



DEVELOPMENT WORKING GROUP



Call to Action: Towards Voluntary and Non-Binding High-Level Principles for Combating Illicit Financial Flows

FINAL DRAFT



CALL TO ACTION: TOWARDS VOLUNTARY AND NON-BINDING HIGH-LEVEL PRINCIPLES FOR COMBATING ILLICIT FINANCIAL FLOWS

1. CONTEXT

With only five years until 2030, global progress towards the SDGs is off-track. The Sustainable Development Goals Report 2025¹ states that only 35% of the SDGs show adequate progress, of which 18% are on track and 17% are making moderate progress. Additionally, there is a financing gap. As the United Nations Conference on Trade and Development (UNCTAD) reports, there is an annual financial shortfall of US\$3.3 to US\$4.5 trillion if the SDGs are to be met by 2030.

Numerous challenges hinder progress towards sustainable and inclusive development and growth including limited and ineffective Domestic Resources Mobilisation (DRM), debt vulnerabilities, insufficient private sector investment, regulatory barriers and limited access to concessional finance including Official Development Assistance (ODA) and other forms of development cooperation.

DRM is essential for sustainable development to strengthen the social contract and fiscal justice, enabling countries to generate revenue through multiple sources such as taxation, including excise duties and consumption taxes, and customs and other revenues, domestic savings, trade, and investment. Efficient DRM strengthens economic sovereignty and reduces dependency on external financing and provides governments with resources needed to fund the strengthening of public institutions' capacities and the provision of critical public goods and services such as those aimed at poverty reduction, social protection, education, food security and nutrition, water, sanitation and hygiene (WASH), healthcare, clean, sustainable, just, affordable, safe, reliable and inclusive energy, strengthening productive capacities, sustainable inclusive, resilient and quality infrastructure, environment and climate action including nature-based solutions, disaster risk management, addressing pollution and the development and adoption of green technologies. However, DRM efforts continue to be undermined significantly by Illicit Financial Flows (IFFs).

¹ See <https://unstats.un.org/sdgs/report/2025/The-Sustainable-Development-Goals-Report-2025.pdf>

IFFs erode the revenue base and deprive governments of crucial income that would otherwise be channelled towards sustainable economic development. Safe havens, aggressive tax practices and loopholes, offshore wealth concealment, fraudulent and collusive trade practices weaken DRM and can significantly encumber governments. Dysfunctional institutions and corruption exacerbate this challenge by undermining the performance and efficacy of public policies, of integrity systems and procedures as well as the justice system's response to IFFs, diverting public funds, undermining financial transparency, widening inequality within and among countries and reducing public trust in governments. IFFs are obstacles to the efficacy and equity of fiscal and monetary policies in all countries, thereby threatening macroeconomic predictability and fiscal stability.

We should continue to play a critical role in focusing global efforts on the importance of the mobilisation of domestic resources, which is negatively affected by IFFs, fostering innovative financial solutions to support the achievement of SDGs, and other existing international instruments, as well as nationally determined sustainable development priorities.

Global efforts to combat IFFs include, inter alia, its inclusion as SDG target 16.4 of the 2030 Agenda. This commitment is reinforced through various international frameworks, initiatives and global standards including the Addis Ababa Action Agenda, the Addis Tax Initiative, the Network of Tax Organisations, G20-Organisation for Economic Co-operation and Development (OECD) Inclusive Framework of Base Erosion and Profit Shifting (BEPS)-led tax cooperation initiatives, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the United Nations Convention Against Corruption (UNCAC), OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions, the United Nations Convention Against Transnational Organised Crime (UNTOC), the Financial Action Task Force's (FATF) Global Standards, the outcome of the recent Fourth International Conference on Financing for Development, *Compromiso de Sevilla*, and the UN Framework Convention on International Tax Cooperation amongst other relevant agreements, networks and initiatives.

Since the adoption of the Seoul Development Consensus in 2010, the Development Working Group (DWG) included focused work on DRM in its agenda and, in cooperation with the G20 Finance Track, contributed to giving greater priority to directing development assistance to developing country tax administrations, improvements to the global tax transparency landscape through canvassing for the adoption of the international tax transparency standards, ensuring political support for the G20-OECD BEPS and the Global Forum, and commenced work on trade mispricing. The work of the DWG on DRM is synchronised with other G20 Working Groups, including the Anti-Corruption Working Group as well as the international taxation agenda under the G20 Finance Track which serves to sharpen focus on the development risks and impacts of illicit finance, and the potential role of ODA in supporting responses to these challenges. Furthermore, the DWG has also worked closely on a regular basis with regional and international organisations on a range of DRM relevant topics.

