, especially through conversation and collaboration with the use of Twitter, has huge potential for promoting awareness and action on a cause. With the use of Twitter, it is important to avoid the risk of limiting its potential outreach by using it as a glorified RSS feed. Twitter expands and enriches the conversation; it can help spread a message and provide insight on the impact of a campaign. Using a hashtag to create a conversation, ask questions, generate buzz, and connect to websites and other social media. Other new media approaches include video and animation. The outreach is magnified by connecting the various new media resources.

Media attention on transparency and illicit financial flows has grown significantly, particularly with increasing momentum in the past year. Crucially, media messaging has achieved growing public awareness and understanding of the issues. This has boosted progress on developments that address the Task Force’s five recommendations and is propelling the potential for change in political will.

**Keynote Presentation**

*Jeffrey Sachs, Columbia University*

Keynote speaker Jeffrey Sachs discussed how the work of the Task Force epitomizes the work that should be done by the G20. Dr. Sachs’ book “The Price of Civilization” offers a diagnosis of the economic crisis and proposes a way forward with financial integrity as a foundation of prosperity. While the book is focused on the United States, Dr. Sachs explained that international cooperation is of paramount importance. Globalization and cross-border transactions require a coordinated global approach; the G20 should take on a role as a leader.

Dr. Sachs stressed that the solution is not for rich countries to tell poor countries what they should be doing. When there is a corruption scandal in a poor country, the counterpart is often a financial institution of a rich country. There is a crisis of integrity that has almost toppled the world’s economy. There are, however, countries with financial integrity that are helping point the way forward, of which a prime example is the Scandinavian region.

Many governments lack tools needed for implementing transparency. There are many situations where governments are bought out by powerful interests, particularly the large MNCs. An age-old phenomenon
that has become particularly prevalent and disturbing in the United States is the role of money in the political process. The United States is completely awash with money in politics, and the influence of the large corporations - especially the finance industry - is immense.

Countries are engaging in a tax and regulatory “race to the bottom” through the proliferation of tax havens. This allows MNCs to use transfer pricing to outsource their tax payments to the countries with low tax rates while maintaining their more visible operations in other countries. Dr. Sachs cites Google as an example to demonstrate the prevalence of such practices. This has a huge impact on allocation of resources and stability of government budgets.

Dr. Sachs expressed support for the Task Force’s five recommendations. He counseled caution in areas where G20 governments appear not only reluctant to take effective action but are tolerating and engaging in activity that runs counter to integrity. Tax havens are provided through G20 jurisdictions, of which the UK and U.S. are major culprits. Financial institutions of G20 countries are major beneficiaries of tax haven activity and repositories for illicit funds. Bribes are paid by western companies to poor host countries, and the practice has been tolerated by G20 governments.

Dr. Sachs spoke of the injustice of land grabs in the African context and the impact on food prices. Very large land parcels are being sold by politicians in developing counties to investors from the outside. This is contracting by depriving people living in areas which are often classed as unoccupied as these people do not have rights.

The lack of transparency in contracts is a major area of concern in extractive industries. There is a need to move beyond the Extractive Industries Transparency Initiative. There is a need for more public disclosure on terms of concessions and contracts. Public and civil society cannot judge what has been done as contracts are hidden from view. Financial transparency needs a full toolbox.

Dr. Sachs advocated in favor of a Financial Transactions Tax, the implementation of which the EU has recently been supporting. He stated that the G20 should follow suit, suggesting that, with power structures heavily influenced by financial services lobbying forces, it is unsurprising that major opponents are the UK and U.S.

Dr. Sachs praised the work the Task Force and its member organizations have accomplished thus far and offered to work in coordination to continue promoting these issues of mutual concern to an even wider audience. He believes the Task Force will have a long life, as the G20 will need to take on this work over a very lengthy period to come.
Day Two

Opening Remarks

Philippe Meunier, French Ministry of Foreign and European Affairs

Mr. Meunier emphasized the importance of the Task Force’s work, and commented on how much is expected from the upcoming G20 meeting—particularly in the context of the global financial crisis—while noting a need to avoid a straitjacket mode of thinking.

