

**World Bank Group
Equitable Growth, Finance, and Institutions (EFI)**

Board Update

**Domestic Resource Mobilization (DRM) and
Illicit Financial Flows (IFFs)**

February 2017

ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

AML	Anti-Money Laundering	MSME	Micro, Small, and Medium Enterprises
ATI	Addis Tax Initiative	NRA	National Risk Assessment
BEPS	Base Erosion and Profit Shifting	ODA	Official Development Assistance
CPF	Country Partnership Framework	OECD	Organization for Economic Cooperation and Development
DPL	Development Policy Lending	PFM	Public Financial Management
DRM	Domestic Resource Mobilization	RAT	Rapid Assessment Tool
EAC	East African Community	RMS	Results Management System
EFI	Equitable Growth, Finance, and Institutions	SCD	Systematic Country Diagnostic
EITI	Extractive Industries Transparency Initiative	SDG	Sustainable Development Goal
IFF	Illicit Financial Flows	StAR	Stolen Asset Recovery Initiative
FATF	Financial Action Task Force	TA	Technical Assistance
FSB	Financial Stability Board	TADAT	Tax Administration Diagnostic Tool
FSRB	FATF-style Regional Bodies	IE	Impact Evaluation
G20	Group of Twenty	IMF	International Monetary Fund
GDP	Gross Domestic Product	INT	Integrity Vice Presidency
GFAR	Global Forum on Asset Recovery	IO	International Organization
GP	Global Practice	TP	Transfer Pricing
GTT	Global Tax Team	TPAF	Tax Policy Assessment Framework
IDA	International Development Association	UN	United Nations
IE	Impact Evaluation	UNODC	United Nations Office on Drugs and Crime
IMF	International Monetary Fund	VAT	Value-added Tax
INT	Integrity Vice Presidency	WB	World Bank

TABLE OF CONTENTS

Executive Summary	iv
Introduction.....	1
Domestic Resource Mobilization	2
Context.....	2
Conceptual Frame	3
Strategic Efforts	5
I. International Collaboration & Coordination	5
II. Global Public Goods: Diagnostics, Data, and Evidence	7
III. Country-Level Activities & Results.....	10
Illicit Financial Flows	15
Context.....	15
Strategic Efforts	16
I. Improve the tools to monitor and measure IFFs	16
II. Develop greater integration across interventions at the country level	19
III. Explore lessons from StAR and their relevance for recovering IFFs.....	23
IV. Build capacity in critical areas for reducing IFFs	25
V. Strengthen global coalitions to reduce IFFs.....	26
Conclusion	29
Annexes	30
Annex 1: Matrix of DRM Activities	30
Annex 2: Matrix of IFFs Activities.....	33

EXECUTIVE SUMMARY

i. **The purpose of this Board Update is to present progress on the World Bank’s (WB) engagements on Domestic Resource Mobilization (DRM) and Illicit Financial Flows (IFFs).** Following the agenda set by recent global summits such as Financing for Development, the emphasis on the topics reflects the domestic financing challenges facing client countries to adequately fund development priorities.¹ The WB has also positioned the two topics at the forefront, with both DRM and IFFs serving as policy commitments in the *Governance and Institutions* Special Theme of the IDA18 Replenishment.

ii. **The DRM work program is focused on designing comprehensive packages of support that broaden and deepen the tax base of client governments.**² The World Bank’s country-level tax support programs are sequenced to provide technical assistance up-front with the objective of generating demand to support comprehensive, sequenced reform programs, including through lending operations. This has translated into FY16 loan commitments of \$582 million and an FY17/18 pipeline of \$250 million.³ Internally, these efforts have been bolstered by the creation of the Global Tax Team (GTT) within the EFI Vice Presidency as a focal point for countries and development partners to engage on all tax related activities. Tax engagements are now organized around three strategic efforts: (i) strengthening international collaboration; (ii) producing global public goods; and (iii) delivering country-level programs.

iii. **The WB’s engagements on IFFs build off the agenda presented in the March 2016 Board Paper.**⁴ Since the last Board Paper, the WB has continued to establish analytical and operational approaches to strategically address IFFs as a core developmental issue for country clients. Mechanisms are being developed and piloted to proactively consider IFFs within Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs). Progress has also been made in the design of global tools — notably the Rapid Assessment Tool (RAT) — to identify countries where IFFs pose a substantial risk to development. This has now begun to coalesce into greater integration of interventions at the country-level and the development of country-specific IFFs strategies such as the emerging program in Sierra Leone (see Box 10). In addition, work is underway to develop methodologies to measure the size of IFFs in the South African economy at a macroeconomic level, building on earlier efforts in Colombia (as referenced in Box 2 of the previous Board Paper). Based on the experience of completing over sixty National Money Laundering and Terrorism Financing National Risk Assessments (NRAs), the WB has started to develop an assessment tool for a regional risk assessment. Also, the Stolen Asset Recovery Initiative (StAR)— the World Bank’s central engagement on asset recovery together with UNODC— is organizing *the Global Forum on Asset Recovery (GFAR)* in July 2017 hosted by the United States and the United Kingdom, which is one of the outcomes of the