However, national policy gaps and weak implementation of existing frameworks and mechanisms hinder progress. IFFs, as such, remain a major challenge to DRM, with a disproportionate impact on developing countries. Given the cross-border nature of IFFs, coordinated global and regional cooperation and policy coherence are essential to effectively tackle the scourge of IFFs and rebuild public trust in institutions, promote financial integrity, fiscal justice, and scale-up resources to enable sustainable development.

Strengthening DRM requires a multi-faceted approach, including: tax cooperation and trade policy reforms and practice where relevant; capacity building efforts in fiscal policy; technical assistance for tax and customs administration improvements, encouraging progressivity where appropriate; strengthening financial regulatory systems and revenue management; addressing voluntary compliance where relevant; leveraging technology; adopting the use of unique identifiers; adopting and effectively implementing anti-corruption measures; developing effective systems to prevent money laundering and counter the financing of terrorism in line with the work of the FATF; and enhancing cross-border cooperation.

Improving transparency, effective exchange of information, and enabling risk-based management can contribute to combating all types of IFFs. Strengthening customs detection and enforcement capabilities, and adopting digital trade tracking systems can mitigate Trade-Based Money Laundering (TBML). Enhancing oversight of trade in services and swift data sharing, in accordance with national legislation, can help detect Services-Based Money Laundering (SBML). Fostering international cooperation through tax and customs policies and practices aligned to international standards and cross-border financial intelligence sharing, is crucial in tackling all forms of IFFs effectively. Improving sector level tracking of public resources is essential. Tools such as the financial flows to food systems (3Fs) developed by the International Fund for Agricultural Development (IFAD) and the World Bank can help countries map and track financial flows in food systems, reducing inefficiencies.

This call to action aims to address these threats and tackle IFFs within the context of global governance reform, to promote a comprehensive IFF policy agenda that seeks to strengthen compliance and transparency and to promote sustainable development through the adoption of a set of voluntary and non-binding high-level principles which will be complemented by a roadmap to address IFFs comprehensively, while respecting data protection, the right to privacy and in line with international laws and instruments.

2. CALL TO ACTION: ADOPTION OF VOLUNTARY AND NON-BINDING HIGH-LEVEL PRINCIPLES FOR COMBATING ILLICIT FINANCIAL FLOWS AND DEVELOPMENT OF A ROADMAP

Prioritising IFFs within the G20 DWG contributes to the ongoing commitment to promote inclusive economic policies and DRM and enhances its role in forging an economic environment at global, regional, national and sub-national levels that is equitable, transparent, and conducive to sustainable development.

2.1 APPROVE AND ENDORSE THE G20 VOLUNTARY AND NON-BINDING HIGH-LEVEL PRINCIPLES FOR COMBATING ILLICIT FINANCIAL FLOWS

The G20 is determined to catalyse significant reforms to ensure that financial resources are effectively mobilised and retained within countries, considering the specific

challenges of developing economies, thereby fostering long-term resilience of economies and promoting strong, sustainable, balanced and inclusive growth. By adopting the following voluntary and non-binding G20 High-Level Principles for Combating Illicit Financial Flows, to be further developed by international organisations, in accordance with the call to action, the G20 aims to provide a logical and practical framework that countries can adapt to their national contexts, as relevant. On this basis, G20 members and non-members alike can develop strategic, country-specific approaches to combat IFFs and strengthen DRM that can be monitored and tracked.

A. ENHANCE GLOBAL FINANCIAL TRANSPARENCY

Promote financial and beneficial ownership transparency and the exchange of information, including among domestic beneficial ownership registries, and enhance data standards for accountability purposes, in line with applicable national legal mechanisms, data protection requirements and the scope and framework of existing international standards, including the UNCAC.

B. PROMOTE DATA INTEGRITY AND EXCHANGE

Improve existing reporting mechanisms based on quality, timely, and accurate data (on goods and services) and promote data and system standards for sharing data between accountable institutions where appropriate.

C. ADDRESS TAX AVOIDANCE, TAX EVASION AND TAX CRIMES AND TACKLE ILLICIT FINANCIAL FLOWS

Eliminate safe havens, aggressive tax practices and loopholes and address tax avoidance and tax evasion, including by high net-worth individuals while ensuring their effective taxation, acknowledging the positive contribution of the international tax agenda of the G20 Finance track in combating IFFs, and the ongoing implementation of Pillar Two of the G20-OECD BEPS and the relevant elements of the *Compromiso de Sevilla*.