He stated that one of the issues that the French President intends to bring to the G20 meeting is the need for new systems of finance and financial transactions, which is a crucial issue for global, sustainable development. Governments need to implement solutions that are effective in an increasingly interdependent global world; if there is a breakdown in the system in one place it can create a flow of serious impact in others. This question of illicit financial flows has an impact on the global financial system and development. Money laundering is a fundamental aspect of the global financial system and is an important issue to address in the fight against terrorism.

On development, from the French point of view, there are various financial flows involved, in addition to ODA, that require attention. France intends raise this issue both with the G20 and at World Bank meetings. The issue of tax havens is also of great importance; as money that should be used for development often ends up in tax havens. Ultimately, political will is necessary to address financial regulation and provide for development. France also recognizes the importance of providing for exchange of information on tax matters, and puts pressure on the G20 in this respect.

An exchange between the G20 and civil society is necessary. France actively endeavors to cooperate with other countries and with civil society. France has also demonstrated its commitment in the fight against corruption, which will be asserted at the G20. The adoption of greater transparency initiatives in the extractive industries provides a good basis for further progress. The contributions of the Task Force and others in civil society are crucial.

There is a need for a just and more balanced economic growth, especially in the context of the severity of the financial crisis. There has been some progress on some of these questions. This requires cooperation between governments and civil society, involving the developing countries themselves.

France has been a supporter and leader in the work in curtailing illicit financial flows. Soon Mexico will take over from France in the leadership of the parallel forums G8 and G20. All countries must cooperate together, in efforts which we hope will bear fruit at the G20 meeting in Cannes.
The panel clarified the concept of tax evasion as a predicate offence for money laundering, explained why this is critically important in curtailing illicit financial flows, and presented the path forward.

Treating tax evasion as a predicate offence for money laundering will have a massive impact, not only in terms of action that can be taken based on its criminality, but because this will create a crucial shift in culture. The bankers, lawyers and accountants who create opaque financial structures and secret accounts for tax evaders, which enable secrecy and disguise money flows, will be regarded as dealing in criminal activity.

The panel clarified the origin of the concept of predicate crime, in that the principle of money laundering was based initially on the fight against drug dealing. Why is the concept of predicate crime so important? It is a key component of measures to combat crimes behind illicit financial flows, especially in the context of cross-border flows. Thus, the aim should be for harmonization of predicate offenses globally, to create a level playing field.

The Financial Action Task Force (FATF) Recommendation 1 stipulates that countries should apply the crime of money laundering to all serious offences, with a view to including the widest range of predicate offences.

The Panel presented the situation in the U.S. whereby, even though tax evasion is not explicitly stated within in law as a predicate office for money laundering, the case of U.S. vs Yusuf plainly made the link. It was pointed out that bank employees should be reporting suspicion of money laundering - by submitting Suspicious Activity Reports (SARS) - based on tax evasion. A “homework” challenge was issued to the audience - what do your anti-money laundering statutes already say with respect to tax evasion?

The Panel also observed that, in general, anti-money laundering compliance personnel in financial institutions are diligent and conscientious, but they encounter resistance from senior bankers when reporting on suspicious transactions. They are often being treated as though they are acting against the business interests of the bank. He argued that the core of the issue is the vested interests represented by the powerful private banking industry and its advisers.

Political will is an important part of promoting greater international cooperation between tax administrations, finance and justice ministers, financial intelligence units, central banks, international governing organizations, law enforcement, and others. The work of the Task Force has already created some momentum for change in this area, but a great deal more support is still needed.
Breakout Session III

Corrupt Dictators and the Arab Spring: Implications for Banks and Anti-Money Laundering Rules

Daniel Brennan, Matrix Chambers (chair); Jermyn Brooks, Transparency International; Maud Perdriel-Vaissière, SHERPA; Robert Palmer, Global Witness

The panel discussed how the public exposure of assets stolen by recently deposed heads of state has helped open up public scrutiny on corruption and money-laundering. The panel outlined challenges in efforts to curb ongoing laundering of stolen assets and provided suggestions on action towards effective implementation of anti-money laundering laws and regulations.

In the past year, numerous international financial institutions have identified and frozen assets held by Tunisia’s Ben Ali, Egypt’s Mubarak, Libya’s Gaddafi, and their family members and close associates. Collectively the total identified to date is estimated to be in the region of US$1 billion in Swiss banks alone, with assets also being held in other major financial centers such as London, New York and Paris. While efforts to identify and freeze these proceeds of corruption are welcome, the question is why did financial institutions take in the funds initially despite anti-money laundering and know-your-customer rules? Also, why did they take so long to act, when delay increases the chance of assets being moved beyond the reach of investigators?

