

4th International Conference on Financing for Development (FfD4)

UNCAC Coalition response to Zero Draft

Discussion paper

February 2025

I. General considerations on the FfD4 Zero Draft

- The UNCAC Coalition advocates for transparency, accountability and anti-corruption measures to be given central stage to advancing the 2030 Agenda. States must intensify their efforts to combat corruption, fully implementing international agreements under the UNCAC and building on the commitments outlined in the Declaration adopted at the 2021 General Assembly Special Session against Corruption.
- In this sense, we commend the recognition in the Zero Draft that anti-corruption measures must be integrated as a cross-cutting issue into all dimensions of financing for development. We also appreciate the commitment to fully implementing the United Nations Convention against Corruption (UNCAC), including by supporting an effective and efficient Implementation Review Mechanism to assist in preventing and combatting corruption.
- It is imperative for UN Member States and all stakeholders to join forces in investigating and prosecuting corruption while expediting the recovery and return of assets to their countries of origin and to the communities most harmed by corruption, and this is an area that can be strengthened in the Outcome Document. The UNCAC Coalition urges all States, particularly those that serve as destinations for proceeds of corruption originating from countries with weak law enforcement and resource-deprived populations, to take decisive action. Additionally, we call for exploring new multilateral mechanisms that can ensure transparent management and return processes, involving civil society in both countries of destination and origin of the funds.
- Engagement with civil society is almost absent in the Zero Draft. Enhancing civil society participation in anti-corruption efforts and, more generally, in the safeguarding of development finance, is a priority for the UNCAC Coalition. Civil society must be actively involved at every stage to develop, enhance, and implement sustainable integrity frameworks.
- In line with the above, we call for a transparent, accountable, and inclusive negotiation process for the FfD4 outcome document, ensuring meaningful participation of civil society throughout. We therefore endorse the letter on modalities for civil society engagement shared by the CS FfD Mechanism with UN Member States on 21 January.

II. Thematic priorities

A. Domestic public resources

“Fiscal systems and alignment with sustainable development”:

- We would like to see a reference to civil society participation in the monitoring and oversight of public finances, including budgets and procurement.
- We would hope to see the inclusion of public investment management (i.e. covering infrastructure projects with high corruption risk)
- Procurement (open contracting) should be mentioned not only from the angle of compliance with transparency and integrity requirements, but as a strategic function towards the achievement of the SDGs, and consider its potential to involve civil society and build trust.
- We further support an enabling environment for civil society organizations to mobilize citizens and actively monitor tax policies, budget allocation, public procurement, and expenditure processes.

“International tax cooperation and innovative taxes”:

- **Beneficial Ownership Transparency:** Key measures to improve beneficial ownership transparency were included in the Zero Draft that should be maintained and could be developed. We welcome for instance the proposal to create a **global beneficial ownership registry** “covering a wide range of assets, legal entities and legal arrangements, such as companies, trusts, and limited liability partnerships” as well as to “supporting these efforts with an independent review of regulatory frameworks and practices”. However, the outcome document could clarify that the global beneficial ownership registry or system should be public, and enhance the role of civil society organizations and global experts in its design.
- In addition, the outcome document should be more explicit on the potential of using and exchanging beneficial ownership data among domestic and foreign competent authorities to address transnational corruption and fight tax evasion and harmful tax practices.

“Illicit Financial Flows”:

- A comprehensive strategy against illicit financial flows must consider structural reforms to dismantle secrecy jurisdictions and mechanisms. Therefore, we welcome the commitment to regulate professional service providers and strengthen accountability mechanisms through national legislation reform. Stronger emphasis should be made on the need to increase transparency, **reporting requirements and control of professional service providers that can be “enablers” of corruption, tax abuse and money-laundering.**
- **UNCAC IRM:** An emphasis on corruption in developing countries alone while ignoring the role of secrecy jurisdictions that facilitate illicit wealth, many of which are in the

developed countries, would overlook systematic financial opacity as a major enabler of IFFs. Therefore, we welcome the commitment from all countries to full implementation of the United Nations Convention Against Corruption (UNCAC) and the support of an effective and efficient Implementation Review Mechanism (IRM) to assist in preventing and combatting corruption. The Elements Paper had mentioned the “next phase” of the UNCAC IRM, which could be explicitly reinstated.

- If a global coordination mechanism were established at the United Nations Economic and Social Council (ECOSOC) to address financial integrity on a systemic level and exchange best practices and technologies for effectively tracking and curbing IFFs, this should be done in coordination with the UNCAC and its Review Mechanism, as well as all other relevant UN processes and bodies.
- **Asset recovery:** The Zero Draft has been developed compared to the Elements Paper, which we welcome. Further, we would like to see:
 - Clearer reference to “stolen assets” and the systematic engagement with civil society in monitoring asset recovery and return processes;
 - Significant impulse to recovery and restitution of stolen assets to their countries of origin. This process should prioritize repairing the harm caused by corruption to collective and community victims, support the achievement of the SDGs, and uphold transparency, accountability, and active civil society participation throughout the return process (following the Principles of the Global Forum on Asset Recovery).
 - We suggest the creation of a fund to manage stranded assets, which could serve as a vehicle to return assets for projects that advance the SDGs in countries that were harmed by corruption; it should be transparent, accountable and inclusive by design.