¹ These challenges are characterized by the difficulties of many government to raise public revenues of above the critical line of 15 percent of GDP and estimated of developing countries losing almost US\$ one trillion per year to IFFs.

² DRM by definition includes the mobilization of both tax and non-tax revenues (extractives royalties, transfers from SOEs, etc.). While WB support span these sources, this Board Update is on tax-focused support.

³ These activities See Annex 1 for more details on work ongoing in FY17.

⁴ World Bank (2016). The World Bank Group’s Response to Illicit Financial Flows: A Stocktaking.

UK Anti-Corruption Summit. The core objective of GFAR is to provide an effective medium for states to carry out such partnerships and cooperation on asset recovery cases. See Annex 2 for more details on work ongoing in FY17.

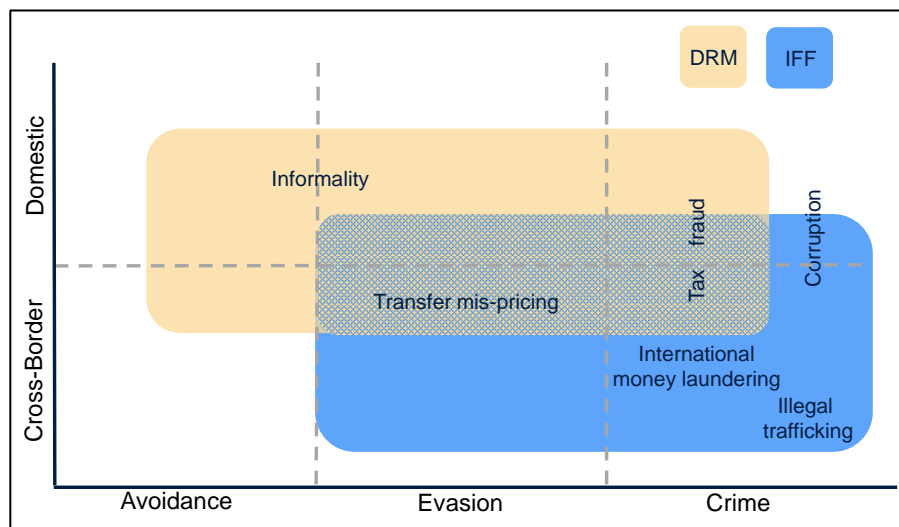
iv. **Moving forward, it is important for the WB to coordinate efforts across DRM and IFFs to effectively tackle key financing challenges for clients.** DRM and IFFs both have the ability to constrain the public resources available for public investment and service delivery, resulting in the need to: (i) identify internal synergies on areas of overlap (particularly tax evasion); and (ii) recognize the practical boundaries between the topics. Considered together, a comprehensive WB response to the challenges of financing for development can be developed in order to meet the Twin Goals.

INTRODUCTION

1. **Improving Domestic Resource Mobilization (DRM) and reducing Illicit Financial Flows (IFF) are essential elements of the emerging development paradigm defined by the Financing for Development Communique and the Sustainable Development Goals.** Both issues are central to enabling countries, communities, and individuals to benefit from economic activity. They involve institutions such as tax authorities, financial intelligence units, banks, large international firms, and law enforcement agencies that shape the way governments, individuals, and private firms interact.

2. **Despite their confluence in current development discourse, it is essential to recognize the boundaries between the two issues.** The decision to present a joint update has been driven by the extent to which they are interlinked at critical junctures. The Board Paper on ‘The World Bank Group’s Response to Illicit Financial Flows: A Stocktaking’ (March 22, 2016) established a clear WB working definition on IFFs along the lines of the connection with illegality (avoidance vs. evasion) and jurisdiction (domestic vs. cross-border)—but the practicalities of measuring and distinguishing lines of work along these lines remains difficult (see Figure 1, below). For example, while it is understood that tax avoidance is the expertise of the Global Tax Team, the distinction between avoidance and evasion is tenuous, and sometimes can only be determined after the fact based upon a legal ruling.