A recent review conducted by the UK’s Financial Services Authority, Banks’ management of high money-laundering risk situations, reported that a third of banks reviewed are failing to do enough to identify politically exposed persons (PEPs). Three-quarters of the banks reviewed are deficient in establishing the legitimacy of their customers’ source of wealth. Members of the Task Force are advocating for other countries to conduct similar reviews of their own, for which they expect similar outcomes.

An explanation lies in the incentives in the prevailing risk/reward scenario. Many relationship managers in these financial institutions are rewarded primarily on the basis of profit and new business, regardless of their performance on anti-money laundering issues. Even when a bank complies with anti-money laundering rules and files suspicious activity reports with the relevant financial intelligence unit, often investigative and judicial authorities take little to no action.

An excuse proffered by banks in the case of sovereign wealth funds such as the Libyan Investment Authority is that these are state assets and therefore not proceeds of corruption. However, such funds are often used for personal purposes that are outside the needs and interests of the state. Financial institutions could address this issue by requiring greater transparency in the way sovereign funds are managed.
The problem is not that jurisdictions lack sufficient legal codes for enforcement; rather, the problem is that neither authorities nor the financial institutions have been applying the rules. There must be a shift in political will to investigate corruption as well as the laundering of the proceeds of corruption, and to impose sanctions on financial intermediaries that persist in flouting the regulations against such practices. Regulatory authorities must hold these companies and their executives accountable for wrongdoing, so that those convicted will incur significant damage to both their balance sheets and their reputations. Perhaps then financial intermediaries will revise their remuneration structures to reward proper due diligence and, if necessary, the refusal of business.

Illicit Financial Flows and Inequality: A Human Rights Imperative

Aldo Caliari, Center of Concern (chair); Branko Milanovic, World Bank; Maylis Labusquière, Oxfam-France; Nuria Molina, Eurodad

The panel remarked that approximately nine percent of the world population receives one-half of global income (or consumes half of goods and services) while the bottom half receives only seven percent. It was pointed out that the economic crisis and “decoupling” of the growth rates of rich and emerging market countries has probably produced a slight decrease in global inequality (although cautioned that results are yet to be fully assessed). However, within the global picture, disparities between countries are stark.

Illicit financial flows undermine the fight against inequality. One challenge in addressing this problem arises from the fact that there are financial flows, which can be considered harmful, that are still legal. An example is the case of Mopani, a subsidiary of Glencore that transferred profits to low-tax Switzerland from its mining operations in Zambia.

It is the revenue side of the fiscal equation that most impacts inequality. The panel countered the argument in favor of the regressive Valued-Added-Tax, that says VAT is easier to collect and can thus boost revenue more easily than progressive taxes. The September 2011 research report by Oxfam “Progressive Taxation - Towards fair tax policies” points out an urgent need for poor country governments to achieve an increase in progressive redistributive taxes. Research by the Association for Psychological Science compares 54 nations and concludes that the more progressive a country’s tax regime is, the more likely the citizens of that country are to consider themselves happy.

The panel addressed a question on considering the economic welfare of small state “tax havens” where the states are heavily reliant on the financial services industry. This is both within the context of the larger picture of inequality amongst states, and encouraging political will in favor of ending tax haven activity. It was acknowledged that ending tax havens should be accompanied by support for developing alternatives to sustain those economies.
The panel commented on the distribution effect on inequality by different types of illicit flows. For example, if a head of state steals on a contract and sends money to a secrecy jurisdiction, the inequality within that country and global inequality both increase. Illicit flows within elements of the informal economy, such as trade in drugs, have a different kind of direct impact at the household level, since the chain of activity involves many people at many levels of society.

The impact of a just a slight increase of the tax to GDP ratio can have a significant impact in reducing inequality. For example, in Bangladesh a slight increase in fiscal pressure could double the health budget. The panel observed how this illustrates the importance of the role played by the state. Cooperation between governments and civil society in implementing the Task Force’s five recommendations will reduce inequality within countries and on the global level.

