



## **Opening remarks for the ECOSOC President at the President of the General Assembly's High Level Meeting on Illicit Financial Flows**

UN Headquarters, 16 May 2019

Madame President of the General Assembly,  
Excellencies,  
Ladies and Gentlemen,

Thank you for the invitation to address you today.

The global community has expressed its deep concern about the impact of illicit financial flows caused by tax evasion, corruption and transnational organized crime, on the economic, social and political stability and development of societies.

The United Nations have set out ambitious goals in the 2030 Agenda for Sustainable Development. We also know from the Addis Ababa Action Agenda that we will need to mobilize all types of financial flows, public and private, domestic and international.

We have seen the analysis - without a change in direction of our global economic system, we will fail to achieve the 2030 Agenda. Financial integrity is one of the foremost areas where we need urgent change.

That includes tackling illicit financial flows as an important means to support the timely implementation of the 2030 Agenda.

There are three main components of illicit financial flows: those related to tax; those related to corruption; and those that originate from transnational criminal activity.

Tax evasion impedes the resource mobilization necessary to achieve the Sustainable Development Goals, especially in developing countries. Corruption undermines trust in institutions of governance in both the public and private sectors. Transnational organized crime weakens the rule of law and undercuts human rights, which are both enablers and outcomes of sustainable development.

The concern on illicit financial flows is especially deep in Africa, which has taken the lead to combat IFFs through the pioneering work of the High-Level Panel on Illicit Financial Flows. I commend the continent's leaders for their continued attention to this topic. Yet recent evidence indicates that IFFs remain a pressing challenge, including the broad scale of tax evasion and the continued challenges with grand scale corruption.

Member States are already taking action in many areas. The second cycle of peer reviews now being conducted under the UN Convention Against Corruption and international tax cooperation will make important contributions. There are ongoing discussions on reforming international tax norms and strengthening mechanisms to prevent tax evasion. We must ensure that developing countries are not excluded from decision making and policy responses, and can benefit fully from new measures in the tax sphere.

There are additional steps we can embrace to address IFFs. We need to rethink our tax rules in sustainable development terms. Implementation of the principle, contained in the Addis Agenda, that multinational entities' profits should be taxed where economic activity occurs and value is created, has been challenging because of divergent opinions on what this means in practice.

We also need to build transparent, effective and accountable institutions to counter corruption, and we need to speed up the return of assets that have been stolen.

We need to use the United Nations and other forums to develop concrete mechanisms of international cooperation and strengthened legal framework to combat illicit financial flows and return stolen assets.

These concepts are not revolutionary. What needs to be revolutionary is the development of political will to end illicit practices. We need to develop new legal tools, but we have far to go in finding the will to use them comprehensively and effectively.

Ladies and gentlemen,

Last month ECOSOC, the body of which I am president, held both the Financing for Development Forum and a special meeting on international cooperation in tax matters. Those discussions further advanced the dialogue on many aspects of today's agenda.

In the Forum outcome, Member States noted the ongoing work on estimating the volume of illicit financial flows and welcomed efforts to develop good practices on asset recovery and return to foster sustainable development. The Forum tasked the Inter-agency Task Force on Financing for Development to provide data on international cooperation on asset return and to devote specific sections of its *2020 Financing for Sustainable Development Report* to estimates of the volume of illicit financial flows. I trust the Task Force's report will also provide useful information on how to use technological advances to combat illicit flows.

ECOSOC's Committee of Experts on International Cooperation in Tax Matters is contributing to discussion on reforming international tax norms to help prevent tax evasion.

Further analysis should be complemented by the action of Member States. And this action is not for rich countries alone, or just for poor countries. It is not only for those hosting financial centres or for those without them.

We all must do more to advance the agenda of combatting illicit flows. We must work together with all actors to develop effective new tools and to ensure consistent progress in their use.

ECOSOC will provide the forums for following up on commitments and progress – but we need political leadership to make those commitments. We need to see a bold vision for changing how we do things at national and international levels. I hope today's discussion will advance that bold new vision and that it will lead to further political commitments in September at the High-Level Dialogue on Financing for Development and at the SDG summit.

Thank you for your attention.