B. Domestic and international private business and finance

“Alignment of private business and finance with sustainable development”:

- We would welcome a reference to the need to enhance transparency of corporate beneficial owners’ information and of company registers. Corporate transparency and accountability levels of financial institutions and the private sector need to significantly improve, including country-by-country reporting of multinational companies to tax authorities and beneficial ownership transparency. Beneficial ownership transparency aligns with financing for development priorities as it contributes to ensuring that available domestic funds serve development goals, is a sign of well-functioning economies and gives integrity guarantees to donors.
- Governments and businesses should incorporate human rights safeguards and due diligence processes. In addition, private sector actors should implement responsible practices and commit to the UN Guiding Principles on Business and Human Rights.

C. Environment and climate

“International development cooperation” / “Financing for climate, biodiversity and ecosystems”:

- We would welcome the reference to “climate finance reporting” that was considered in the Elements Paper to be included in the Zero Draft, as well as enhancing integrity, consistency and transparency of such reporting.
- Additionally, we would like to include formally addressing the linkages between corruption, organized crime and climate change through systematic coordination and cooperation between international agreements including the UNCAC, environmental agreements such as the UN Framework Convention on Climate Change (UNFCCC), the UN Convention against Transnational Organized Crime (UNTOC), the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Implementing targeted measures to prevent corruption that facilitates environmental crime and strengthen transparency, integrity and accountability for awarding, granting, and managing contracts, concessions, permits and licenses in the natural resource sector and in green energy sectors.
- Actively promote, support and defend civil society actors' engagement in efforts to prevent and combat corruption in climate finance and action. Public participation in the development and implementation of climate finance projects, strong protection of whistleblowers and of activists, journalists, indigenous peoples and other actors is critical to achieving climate protection goals and providing benefits to communities most affected by climate change.

“II. D. International trade as an engine for development / Multilateral trading system:

- Include a commitment to strengthen regulation and international cooperation to identify and prosecute trafficking of wildlife, illegal logging and mining, illegal, unreported and unregulated fishing and to build the capacity of local communities to contribute to public oversight of energy and natural resources management.

“Trade in critical minerals and commodities “:

- We welcome efforts to advance transparency and accountability in the mineral value chain: “We will strive to develop a global traceability, transparency and accountability framework along the entire mineral value chain – from mining to recycling – to strengthen due diligence, facilitate corporate accountability and build a global market for critical minerals.”
- We strongly support enhancing publicly accessible information and accountability in the extractive industries - including oil, gas, and mining companies-. This would allow for public oversight and independent monitoring, particularly by local communities, which is essential to preventing revenue losses in the countries where resources are extracted.

- All transactions from companies to governments, as well as to tax authorities, should be disclosed, in both source and destination countries. This includes beneficial ownership disclosure and license screening.

D. International development cooperation

- International financial institutions, multilateral development banks, bilateral donors and public/ private sector banks must adopt a robust approach to synchronize their policies and priorities with the SDGs and the requirements of the UNCAC.
- They should ensure that relevant UNCAC provisions are part of financing agreements signed with States, and that those are implemented and monitored for the life of the funded projects and programs.
- We would further like to see UN Member States:
 - Committing high levels of transparency and accountability, including proactive disclosure of the agreements and contracts signed with States, state-of-the-art frameworks for access to information and whistleblower protection;
 - Embedding transparency and accountability safeguards in new forms of development finance including private funding and lending and emerging climate-related funds;
 - Enhancing control over development funds should be guaranteed from disbursement through to implementation, to detect any conflicts of interests;
 - Introducing anti-corruption measures in the negotiations and policy actions discussed with recipient countries;
 - Improving donor coordination at the country level by involving all relevant partners, including civil society organizations, would put the needs of citizens and vulnerable communities at the center of development funding. Funding should be guided by a human rights approach to prioritize communities most affected by corruption and address the differentiated impacts of corruption on populations oppressed due to their socio-economic, ethnic-racial, gender, age, and migratory status, among other factors.

E. Debt and debt sustainability

“Sustainable and responsible borrowing and lending, and debt crisis prevention”:

- Transparency in public debt is vital for citizens to be able to hold governments and lenders to account, and to ensure borrowed resources are used well. Therefore, we consider as very positive the creation of a single global central debt data registry and the reference to enhanced parliamentary oversight. Such registry should be binding and include all debt operations, and apply to all lenders, including bondholders and other commercial lenders, and designed in consultation with parliaments and civil society.

- Further, we would like to see greater reference to governance safeguards in lending and borrowing agreements to prevent corruption and take into account local civil society demands. The role of civil society throughout the debt cycle and in debt restructurings should be expanded.

F. Systemic issues

- While we welcome the reference “to deliver more effective, credible, accountable, and legitimate institutions”, corruption is both a cross-cutting and a systemic issue for development financing. Vast quantities of stolen assets, regulatory gaps and misaligned financial incentives pose risks to global economic stability and the 2030 Agenda. Therefore, corruption – especially in its large scale, transnational dimension – is a systemic issue States must address towards reaching the SDGs. In addressing corruption, States must recognize its distinct societal impacts, particularly its role in perpetuating the oppression of historically marginalized and discriminated populations, including women and other vulnerable groups.

G. Technology and capacity-building

- We advocate for open data and digital public goods to bolster the integrity of public financial management, including public procurement, and development finance.
- We would like to see clearer reference to engaging with civil society to leverage open data for development.

H. Data, monitoring and follow-up

- We welcome the emphasis on the need to strategically use existing mechanisms and structures, monitoring mechanisms of anticorruption commitments (i.e. the UNCAC Implementation Review Mechanism and regional conventions/mechanisms), and to create inclusive mechanisms for civil society organizations, the private sector, and academia.
- In terms of “open, interoperable data platforms and standards to improve data sharing and accessibility, addressing challenges for developing countries”, these would be connected with statistical frameworks to measure corruption developed by the UNCAC Conference of States Parties and subsidiary bodies.