**Keynote Presentation**

*Abdalla Hamdok, United Nations Economic Commission for Africa*

Dr. Hamdock thanked both the Task Force for putting illicit financial flows on the global agenda and the Government of Norway for its support on these issues. His presentation focused on the magnitude of illicit financial flows impacting Africa, their effect on development, and action being taken within Africa to address these issues.

According to a study by Global Financial Integrity, during the period 1970-2008 Africa lost US$ 854 billion in cumulative capital flight. Illicit financial flows have turned Africa into a net creditor to the rest of the world, thus diverting scarce resources from poor to rich countries. The outflow tends to be greater from countries that are rich in natural resources. The severity of illicit financial flows remains understated by lack of data, and by the lack of transparency in institutions involved in absorbing this illicit capital.

Dr. Hamdock proceeded to outline the African response. He asserted that Africans want business to come to the continent; however, this must be business with integrity that brings prosperity throughout the population, not just the elites.

The UNECA and African Union Commission (AUC), in collaboration with the Task Force and the Norwegian Government, organized a side event at the 3rd Joint Annual meetings of the African Union & UNECA Conference of Ministers of Finance, Planning and Economic Development, in Malawi in 2010. The purpose was to raise awareness amongst policy makers and experts of the negative consequences of illicit financial flows. They addressed how to curtail those outflows, and how to redirect the resources towards alleviating poverty.

A High Level Panel on Illicit Financial flows, hosted by the UNECA, was established at the 4th Annual Conference of African Ministers of Finance, Planning and Economic Development in Addis Ababa,
Ethiopia in March 2011. Through the High Level Panel, the UNECA and partners aim to determine the level, nature and patterns of illicit financial outflows and assess the complex and long term implications on development. The High Level Panel will educate and inform African governments, citizens and international partners, and mobilize political support for increased mechanisms to combat illicit financial flows. The High Level Panel will work to shape the agenda of the G8 and G20, aiming for transparency in the global financial architecture and tighter oversight of international banks.

Dr. Hamdock concluded by saying that in addressing global financial injustice, the High Level Panel hopes to provide synergy between research, advocacy and political will. The support of the Task Force will be instrumental in enabling the High level Panel to progress towards this goal.

**Session V: Transfer Pricing**

*Sanjay Mishra, Indian Ministry of Finance (chair); Krishen Mehta, Global Financial Integrity; Rebecca Wilkins, Citizens for Tax Justice; Alex Cobham, Christian Aid*

The panel discussed the role of abusive transfer pricing, also known as transfer mispricing, in international tax and illicit financial flows, and its impact in the integration of developing nations into the global economy. The panel outlined deficiencies in measures currently adopted to prevent abusive transfer pricing, and proposed ways to counter the abuse more effectively.

Transfer pricing involves transactions between related parties, as between the subsidiaries of a MNC, in an effort to minimize or avoid taxes on profits. The most accepted method applied to determine the acceptable transfer price is the OECD's “arm's length principle.” When the level of transfer pricing falls outside the range given in the OECD guidelines, it becomes abusive transfer pricing. Abusive transfer pricing is an illegal tax evasion tactic that typically results in the shifting of profits out of developing countries and into tax havens. Trade mispricing is also illegal and often has similar results as abusive transfer pricing; however, it involves the deliberate misinvoicing of trade transactions between both related and un-related parties.

The panel suggested that approximately 60% of global trade is conducted by MNCs, and half that amount is between subsidiaries of a parent company. The distortion of global profit allocation was illustrated by the case of Mopani, a subsidiary of Glencore, which transferred its profits to low tax Switzerland from its mining operations in Zambia.

The OECD “arm’s length principle” can be difficult to apply due to the lack of availability of data for comparability. This challenge is compounded by the increasing complexity of related party transactions. The Panel considers the OECD Transfer Pricing Guidelines to be inadequate, difficult to administer, and largely inappropriate for developing countries. Standardization of rules internationally is not believed to be achievable.
The panel presented the potential for oversight by a multilateral international body. The requirements would include near-comprehensive global membership, an overarching commitment to protect and expand the benefits of international trade, and the prevention of both abusive transfer pricing and trade mispricing. The panel explained how, together, the World Trade Organization (WTO) and the World Customs Organization (WCO) could be relevant for this purpose. There would be potential risks in that their process lacks transparency, and that trade bodies are engaged while civil society is not.