Figure 1: DRM / IFF Definitions & Overlap



Note: The graph shows the definitional scope of DRM and IFF issues by type of underlying transaction. For example, DRM efforts aim to address tax avoidance, evasion and tax crime, whether they involve domestic or cross-border transactions. IFF addresses cross-border transactions of an illicit nature (i.e., evasion and crime), as well as illicit activities that are themselves domestic in nature but involve cross-border financial flows. The size of the areas does not represent their relative importance in developing countries, and examples are illustrative.

3. **Moving forward, a focus of the WB is to effectively coordinate support in areas of overlap between the themes.** There are distinct areas of direct overlap between the IFFs and DRM agendas (particularly within international tax) along technical dimensions (e.g., beneficial ownership of firms and trusts), within specific institutions (e.g., ports and custom authorities), and at the policy level (e.g., the granting of tax holidays or the collection of revenues from natural resource extraction). To be fully effective, responses must draw from both the DRM and IFF lines of work to concurrently address both: (i) the tax policy and administration aspects enabling IFFs; and (ii) underlying activities and recovery efforts to further prevent IFFs.

4. **This Board Update provides an overview of progress made in the DRM and IFFs agendas and outlines the ongoing work plan.** Section Two outlines achievements and planned deliverables across the three DRM strategic efforts of: (i) international collaboration; (ii) global public goods; and (iii) country-level activities. Section Three documents IFFs progress since the Board Paper and the agreed work plan across its five strategic efforts. Finally, the Board Update concludes with identification of linkages and milestones for moving forward.

DOMESTIC RESOURCE MOBILIZATION

Context

5. **Domestic Resource Mobilization (DRM) has moved to the forefront of the post-2015 development agenda.** The international community has recognized the pressing need for developing countries to expand fiscal space as part of the “billions to trillions” effort to mobilize resources to meet the Sustainable Development Goals (SDGs).⁵ Broadening and deepening the tax base can help countries avoid dependence on official development assistance and foreign borrowing, while also serving as a catalyst for broader improvements in government accountability, responsiveness, and institutional capacity. In parallel, topics of equitable taxation have gained prominence in contemporary public debate—stemming from events including the leak of documents from the Panamanian law firm Mossack Fonseca to aggressive international tax planning by multinational corporations.

6. **Increasing tax revenues in developing countries – generally, by broadening the domestic tax base, improving tax compliance, and curbing tax evasion is critical to ending extreme poverty and ensuring shared prosperity.** There is increasing evidence that countries with tax revenues below 15 percent of GDP have difficulty funding basic state functions.⁶ Tax revenues in over one-third of IDA countries (36 percent) and 70 percent of fragile and conflict-affected countries are below that threshold, and tax revenues are lowest in countries where most of the very poor live. In addition to

⁵ “From Billions to Trillions: MBD Contributions to Financing for Development.” See also SDG Target 17.1: Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

⁶ IMF, OECD, UN, WB (2016); Gaspar, Jaramillo and Wingender (2016).

raising more revenue, there is also a need to focus on the quality, fairness, and equity of domestic tax collection. Revenues raised should end up benefitting the poor on a net basis, ensuring taxes paid are channeled into public services and other activities with a larger benefit to the poor.

7. **In the face of the growing momentum, the WB and partner multilateral institutions launched the *Platform for Collaboration on Tax*** in April 2016 in response to G20 calls for sharing information and developing tools and guidance on tax reforms.⁷ This platform builds on the achievements of the 2015 *Addis Tax Initiative (ATI)*, which sought to mobilize funding and ownership for tax systems strengthening in developing economies. Within the WB, the Global Tax Team (GTT) was established as a focal point for joining up these activities within the WB. The ambitious DRM agenda calls for supporting tax efforts in a broader set of countries, including through operations with improved project design and implementation.

8. **In IDA countries, WB DRM engagement will be further enhanced by the inclusion of the Governance and Institutions Special Theme in the recent IDA18 replenishment.** The need of IDA18 to concentrate on supporting client governments to strengthen their revenue base — particularly in FCV countries — has been an emphasis of both IDA Deputies and borrowing member countries. This has materialized into a policy commitment to provide support to at least a third of IDA countries targeted at increasing their Tax/GDP ratio through lending operations, ASA, and technical assistance in the IDA18 period from FY18 – FY21. This commitment to the delivery of coordinated DRM support is monitored internally by senior management on a quarterly basis and is reported externally on an annual basis through the Corporate Scorecard.

