

2017 ECOSOC Forum on Financing for Development follow-up

Expert Discussion 1

**“Promoting international cooperation to combat illicit financial flows
in order to foster sustainable development”**

Thursday, 25 May 2017, 11 a.m. – 12 p.m., Trusteeship Council Chamber, United Nations, New York

Tentative programme

Chair: **H.E. Cristián Barros Melet** (Chile), Vice President of ECOSOC

Moderator: **Ms. Simone Monasebian**, Director, United Nations Office on Drugs and Crime (UNODC), New York Office

Panellists: **Mr. Eric C. Hylton**, Executive Director, International Operations, Internal Revenue Service – Criminal Investigations, United States

Mr. S.O. Olaniyan, Deputy Director, Ministry of Foreign Affairs, Nigeria

Mr. Adam Elhiraika, Director, Macroeconomic Policy Division, Economic Commission for Africa (ECA)

Mr. Alex Cobham, Director, Tax Justice Network

Background note

The Financing for Development outcomes stress the importance of domestic public resource mobilization for development (as discussed in Round Table A). Increasing revenue mobilization ability is not enough if countries’ resources are simultaneously drained as a result of illicit activity. The Addis Ababa Action Agenda (Addis Agenda) and the 2030 Agenda for Sustainable Development call for the strengthening of the rule of law and combatting corruption at all levels, as well as the elimination of illicit financial flows (IFFs). The Addis Agenda also commits Member States to strive to eliminate safe havens that create incentives for IFFs and the transfer abroad of stolen assets, as well as calls for the development of good practices on asset return.

This round table will build on the discussion on IFFs held during the special meeting of ECOSOC on international cooperation in tax matters, which was held on 7 April 2017. It will focus on steps towards improving information about IFFs and using that information to effectively target compliance and enforcement action, as well as seizing and returning stolen assets.

A High Level Panel on Illicit Financial Flows from Africa was convened in 2012 in response to a mandate from the African Union/Economic Commission of Africa Conference of Ministers of Finance, Planning and Economic Development. Its 2015 report estimated that Africa lost in excess of \$50 billion annually from goods trade mis-invoicing between 2000 and 2008. The Addis Agenda noted that report and invited other regions to carry out similar exercises and suggested that appropriate international institutions and regional organisations should publish estimates of the volume and composition of IFFs. Since 2015, UN-ECA has convened a multi-stakeholder consortium to stem IFFs in Africa, to leverage partnerships and provide overall strategic direction to efforts to reduce IFFs from Africa, while also beginning a new series of research to estimate illicit outflows from Africa through other channels.

There is also a need to tackle IFFs through stronger enforcement of tax and crime issues. The most recent OECD Oslo Dialogue on Tax Crime in September 2015 promoted whole-of-government approaches to tackling financial crimes, encouraging inter-agency and international cooperation. The host of that dialogue, the Netherlands Tax and Customs Administration, has a well-developed national cooperation approach involving the police, public prosecutor's office, the financial intelligence unit, the financial regulatory agencies, the central bank and other agencies, which is complemented by international cooperation efforts.

Assets that stem from IFFs involving the proceeds of corruption are referred to as stolen assets. The return of stolen assets to their countries of origin is provided for under the United Nations Convention Against Corruption as a fundamental principle under international law. Since the 2002 Monterrey Consensus, progress has been made in all aspects of the process, including seizure, confiscation, management, return and disposal of stolen assets. Despite these efforts, only small amounts of resources have been returned to the countries of origin. The government of Nigeria has spent many years trying to recover billions of dollars that have been stolen by corrupt officials in connivance with corrupt businesses. They have called for greater accountability of both the officials and of the recipients of the stolen funds in other jurisdictions.

Civil society has been instrumental in bringing more attention on the issues of tax avoidance, tax evasion and IFFs. More than simply lobbying governments, NGOs have worked with the academic community to pioneer research on measuring different components of illicit finance, and to devise proposals for addressing the gap. The Tax Justice Network did much of the early work developing the proposal for country-by-country reporting for multinational enterprises, and continues to work with a broad array of civil society organisations on many of the potential policy reforms, such as information exchange and beneficial ownership transparency, which they consider essential to eliminating the safe havens that create the incentives for the transfer abroad of stolen assets and IFFs. They argue that ending the secrecy of jurisdictions, large and small, is critical to fairness in the international financial system.

Guiding questions

1. What are the right policy measures at the national and international levels for attacking IFFs at different stages, including the source (where the money is earned), at the transfer (i.e. through trade, capital transactions, or transfer mis-pricing), or at the destination (where the money is used)?
2. While there is no intergovernmentally agreed upon definition of IFFs, many international organizations have initiated important initiatives to combat them. How can these efforts best work together to avoid duplication of efforts keeping in mind the respective mandates of their organizations?