Pointing to the way forward the panel suggested that, as more equitable measures become accepted and implemented, the “arms-length principle” would cease to be in use. The panel highlighted safe harbor rules as an alternative. Tax administrations and audit capabilities will need to be strengthened, and, international cooperation is required for sharing of best practices.

**Breakout Session IV**

**IUU Fishing: Consequences for the Environment, Conflict and Human Rights**

*Gunnar Stølsvik, Norwegian National Advisory Group against Organized IUU-Fishing (chair); David Higgins, Interpol; Meggan Engelke-Ros, US Commerce Department*

The panel discussed the importance of coordinated global action to combat Illegal, Unreported and Unregulated (IUU) Fishing. The panel stressed the need to raise awareness that IUU fishing is a prominent component of organized crime, one that it incurs environmental, social and economic costs; while also representing a real threat to security.

The United Nations Office on Drugs and Crime (UNODC) published an Issue Paper in April 2011 on *Transnational Organized Crime in the Fishing Industry*. This was the first time that the criminal aspects of illegal fishing, and its links with other types of criminal activity, have been documented in a global report.

The UNODC report exposed the severe abuse of workers, including children, who are trafficked migrants and are used as forced labor on IUU fishing vessels. These vessels are also frequently used for drug trafficking. Corruption is prevalent amongst the many layers of transactions that occur, including issuance of fishing licenses, access right agreements, and agreements to allow corporate entities to operate commercial shipping registries on behalf of developing states. The study found that flags of convenience and complex corporate structures are used to hide the identity of the owners of these vessels in order to avoid investigation and escape responsibility. Such practices are facilitated by the same secrecy jurisdictions that permit corporate and individual tax evasion.

Most mainstream law enforcement bodies do not currently consider environmental crime to be a serious crime, even though it renders everyone a victim by disrupting the rule of law and good governance. Interpol, however, is engaged in gathering intelligence to show the linkages between IUU Fishing, other crimes and illicit financial flows, in order to raise awareness and help increase law enforcement capacity.
A further challenge in law enforcement is that police tend to find the issue of IUU Fishing overwhelming, due to a lack of specialized knowledge. In this respect there is a parallel with financial crimes, including tax evasion and money laundering. A vital strategy for investigating crimes in IUU fishing is to follow the shadowy money trail. The global community should adopt a multi-disciplinary approach that includes cooperation and sharing of information between agencies and experts in different countries.

The United States is unique, so far, in bringing the concept of international cooperation in combating IUU Fishing into law. The Lacey Act makes it unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce any fish taken, possessed, transported, or sold in violation of any law or regulation of any US state or in violation of any foreign law. (16 U.S.C. §3372(a)(2)(A)). In the case of U.S. v Bengis, the defendants were found guilty of violating the Lacey Act by illegally harvesting South African rock lobster for export to the United States.

IUU Fishing has a number of criminal implications. The essential elements in combating IUU Fishing include political will, departmental and international support, professional officers with the required specialized knowledge, and transitioning from a reactive to proactive approach with multi-agency cooperation on comprehensive investigations.

**Trafficking in Illicit Goods and Services: Measuring the Financial and Social Costs**

*Robin Hodess, Transparency International (chair); Léonce Ndikumana, University of Massachusetts Amherst; Harald Tollan, Norwegian Ministry of Foreign Affairs*

The panel discussed how trade in illicit goods and services such as narcotics, conflict minerals, smuggling of migrants, and arms dealing, have a starkly direct harmful impact on humans in contrast to the indirect harmful effect of illicit financial flows. Trafficking in illicit goods and services is interconnected with illicit financial flows, as proceeds of crime are laundered internationally through the financial system.

A major challenge in assessing and addressing illicit goods and services is there is often a lack of clarity as to what is licit or illicit. One example is the coca industry in Bolivia; another example is in conflict minerals, where there are weaknesses in international efforts, abuses such as the Kimberley Process on blood diamonds, to combat these. A consumer of an end-good such as a laptop computer is unlikely to be aware that the manufacture may have involved child labor, kidnap and slavery.

Costs to society are severe and far-reaching. Trafficking in illicit goods and services fuels political instability, and even after a war ends there are significant challenges in achieving stability. An issue of major concern is that youth are targeted by criminal networks, which then creates a lost generation and perpetuates crime and political instability. An example of the impact of crimes crossing borders is money from Somali piracy in real estate in neighboring countries, putting pressure on property prices and
creating an economic cost that has social implications. An example of the directly harmful effect of illicit goods and services is copyright infringement in the pharmaceutical industry. It is estimated that one-third of drugs sold in Africa are fake, causing illness and death.