Conceptual Frame

9. **Domestic Resource Mobilization (DRM) typically refers to the generation of government revenue from domestic sources towards the objective of sustainable development finance.**⁸ While the definition can include revenue from either tax or non-tax channels (i.e., extractive royalties, licenses, transfers from state-owned enterprises or levies), this Board Update is focused on the WB's support to revenue collection through taxation. WB client countries, who are most in need of revenues to ensure the provision of basic services and to reduce poverty, often face steep challenges collecting taxes. The WB is committed to supporting clients to strengthen their capacity to develop and implement good tax policy—while also amplifying clients' voices in increasingly important global tax discussions.

⁷ The WB, with the IMF and OECD, joined the Addis Tax Initiative (ATI) at its launch in Addis Ababa, seeking to contribute through direct support for capacity building by developing knowledge and tools, supporting greater involvement of partner countries in the global tax debate, and establishing effective arrangements for international organizations.

⁸ European Commission (2015), USAID (2016).

10. **WB tax engagements aim to support countries to strengthen tax systems by facilitating the design and implementation of evidence-based tax capacity development and policy reforms.** Real progress has been made on increasing tax revenues—but in many developing countries these remain below the 15% Tax/GDP threshold. There is no prescribed set of reforms or targets appropriate to all countries: their potential, in terms of resource endowments and geographic location differ, as do governments’ goals and capacity. However, the WB has identified three primary DRM goals focused on taxation (Box 1).

Box 1: WB Three Tax-Focused DRM Goals

Establish mutually recognized roles of International Organizations (IOs) for more effective delivery for clients (paras. 13-16).

Strengthen the legitimacy of the international tax system (paras. 17-22).

Achieve a 15% of GDP minimum tax revenue in all countries (paras. 23- 30).

11. **Different strands of work come together to support comprehensive reform strategies at the country-level.** The first strategic effort of *International Collaboration and Coordination* focuses on enhanced cooperation by the major International Organizations (IOs) to systematically identify areas of comparative advantage and pre-empt risks of duplication or mis-sequencing of support. Strong international engagement underpins the second strategic effort of *Global Public Goods* that provides all parties the rigorous tools, diagnostics, and data to consistently identify the underlying weaknesses of country tax systems and the appropriate entry-points for reform. The third strategic effort of *Country-Level Activities* leverages the prior two in order to develop the ultimate of coherent, multi-faceted country-level programs of support. An overview of DRM activities is provided in Annex 1.

12. **Comprehensive country-level programs of support often combine a range of tools over a span of time.** For example, in Vietnam (Box 2), targeted technical assistance was provided upfront with a view to paving the way for deeper policy reforms. Building up from tools such as the Tax Administration Diagnostic Tool (TADAT) assessment, targeted areas of need can be identified for trust-funded TA programs in sectors such as business tax simplification and international tax. Once clients see results from initial support, this often translates into demand for broader system-wide administration reforms. Overall results in tax administration improvements can be assessed through repeat TADATs.

Box 2: Vietnam DRM Program Activities

Building on a long partnership on DRM issues with the Government of Vietnam, the WB has a comprehensive work program, aimed at supporting the country on its transition toward a new phase of economic development.

Building on lessons of previous operational support, the WB work program supports the Government of Vietnam in carrying out its 2015-2020 tax reform strategy. As a result of a collaborative effort between the GGP and MFM Global Practices, a package of instruments is being used in the following areas:

National and Sub-national development policy lending (DPL): The tax policy and actions proposed in this DPL reinforce the objective of revenue generation and investment climate improvement.

Tax Policy and Administration reforms: Drawing on the TADAT assessment led by a WB team, a technical assistance project is being prepared to support the Government on the design, implementation and evaluation of tax policy reform options, both for broad-based taxes and emerging sources of revenue such as environmental and property taxes.

International tax: As part of the WB's broader program to support client administrations in fighting base erosion and profit shifting risks, the WB supported development of a new transfer pricing (TP) decree to help Vietnam implement elements of the G20/OECD BEPS project and to join the OECD Inclusive Framework.

Business tax simplification: This Technical Assistance project supports the client to simplify tax regulations and lower the compliance burden for SME taxpayers. Reforms introduced include the adoption of VAT threshold, less frequent filing, other filing simplification measures on tax and accounting, and the adoption of risk-based audit.