D. ENHANCE MULTILATERAL COOPERATION

Enhance customs and trade oversight including to combat trade and service-based money laundering and strengthen support and capacity for Financial Intelligence Units (FIUs).

E. IMPLEMENT ACCOUNTABILITY MECHANISMS AND PROMOTE POLICY COHERENCE

Strengthen multilateral cooperation through existing accountability mechanisms among international institutions, governments, regional, and financial regulators to combat IFFs in coordination with FATF and FATF Style Regional Bodies. This includes supporting the role that the media and civil society play in fairly, transparently and ethically exposing IFFs in accordance with national legislation.

F. BUILD AND STRENGTHEN CAPACITY

Promote capacity building, including in the public sector and at the national and sub-national levels, through all forms of financing, including ODA, and a coordinated approach to technical assistance to support combating all forms of IFFs effectively.

G. PROMOTE INTERNATIONAL COOPERATION AND COLLABORATION

Improve transparency through strengthening existing reporting mechanisms and information-sharing practices between accountable institutions where appropriate and promote transparency, integrity and accountability in public sector procurement in line with national legislation.

H. PROMOTE INTERNATIONAL COOPERATION FOR THE RECOVERY AND RETURN OF STOLEN ASSETS

Promote transparent, efficient and effective practices, and facilitate asset recovery and return through stronger cooperation with existing international initiatives, instruments and mechanisms, in line with domestic laws, frameworks and policies. This includes addressing barriers to cooperation, supporting capacity building and exchanging expertise to improve the efficiency of the recovery and return of stolen assets.

I. PROMOTE AND IMPROVE EXISTING ANTI-IFF POLICY IMPLEMENTATION

Support the full implementation of anti-IFF policies ensuring that robust legal and regulatory frameworks enable all entities to drive domestic and transnational investigations related to IFFs, supported by clear accountabilities, effective interagency engagements, and adequate resource allocations.

J. PROMOTE INNOVATIVE TECHNOLOGIES

Use innovation smartly to curb IFFs by leveraging big data analytics, machine learning and human-centric artificial intelligence to analyse, detect and investigate illicit activities.

2.2 DEVELOP A ROAD MAP FOR THE IMPLEMENTATION OF THE VOLUNTARY, NON-BINDING PRINCIPLES

The G20 undertakes to commission the OECD - in collaboration with UNCTAD, UNODC, FATF, and other organisations - to further develop a report on these voluntary and non-binding high-level principles to combat IFFs in a comprehensive and holistic manner with the objective of enhancing domestic resources available for sustainable development and of the state's capacities of financing the SDGs. The further development should include conducting a detailed IFFs situational analysis, leveraging the work of other G20 working groups, particularly Anti-Corruption Working Group and the Finance Track, international and regional multilateral organisations, and legal frameworks or standards as well as other relevant reports, contributing to an integrated and comprehensive policy agenda to combat IFFs. This deliverable should also highlight best practices available from the G20 Members as may be relevant. This is expected to take one year to complete and is due by December 2026.

Stemming from the detailed situational analysis and the further developed voluntary and non-binding principles, the OECD, in collaboration with other international organisations and in consultation with the members of the different relevant G20 working groups, should develop a proposal for an implementation roadmap to be presented to the 2027 G20 Presidency after consideration by the DWG. The proposed roadmap should contain recommendations for further consideration by those countries that will decide to

implement it, for curbing IFFs to support DRM and should serve as a communication tool to combat IFFs.

3. CONCLUSION

IFFs pose a major threat by undermining DRM efforts, weakening a country's investment base, and continuing to be a major barrier to achieving sustainable development. Without urgent action, billions of dollars will continue to be lost annually because IFFs erode the public revenues that countries need for strategic sector investments and provision of basic services. IFFs therefore undermine domestic and international efforts to reduce poverty and combat inequalities. As the premier global economic forum, the G20, including its Development Ministers in partnership with other Ministerial formations, undertakes to intensify its efforts of promoting and implementing comprehensive measures outlined in this call to action to take decisive steps to combat IFFs, strengthen financial governance and ensure that all countries can mobilise all the resources necessary to achieve the 2030 Agenda.

The G20 is determined to support policy efforts needed to bridge the substantial annual financing gap and promote inclusive participation across the global economy towards these efforts and to take immediate and coordinated action to transform these challenges into opportunities for sustainable growth, securing a prosperous and equitable future for all nations.