Promotion of International Cooperation to Combat Illicit Financial Flows to Foster Sustainable Development

Short Presentation by Mr. Christoph Schelling

ECOSOC Chamber, 7 April 2017

Definition of Illicit Financial Flows

- There are various definitions of Illicit Financial Flows. Essentially, Illicit Financial Flows are generated by methods, practices and crimes aiming to transfer financial capital out of a country in contravention of national or international law.

- Current literature suggests that Illicit Financial Flows generally involve the following practices:
  - corruption and bribery,
  - money laundering, and
  - tax evasion (and, arguably, tax avoidance).

Key factors to prevent Illicit Financial Flows

- Rule of law
- Legal certainty
- Effective administration and good governance
- Economic growth
- Social cohesion
- Low or moderate income inequality.

Major international initiatives to combat Illicit Financial Flows

- **International anti-corruption rules**: United Nations Convention Against Corruption, OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and many others
- **Anti-money laundering rules and measures**: Financial Action Task Force (FATF)
- **Tax transparency standards**: Exchange of information upon request, and spontaneous and automatic exchange of information
- **Treaties assuring international judicial and administrative assistance**
- **Implementation** of rules **in domestic law** and enforcement efforts

➢ **An internationally coordinated approach** is required to succeed in effectively combatting Illicit Financial Flows.