



# General Assembly

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## Seventy-second session

Agenda item 17 (f)

### **Macroeconomic policy questions: promotion of international cooperation to combat illicit financial flows in order to foster sustainable development**

#### **Report of the Second Committee\***

*Rapporteur:* Ms. Theresah Chipulu Luswili **Chanda** (Zambia)

#### **I. Introduction**

1. The Second Committee held a substantive debate on agenda item 17 (see [A/72/418](#), para. 2). Action on sub-item (f) was taken at the 24th and 26th meetings, on 1 and 28 November 2017. An account of the Committee's consideration of the sub-item is contained in the relevant summary records.<sup>1</sup>

#### **II. Consideration of draft resolutions [A/C.2/72/L.16](#) and [A/C.2/72/L.53](#)**

2. At the 24th meeting, on 1 November, the representative of Ecuador, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Promotion of international cooperation to combat illicit financial flows and strengthen asset recovery in order to foster sustainable development" ([A/C.2/72/L.16](#)).

3. At its 26th meeting, on 28 November, the Committee had before it a draft resolution entitled "Promotion of international cooperation to combat illicit financial flows in order to foster sustainable development" ([A/C.2/72/L.53](#)), submitted by the Vice-Chair of the Committee, Menelaos Menelaou (Cyprus), on the basis of informal consultations held on draft resolution [A/C.2/72/L.16](#).

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\* The report of the Committee on this item is being issued in seven parts, under the symbols [A/72/418](#), [A/72/418/Add.1](#), [A/72/418/Add.2](#), [A/72/418/Add.3](#), [A/72/418/Add.4](#), [A/72/418/Add.5](#) and [A/72/418/Add.6](#).

<sup>1</sup> [A/C.2/72/SR.24](#) and [A/C.2/72/SR.26](#).



4. At the same meeting, the attention of the Committee was drawn to the informal conference room paper (CRP.3) containing the final agreed text for insertion where indicated in draft resolution [A/C.2/72/L.53](#).
5. Also at the same meeting, the Committee was informed that draft resolution [A/C.2/72/L.53](#), as revised according to the conference room paper, had no programme budget implications.
6. Also at the 26th meeting, before the adoption of the draft resolution, statements were made by the representatives of Bulgaria (on behalf of the States members of the European Union and Albania, Bosnia and Herzegovina, Georgia, Montenegro, the Republic of Moldova, Serbia, the former Yugoslav Republic of Macedonia, and Ukraine) and Nigeria.
7. At the same meeting, the Committee adopted draft resolution [A/C.2/72/L.53](#), as revised according to the conference room paper (see para. 10).
8. Also at the same meeting, following the adoption of the draft resolution, statements were made by the representatives of the United States of America and Canada.
9. In the light of the adoption of draft resolution [A/C.2/72/L.53](#), as revised according to the conference room paper, draft resolution [A/C.2/72/L.16](#) was withdrawn by its sponsors.

### III. Recommendation of the Second Committee

10. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

#### **Promotion of international cooperation to combat illicit financial flows in order to foster sustainable development**

*The General Assembly,*

*Guided* by the purposes and principles enshrined in the Charter of the United Nations,

*Reaffirming* its resolution 70/1 of 25 September 2015, entitled “Transforming our world: the 2030 Agenda for Sustainable Development”,<sup>1</sup> in which it adopted a comprehensive, far-reaching and people-centred set of universal and transformative Sustainable Development Goals and targets, its commitment to working tirelessly for the full implementation of the Agenda by 2030, its recognition that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development, its commitment to achieving sustainable development in its three dimensions — economic, social and environmental — in a balanced and integrated manner, and to building upon the achievements of the Millennium Development Goals and seeking to address their unfinished business,

*Reaffirming also* its resolution 69/313 of 27 July 2015 on the Addis Ababa Action Agenda of the Third International Conference on Financing for Development,<sup>2</sup> which is an integral part of the 2030 Agenda for Sustainable Development, supports and complements it, helps to contextualize its means of implementation targets with concrete policies and actions, and reaffirms the strong political commitment to address the challenge of financing and creating an enabling environment at all levels for sustainable development in the spirit of global partnership and solidarity,

*Reaffirming further* the United Nations Convention against Corruption,<sup>3</sup> which is the most comprehensive and universal instrument on corruption, and recognizing the need to continue to promote its ratification or accession thereto and its full and effective implementation, including full support for the Mechanism for the Review of Implementation of the Convention,

*Reaffirming* the United Nations Convention against Transnational Organized Crime,<sup>4</sup>

*Recalling* its resolution 71/213 of 21 December 2016,

*Recalling also* its resolutions 60/207 of 22 December 2005, 69/199 of 18 December 2014 and 71/208 of 19 December 2016,

*Reiterating its deep concern* about the impact of illicit financial flows, in particular those caused by tax evasion, corruption and transnational organized crime, on the economic, social and political stability and development of societies, and especially on developing countries,

<sup>1</sup> Resolution 70/1.

<sup>2</sup> Resolution 69/313, annex.

<sup>3</sup> United Nations, *Treaty Series*, vol. 2349, No. 42146.

<sup>4</sup> *Ibid.*, vol. 2225, No. 39574.