Strategic Efforts

I. International Collaboration and Coordination

13. **The increased global emphasis on DRM requires unprecedented levels of coordination and cooperation by International Organizations (IOs) to strengthen client tax systems.** The main IOs (WB, IMF, OECD, UN) already provide extensive support to countries' tax efforts in capacity building, policy reform, standard setting, and policy dialogue. Historical coordination around this support has been traditionally *ad hoc*, however, loosely organized around the perceived comparative advantages and mandates of the respective organizations. The increased scale and ambition of global DRM commitments, therefore, requires sound and comprehensive reform strategies at the international level to pre-empt risks of: (i) unwarranted duplication; (ii) gaps and misalignment of support; and (iii) inconsistent or inadequately sequenced reforms driven by the interests and expertise of providers.

14. **The World Bank and partner IOs took a major step in responding to this challenge through the launch of the *Platform for Collaboration on Tax* at the 2016 Spring Meetings.** The

Platform serves as a central vehicle for the enhanced cooperation by the four IOs (WB, IMF, OECD, UN). It has now formalized regular discussions between the organizations and will strengthen capacity-building support, deliver joint outputs, and share information on operational and knowledge activities. In July 2016, the Platform delivered a joint report on *Enhancing the Effectiveness of External Support in Building Tax Capacity* to the G20 and will produce eight toolkits and reports mainly focused on translating the complexities of international tax issues into user friendly guidance for low capacity countries. The first toolkit on *Tax Incentives for Investment* was delivered in November 2015. The second toolkit on *Tools on Lack of Comparables for Transfer Pricing Purposes* was circulated for comments in January 2017, while the next on *Indirect Transfers of Assets* will be circulated by the end of FY17. Other bi-lateral initiatives have also deepened coherent action including the WB and IMF *Joint Initiative to Support Developing Countries in Strengthening Tax Systems*.⁹

15. **A primary objective of this coordination is to strengthen the participation and voice of developing countries in rapidly evolving global discussions—particularly on international tax.** Recent years have seen significant and rapid changes in the international tax landscape, with developing countries estimated to suffer the largest revenue loss from cross-border corporate tax avoidance, but also with the most to gain through new approaches to access to information on offshore accounts. Bringing the voice and interests of developing countries, particularly those too small to play a role at the G20 level, more fully into the debate on international tax policy issues is a key priority for the WB and the other Platform partners. The WB recognizes that membership in global forums is only the first step, however, and is committed to ensuring relevant actors make institutional structures work in favor of countries with varying capacities, including the tailoring of rules and standards to their circumstances.

16. **The WB will deliver the following under the first DRM strategic effort of *International Collaboration & Coordination*:**

Item	Description / Outputs	Number / Countries
Strengthen involvement of developing countries in DRM global discussion (with IMF)	<ul style="list-style-type: none"> • IMF-WB Annual and Spring Meetings Events to discuss international tax issues and consult on toolkits. • Thematic consultations on selected issues, such as transfer pricing. 	Global
International Tax Toolkits for G20 (with Platform partners)	<ul style="list-style-type: none"> • Toolkits to address BEPS and non-BEPS international tax issues in developing countries (with IMF, OECD, and UN). 	8 Toolkits (1 completed; 2 in draft)

⁹ In July 2015, the WB and IMF launched the Joint Initiative ahead of the Financing for Development Conference in Addis Ababa. Responding to country demands, the Initiative has two pillars: (i) Deepening the dialogue with developing countries on international tax issues; and (ii) developing improved diagnostic tools to help member countries evaluate and strengthen their tax policies.

II. Global Public Goods: Diagnostics, Data, and Evidence

17. **The second strategic effort is the development of evidence-based diagnostics and tools that serve as the reliable anchor for a country-level reform plan.** Consistent and trustworthy diagnostic tools are essential for appropriately identifying the weaknesses in a tax system and identifying the bottlenecks to inform the sequencing of reforms. It is essential for the international community to co-produce these tools so that stakeholders can use (and reference) the “same thermometer”. Therefore, whether the WB, IMF, or a country client is applying a tool, it will allow for coordinated efforts to diagnose the same underlying condition. This shared understanding among stakeholders facilitates the development of reform strategies that integrate their respective contributions. Once a reform is undertaken, the rigorous utilization of data and research can provide a real-time measure of progress—informing both in-country adaptive learning and contributing to the global knowledge base of ‘what works’.