As business in illicit goods and services generates a great deal of money, operators have the means to bribe government officials, police, and others in positions of authority and oversight. This strengthens the influence of criminal networks and serves to further undermine the rule of law.

Statistics on trafficking in Illicit Goods and Services are inconsistent between countries, and initiatives should be undertaken to create standardization. International cooperation is needed for collecting, harmonizing and analyzing statistics. The panel suggested that the United Nations could be an appropriate body to take a lead on this issue.

A challenge in collecting and assessing data is that police, financial intelligence units and other agencies are, for the most part, not sharing information and coordinating investigations. One example of effective cooperation is Australia’s Project Wickenby, which is achieving results in detecting and deterring crimes through cross-agency and international collaboration.

The panel observed, in summary, that efforts to combat illicit goods and services are hindered at present by lack of data, and insufficient cooperation amongst agencies and jurisdictions. Trafficking in illicit goods and services must be addressed in combination with targeting the laundered proceeds of crime.
Conclusion: Setting The Agenda For 2011

As the 2011 annual conference demonstrated, the Task Force has continued to build on the significant progress it has already made since coming into being in January 2009. Having set the agenda for financial transparency with beneficial ownership, automatic tax information exchange, trade mispricing, country-by-country reporting, and harmonizing predicate offenses for anti-money laundering laws, there are now concrete steps towards implementation of effective measures. While there remains a long way yet to go, these developments are encouraging, and momentum is increasing by way of the surge in public awareness and action around the globe, both of which Task Force members have helped to cultivate.

As noted last year, the Task Force has been successful in introducing its recommendations to national and international press; policymakers at the World Bank, the UN and other national and transnational governing bodies are now using Task Force lexicon and some of the Task Force's data analyses. People are now aware of the linkages between the shadow financial system and poverty, inequality and human rights abuses in the developing and developed world alike. In other words, the Task Force has succeeded in getting illicit financial flows on the global agenda.

In the conclusion of the 2010 conference report, the Task Force made it a goal for 2011 to focus its energy as a coalition on overcoming the roadblocks to implementing its recommendations. The 2011 conference has recognized the current standing on implementation, and identified challenges and opportunities that Task Force members and supporters need to address going forward.

While the individual conference sessions presented specific measures to be addressed as work continues, there was an overriding theme that was agreed as being critical: international cooperation between law enforcement and regulatory agencies, international organizations, governments, and civil society. Cooperation is a key element in addressing the interdependent connections between crime, inequality, chronic under-development and the shadow financial system. As keynote speaker Jeffrey Sachs observed, the Task Force epitomizes the work that the G20 ought to be doing. The G20 should take on a role as a leader.
This past week, the Task Force on Financial Integrity and Economic Development (Task Force) concluded its annual two-day conference in Paris, France, building upon its success in recent years establishing an awareness and understanding of the problem of illicit financial flows and the importance of increasing transparency in the global financial system.

The Task Force further developed its five recommendations for achieving greater transparency in the global financial system—beneficial ownership disclosure, automatic tax information exchange, trade mispricing curtailment, country-by-country reporting by multinational corporations, and better anti-money-laundering laws, into a working plan for the G20—taking into account obstacles and logistics of implementation.

Specifically, the Task Force recommends the following next steps for the G20, when it meets next month:

1. Support ongoing efforts to improve domestic resource mobilization for tax collection and empower anti-corruption efforts through greater transparency and accountability of Multinational Corporations (MNCs) in the Extractive Industries. Specifically, (1) support full implementation of the Cardin-Lugar provisions (Section 1504) of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2011 as well as similar legislation that is currently moving through the European Union, and encourage G20 member countries to adopt similar provisions for country-by-country reporting by MNCs in the extractive industries; (2) explore mechanisms and standards to increase transparency on MNCs contributions to governments beyond the extractives; and, (3) encourage members to commit to the Convention on Mutual Administrative Assistance in Tax Matters.

2. Urge the Financial Action Task Force (FATF) to include (1) establishment of tax evasion as a predicate offense for money laundering, and (2) improvement of the peer review process for member countries in the 40+9 Recommendations as a result of the Review of the Standards currently underway.