*Recognizing* the challenge posed by the increasing scope and complexity of illicit financial flows and the need for the recovery and return of stolen assets, which necessitates the strengthening of international cooperation on this matter,

*Reaffirming* the importance of chapter V of the United Nations Convention against Corruption, and underlining that the recovery and return of stolen assets pursuant to that chapter is a fundamental principle of the Convention,

*Recognizing* the work carried out by the Conference of the States Parties to the United Nations Convention against Corruption, and in particular its Open-ended Intergovernmental Working Group on Asset Recovery, to advance the full implementation of chapter V of the Convention,

*Noting with appreciation* the ongoing efforts by regional organizations and other relevant international forums to strengthen cooperation in preventing and combating illicit financial flows,

*Welcoming* the establishment of the Platform for Collaboration on Tax to intensify collaboration and coordination on tax issues between the United Nations, the International Monetary Fund, the World Bank Group and the Organization for Economic Cooperation and Development, including on formalizing regular discussions between the four international organizations on the design and implementation of standards for international tax matters and on the strengthening of their ability to provide capacity-building support to developing countries,

*Noting* that developing countries are the most susceptible to the negative impact of illicit financial flows,

*Taking note of* the report of the High-level Panel on Illicit Financial Flows from Africa, and reiterating its invitation to other regions to carry out similar exercises, while commending its role in increasing knowledge on illicit financial flows,

*Taking note also* of the 2017 report of the Inter-Agency Task Force on Financing for Development,<sup>5</sup>

*Keeping in mind* that there are different components of illicit financial flows and that the separate analysis of channels or components is more beneficial in designing policy responses to prevent illicit flows,

*Appreciating* the fact that the Summit of the Group of 20, held in Hangzhou, China, on 4 and 5 September 2016, the first Summit of the Group of 20 to take place in a developing country following the adoption of the 2030 Agenda for Sustainable Development, with the broad participation of developing countries and including the Chair of the Group of 77, endorsed the Group of 20 Action Plan on the 2030 Agenda for Sustainable Development as an important contribution to the global implementation of the 2030 Agenda, recalling the Summit of the Group of 20 held in Hamburg, Germany, on 7 and 8 July 2017, at which the Group of 20 endorsed the “Hamburg update” of the Group of 20 Action Plan, and looking forward to their implementation, while urging the Group of 20 to continue to engage in an inclusive and transparent manner with other States Members of the United Nations in its work in order to ensure that the initiatives of the Group of 20 complement or strengthen the United Nations system,

*Noting* recent international developments on the implementation of the Standard for Automatic Exchange of Financial Account Information in Tax Matters

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<sup>5</sup> *Financing for Development: Progress and Prospects* (United Nations publication, Sales No. E.17.I.5).

under common reporting standards developed by the Organization for Economic Cooperation and Development and now involving more than 100 countries,

1. *Welcomes* the inclusion in the 2030 Agenda for Sustainable Development<sup>1</sup> of, inter alia, the target related to combating illicit financial flows, recalls that the Sustainable Development Goals and associated targets are integrated and indivisible and balance the three dimensions of sustainable development, and in this regard looks forward to their achievement;

2. *Also welcomes* the inclusion in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development<sup>2</sup> of actions intended to combat illicit financial flows, and in this regard looks forward to their implementation;

3. *Further welcomes* the ongoing efforts of Member States to enhance knowledge and broaden understanding of the challenges and opportunities involved with international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development, including the initiative of Nigeria and Norway to this effect, as well as the initiative of Ethiopia and Switzerland on good practices on assets return, and calls upon Member States to continue such efforts, including through relevant organizations of the United Nations system and other relevant regional or international forums;

4. *Expresses its concern* that cryptocurrencies are increasingly being used for illicit activities, and in this regard encourages Member States and other relevant organizations to consider taking measures to prevent and counter their illicit use;

5. *Urges* Member States that have not yet done so to consider ratifying or acceding to the United Nations Convention against Corruption<sup>3</sup> and the United Nations Convention against Transnational Organized Crime and the Protocols thereto,<sup>6</sup> and also urges States parties to those Conventions and Protocols to make efforts towards their effective implementation;

6. *Calls upon* the relevant organizations of the United Nations system, within their respective mandates and resources, to ensure that no one is left behind and no country is left behind in the implementation of the present resolution;

7. *Encourages* further efforts by relevant national actors to mitigate transfer mispricing and trade misinvoicing by multinational corporations, with a view to strengthening the tax base in host countries, bearing in mind the need for developing countries to strengthen their domestic resource mobilization in order to achieve the Sustainable Development Goals;

8. *Encourages* countries and relevant multilateral and international organizations to continue their efforts to provide, upon request, technical assistance and capacity-building assistance to developing countries in order to improve their capacity to prevent, detect and combat illicit financial flows and strengthen good practices on assets return to foster sustainable development;

9. *Invites* the President of the General Assembly to convene, during its seventy-third session, within existing resources and in coordination with all relevant stakeholders, a high-level meeting on international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development;

10. *Notes* the ongoing efforts of the United Nations Office on Drugs and Crime, in coordination with the United Nations Conference on Trade and

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<sup>6</sup> United Nations, *Treaty Series*, vols. 2225, 2237, 2241 and 2326, No. 39574.

Development and other institutions, to develop a methodology to produce estimates of the total value of inward and outward illicit financial flows;

11. *Decides* to give consideration, as appropriate, to international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development in the follow-up and review framework of the 2030 Agenda for Sustainable Development and in the follow-up process of the Addis Ababa Action Agenda;

12. *Calls for* greater international cooperation and sustained dialogue to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development and pledges to deter, detect, prevent and counter corruption, increase transparency and promote good governance for all citizens, which will contribute to the fostering of sustainable development;

13. *Looks forward* to the inclusion, in the 2018 report of the Inter-Agency Task Force on Financing for Development, of an analysis of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development, pursuant to the mandate of the Task Force, and also looks forward to the deliberations of the Economic and Social Council forum on financing for development follow-up;

14. *Decides* to include in the provisional agenda of its seventy-third session, under the item entitled “Macroeconomic policy questions”, a sub-item entitled “Promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development”, unless otherwise agreed.

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