Further reading

Note by the Secretary-General on "Financing for development: progress and prospects"
(E/DDFD/2017/2), paragraphs 31-34.

http://www.un.org/ga/search/view_doc.asp?symbol=E/DDFD/2017/2.

Financing for development: Progress and prospects, 2017 report of the Inter-agency Task Force on Financing for Development, chapter III.A Domestic public resources, pgs. 40-44.

<http://developmentfinance.un.org/financing-development-progress-and-prospects-2017>.

Online annex of the Inter-agency Task Force on Financing for Development, Illicit financial flows,

<http://developmentfinance.un.org/illicit-financial-flows>.

Online annex of the Inter-agency Task Force on Financing for Development, Return of stolen assets,

<http://developmentfinance.un.org/return-of-stolen-assets>.

SPEAKER BIOGRAPHIES



H.E. Mr. Cristián Barros Melet was appointed Permanent Representative of Chile to the United Nations in April 2014. Prior to his appointment, Mr. Barros was his country's Ambassador to India, concurrently accredited to Sri Lanka, Bangladesh and Nepal. A career diplomat of 40 years' standing in Chile's Foreign Service, Mr. Barros served as Ambassador to Italy, Peru, United Kingdom, Ireland and Denmark. He has served also as Permanent Representative to the Food and Agriculture Organization, Director-General for Foreign Policy, Director-General for Administrative Affairs, and as Head of Cabinet to the Director-General for Foreign Policy. He was educated at the Law School of the Universidad de Chile and the Andres Bello Diplomatic Academy.



Ms. Simone Monasebian is currently the Director of the New York Office of the United Nations Office on Drugs and Crime (UNODC). She has also served as adjunct professor on human trafficking and international criminal law in Seton Hall Law School's Zanzibar and Cairo programs, and as Court TV's on air Legal Analyst for international criminal trials. Prior to her appointment with UNODC, Ms. Monasebian served as Principal Defender of the Special Court for Sierra Leone, and as a Trial Attorney with the UN International Criminal Tribunal for Rwanda, Office of the Prosecutor. Before becoming a war crimes prosecutor, Ms. Monasebian specialized in international and national, complex, criminal litigation in a New York law firm. She has trained judges, lawyers, diplomats, and investigators on various international criminal law matters. Prior to that, Ms. Monasebian was a journalist with a US nationally syndicated radio program.



Mr. Eric C. Hylton is the Executive Director of International Operations for IRS Criminal Investigation (CI). Mr. Hylton is responsible for developing and implementing an evolving strategic vision to expand CI's presence in a challenging and rapidly changing global financial environment. Mr. Hylton is currently the Chairman for the Organization for Economic Cooperation and Development (OECD)-Task Force for Tax Crimes and Other Crimes. Mr. Hylton began his Internal Revenue Service career in 1993 as a Special Agent with the IRS-Criminal Investigation in St. Louis, MO, and has since held increasingly responsible positions including as Supervisory Special Agent, Senior Analyst, Assistant Director in the IRS-Criminal Investigation Headquarters Office of Narcotics and Counterterrorism, Assistant Special Agent in Charge of the Washington, DC Field Office, and Special Agent in Charge of the Philadelphia Field Office. Mr. Hylton has a Bachelor's of Arts degree in Accounting from Morehouse College, and is a native of Washington, DC.

Mr. S. O. Olanyan is the Deputy Director of the Ministry of Foreign Affairs of Nigeria.



Mr. Adam Elhiraika is the Director of the Macroeconomic Policy Division of the United Nations Economic Commission for Africa (ECA). He directly supervises ECA's work on development planning; forecasting and macroeconomic policy analysis; economic governance and public sector management; and finance and private sector development, including research and advocacy work on combating illicit financial flows. His Division leads the substantive preparation of the Commission's flagship publication: the Economic Report on Africa. Before joining the UN, Mr. Elhiraika served as Assistant and Associate Professor of Economics in several universities and he has published extensively in internationally refereed journals, books and monographs. Mr. Elhiraika completed his PhD at Glasgow University.



Mr. Alex Cobham is an economist and chief executive of the Tax Justice Network. He is also a visiting fellow at King's College, London, a trustee of ActionAid UK, and a member of the European Commission's Joint Transfer Pricing Forum, the ICRICT steering group, the technical advisory group for the Fair Tax Mark, and the policy committee of CSAE (Oxford). His research focuses on the scale of tax avoidance and tax evasion, and inequality.