18. **The WB, alongside partners in the Platform, has pioneered the development and roll-out of frontier diagnostic tools** to inform the selection and prioritization of reforms. These global public goods are serving as the foundation of WB country engagements (such as the aforementioned program in Vietnam) by providing a better understanding of the context and performance gaps of the tax system before designing a reform package. The two primary tools being utilized are:

- **Tax Administration Diagnostic Tool (TADAT):** TADAT is a framework designed to systematically evaluate the performance of a country’s tax administration. It looks at areas of core outcomes, using factors such as transparency, the percentage of taxpayers who pay on time, and whether an independent, accessible dispute-resolution system exists. It can help countries identify concrete reforms and measure progress. Over 35 assessments have been performed, for many of which the WB played a lead role.
- **Tax Policy Assessment Framework (TPAF):** Announced in Addis Ababa in July 2015, the WB and IMF are jointly developing the TPAF which will assess the performance of tax policy in developing countries in a systematic and standardized manner. Through application of a comprehensive set of performance indicators, TPAF allows for the identification of relative strengths and weaknesses in tax policy-related systems, processes, and institutions. Based on the assessment, actionable reform programs are designed, building a common understanding of a given country’s priorities in the tax policy area. TPAF-identified tax policy bottlenecks, priorities, and sequencing can serve as valuable information for all stakeholders, including country authorities, international and regional organizations.

19. **The WB is also taking the lead in the design of global tools and implementation plans to support countries to operationalize international tax related reforms domestically.** Tax policy and administration involving international transactions, aggressive tax planning, and tax avoidance have

become central issues both in identifying sources to tax base erosion and as impediments to DRM. Issues such as transfer pricing, tax rulings, offshore financial centers and information exchange — historically subjects of limited specialist interest — have gained recognition amongst a broader global audience that is concerned with equitable fiscal policy and sustainable development. The Tax Transparency Trust Fund finances two work streams targeted at addressing base erosion and DRM limitations caused by the current international tax architecture as highlighted in Box 3.

Box 3: Tax Transparency Trust Fund

Developing countries are particularly vulnerable to corporate tax base erosion because corporate tax revenues tend to account for a larger share of their national income. These are being tackled through tools focused on:

Transfer pricing, profit shifting, and addressing the international sources of tax base erosion:

- Diagnosing the sources of international tax risks and vulnerabilities (e.g., transfer mispricing, abuse of tax treaties, aggressive tax planning structures).
- Formulating a policy response to address international tax issues through the implementation of instruments, policies, and procedures (e.g., transfer pricing frameworks, interest deduction guidelines, prevention of treaty abuse and consistence with domestic legislation,), including country and region-based solutions.
- Implementing the administration of instruments (e.g., introduction of new audit techniques, risk assessment tools, new accounting standards common reporting standards, country-by-country reporting).

Improving tax transparency as a means to strengthen tax administrations and to identify tax avoidance and tax evasion:

- Supporting countries in meeting global standards for tax transparency and exchange of information (e.g., identifying beneficial ownership sources, implementation of exchange of information procedures, strengthening tax treaties).
- Supporting countries in building risk assessment systems to identify risky transactions that could be vehicles for tax avoidance, tax evasion, and illicit flows.

20. **Tools have also been developed to assist law enforcement agencies in preventing, detecting, and prosecuting tax crimes.** The GGP and INT Practices have worked closely with various tax administrations to develop a Tax Crime Assessment Toolkit with short-term outputs including: (i) a Tax Crime Awareness Handbook; (ii) a Threat Assessment Tool; and (iii) a note on the benefits and legal limits of cooperation between tax authorities and other law enforcement agencies. In October 2016, as part of the data gathering process, the WB convened delegates from the East African Community (EAC) revenue authorities to discuss tax crime hotspots in the EAC region, emerging threats, and new solutions available to enforcement authorities.

21. **The WB is embarking on a program of actionable research and data collection to push the global knowledge frontier on ‘what works and why’ in tax reform.** The GTT has launched a program entitled Innovations in Tax Compliance with the objective of influencing the design of the WB’s tax operations by consolidating evidence and identifying the frontier on how to improve tax compliance in developing economies. The GGP and DEC have partnered to launch the *ieGovern Initiative* to conduct impact evaluations that will provide deeper understanding of issues such as tax behavior and tax compliance. A sample of current DRM-focused studies include experiments on property tax compliance in Colombia and the interaction of electronic revenue systems and supplementary tax morale interventions in Tanzania.