3. Strengthen anti-bribery provisions by implementing and enforcing laws criminalizing foreign bribery and prohibiting off-the-books accounts in accordance with the OECD Convention Against Bribery of
Foreign Public Officials and UN Convention Against Corruption (UNCAC), and regularly reporting on the enforcement of these laws.

4. Call upon member countries to establish national registers of companies, trusts, and other legal entities with information on accounts, beneficial owners, nominee intermediaries, managers, trustees, and settlers. This information should be made available to any tax authority.

Every year, developing countries lose approximately $1.3 trillion in illicit financial outflows—the proceeds of crime, corruption, tax evasion, and trade mispricing. This loss of capital outpaces current levels of foreign aid by a ratio of 10 to 1. Curtailing these outflows is crucial to nurturing a stable and robust economic recovery in global markets, stamping out political corruption and crime, and fostering good governance in emerging economies.

The Task Force on Financial Integrity and Economic Development is a unique global coalition of civil society organizations and more than 50 governments working together to address inequalities in the financial system that penalize billions of people.
Coordinating Committee
Christian Aid
Eurodad
Global Financial Integrity
Global Witness
Secretariat of the Leading Group on Innovative Financing for Development
Tax Justice Network
Tax Research LLP
Transparency International

Partnership Panel
Government of Norway
Government of Germany
Government of France
Government of Spain
Government of Chile
Government of Denmark
Government of The Netherlands
Government of Greece
Government of India
Canadian International Development Agency
Ford Foundation

Economist Advisory Council
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Dr. Seeraj Mohame
Dr. Catherine Pattillo
Dr. Guttorm Schjelderup, Chair
Dr. Yaw Nyarko
Dr. Marcos Cintra
Dr. Léonce Ndikumana
Dr. James Boyce
Dr. Edsel Beja
Dr. Tine Søreide

Leading Group on Innovative Financing for Development
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Belgium
Benin
Brazil
Burkina Faso
Burundi
Cambodia
Cameroon
Canada
Cape Verde
Central African Republic
Chile
Congo
Cote d’Ivoire
Cyprus
Djibouti
Ethiopia
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France
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Germany
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Guatemala
Guinea
Guinea-Bissau
Haiti
India
Italy
Japan
Jordan
Lebanon
Liberia
Luxembourg
Madagascar
Mali
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Namibia
Nicaragua
Niger
Nigeria
Norway
Poland
Sao Tome and Principe
Saudi Arabia
Senegal
Sierra Leone
South Africa
South Korea
Spain
Togo
Uruguay
Observer Countries:
Austria
China
Egypt
### Allied Organizations

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**Allied Organizations**

International Trade Union Confederation

JOINT Liga de ONGs em Mocambique

Jubileo 2000 Red Ecuador

Kenya Anti-Corruption Commission

Kenya Debt Relief Network

LATINDADD

Lebanese Transparency Association, The

Les Enfants D‘Abord (Children First)

Lokoj Institute

Malaysian Society for Transparency and Integrity

MANS

Maryknoll Office for Global Concerns

MediaGlobal

Missionary Oblates JPIC

New Economics Foundation

Oakland Institute, The

Olive Leaf Foundation

Organization for Capacity Building Initiative (OCABI)

Outreach International

Pakistani Institute of Legislative Development & Transparency

Partnership For Transparency Fund

Partners in Change

PRAGATI, Koraput

Praxis

Pro Public

Publish What You Fund

Research on Poverty Alleviation

Revenue Watch Institute

Saath Charitable Trust

SANGOCO

SHERPA

Social Accountability International (SAI)

Social Activities for Rural Development Society (SARSDS)

Social Development Network

Society for All Round Development

Society to Uplift the Rural Economy (SURE)

South Asia Alliance for Poverty Eradication

TANGO

Tiri

Transnational Institute

Transparence International France

Transparency Ethiopia

Transparency International Indonesia

Transparency International Kenya

Transparency International Nepal

Transparency International Pakistan

Transparency International Philippines

Transparency International Thailand

Transparency International Uganda

Transparency Maroc

Transparency Zero Corruption

UBUNTU World Forum of Civil Society Networks

UniversalGiving

USAAction

VOICE

World Business Academy

World Policy Institute

Youth Partnership for Peace and Development