22. **The WB will deliver the following under the second strategic effort of *Diagnostics, Data, and Evidence*:**

Item	Description / Outputs	Number / Countries
Tax Policy Assessment Framework (TPAF)	<ul style="list-style-type: none"> • Development and implementation of TPAF (jointly with IMF) to assess the performance of tax policy in developing countries in a systematic and standardized manner. • Pilots for data gathering and preliminary assessment. 	1 Standardized Framework
Tax Administration Diagnostic Assessment Tool (TADAT)	<ul style="list-style-type: none"> • Perform continued TADAT assessments in client countries. • Develop complementary diagnostic modules. 	4 TADATs with WB participation per year
International Tax Tools (with Platform partners)	<ul style="list-style-type: none"> • Address base erosion and DRM limitations caused by current international tax architecture. • Tools to diagnose sources of international tax risks and vulnerabilities. 	Global
Tax Crime Tools	Development of: <ul style="list-style-type: none"> • Tax Crime Awareness Handbook. • Threat Assessment Tool, and Note on benefits and legal limits of cooperation between tax authorities and law enforcement agencies. 	Global
Research and data	<ul style="list-style-type: none"> • Including Impact Evaluation components in tax projects. 	2-5 (incl. Tanzania, Colombia)
	<ul style="list-style-type: none"> • Research reports on tax compliance and efficiency, sufficiency and equity aspects of taxation in developing countries. 	Global

III. Country-Level Activities and Results

23. **The third strategic effort is dedicated to the delivery of coherent, multi-faceted country-level programs of support.** Historically, the majority of the WB's interventions and support on taxation have been sub-components of larger Public Financial Management (PFM) projects or pieces of trust-funded technical assistance. This has resulted in internal activities that were not necessarily linked and, at times, disjointed programs that did not feed up into a commonly endorsed and country-owned revenue strategy. The WB is integrating piecemeal reform efforts on DRM into a comprehensive set of interventions to ensure that all tax-related support ultimately works supporting the client's tax reform objectives. For example, in Pakistan (see Box 4) the WB is implementing a comprehensive TA program on tax policy and tax administration that covers both the federal and provincial levels. Mobilizing staff from three Global Practices (GGP, MFM, T&C), the program has contributed to results including a 30% increase in tax receipts and, in turn, increased government demand for future project support.

Box 4: Pakistan Support for Tax Policy & Administration

To address a low rate of revenue mobilization (9.5% of GDP in 2012), Pakistan is reforming tax policy and administration with World Bank support through the Pakistan Trust Fund for Accelerating Growth and Reforms (TAGR). The program is built on lessons learned in the previous Tax Administration Reform Project (TARP), which encountered strong internal resistance to change with tax authorities, by taking a more holistic approach to tax policy, tax administration, and expenditure. The project mobilizes staff from three Global Practices (GGP, MFM, T&C) to provide technical assistance to support client-driven reforms that help meet policy objectives of increasing fiscal space to fund quality social expenditure and improved provision of public services.

The TAGR has deployed an innovative set of tools covering process mapping and reengineering of the tax administration, IT assessments, HR assessment, stakeholder analysis, and a monitoring and evaluation framework. Front-loaded technical assistance sets the agenda for more systemic policy, institutional, and system reforms.

Results to date (since January 2015):

- Tax to GDP ratio increased by 2% over three years.
- Taxpayer registration and payment increased nationwide by about 9% and 30% respectively.
- Quick-win policy actions implemented (tax exemptions reduced).
- Institutional reforms introduced at the federal and provincial levels (tax policy units operational).
- IT reforms implemented, but not seen as an end in itself.
- Audit strategy and culture is changing to adopt risk-based systems.
- Audit modern techniques and staff capacity enhanced and meeting targets.

24. **Developing a medium-term revenue strategy (MTRS) can enhance country-level coordination.** The MTRS can help support a well sequenced, coordinated tax reform program around an explicit multi-year plan with support from different partners (see Box 5). Once a revenue goal is set, the MTRS sets out reforms in tax policy, administration, and the legal frameworks which need to be tightly coordinated. This encourages the avoidance of the ad-hoc reforms and dispersed policy aims that, in the past, have constrained improvement in tax administration.

Box 5: Core Elements of an MTRS

- A social contract on the level of revenue mobilization effort for the medium-term (5-10 years) with due consideration to the poverty and distributional implications of the associated measures.
- A comprehensive reform plan for the tax system, reflecting country circumstances and the state of institutional capacity:
 - A redesign of the policy setting to meet the revenue goal.
 - A reform of the revenue agencies to properly administer the policy setting and to achieve a high level of taxpayers' compliance to meet the revenue goal.
 - A strengthening of the legal framework to enable the policy redesign and administration reform, including by balancing revenue agencies' powers and taxpayers' rights.
- A country's commitment to a steady and sustained implementation, notably by securing political support and resourcing.
- Secured financing for the capacity development effort (technical assistance and training) to support the country in overcoming domestic constraints to formulate and implement an MTRS effectively.

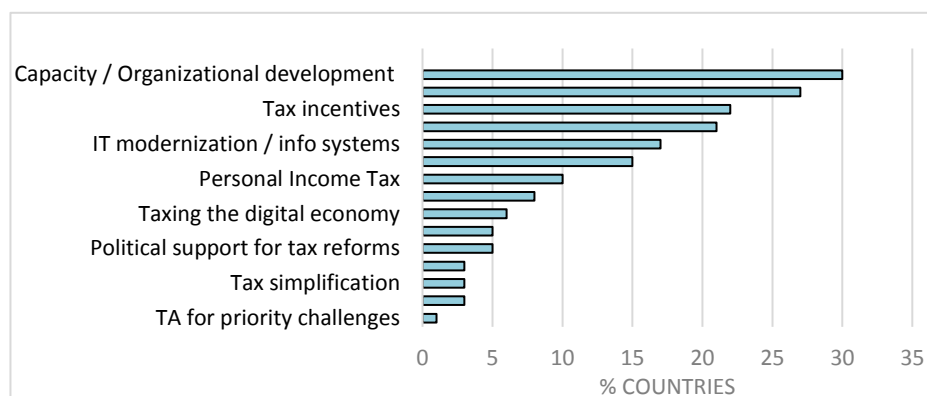
Source: IMF, OECD, UN, WB (2016). *Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries*. Prepared for submission to G20 Finance Ministers.

25. **The WB is also deepening client participation through Regional Consultations to hear and discuss the views and demands of countries about their priorities for support.** The consultations for East Africa were held in Dar es Salaam in April 2016 and attended by seven countries¹⁰. The consultations for East Asia were held in Seoul in June 2016 and attended by thirteen countries¹¹. Further consultations will be held in the Balkans and Eastern Europe (Vienna), South Asia (Colombo) and in Latin America. The priorities expressed are summarized in Figure 4, displaying the demand for capacity development and organizational strengthening as well as support on various thematic areas. In addition, events held at the IMF-WB Annual and Spring Meetings (such as the October 2016 event on Tax Treaties) have been used to bring perspectives of developing countries to the forefront and showcase results of reforms.

¹⁰ The East Africa consultations included: Tanzania (host), Mozambique, Malawi, Zambia, Burundi, Uganda, and Ethiopia.

¹¹ The East Asia consultations included: South Korea (host), China, Mongolia, Philippines, Indonesia, Timor Leste, PNG, Vietnam, Cambodia, Laos, Thailand, Malaysia and Myanmar.

Figure 4: Summary of Aggregate Priorities for DRM from Consultations



26. **The WB has organized itself internally through the creation of the Global Tax Team (GTT) to better respond to comprehensive country demands.** Expertise on tax is mostly located in the Equitable Growth, Finance, and Institutions (EFI) Vice Presidency and include 30 tax experts and an additional 80+ staff members who are substantially involved with tax in their work programs. The GTT creates a focal point for countries and development partners to engage on all tax related activities. This enables WB teams to apply a more comprehensive approach to tax issues, harness particular sets of expertise, and provide partner countries with a more integrated approach in the efforts to improve DRM. These synergies are highlighted by engagements like the ECOWAS Regional Program (Box 6) where the WB is working with four West African countries simultaneously to tackle international tax issues and deepen regional integration.

Box 6: ECOWAS Regional Program

The ECOWAS Regional Program is part of a 4 year WB engagement with ECOWAS and aimed at deepening regional integration in West Africa. The project focuses on investment policy and international taxation to foster the regional expansion of cross-border investments.

The taxation work stream includes a major transfer pricing component which aims to: (i) improve legislation and capacity in the tax administration for transfer pricing enforcement, with a view to increasing revenues; and (ii) provide greater certainty to multinational enterprises on the compliance requirements and risk associated with transfer pricing.

The program is currently supporting comprehensive country advisory programs on transfer pricing and international tax issues in partnership with:

- **Nigeria:** The team has been working with the Federal Inland Revenue Authority (FIRS) of Nigeria since November 2014, providing assistance with transfer pricing risk assessment, a number of transfer pricing policy issues and capacity building. At the Regional Meeting in October 2016, FIRS announced that it had closed the first set of TP audit cases, leading to adjustments of more than USD 20 million.
- **Liberia:** The team works closely with Liberia's Revenue Authority since April 2015, in support of the ongoing initiative to build an effective transfer pricing regime in the country. The WB has provided input and advice on the drafting of the new guidance and a transfer pricing return schedule, developed practice notes to guide taxpayers, and set up a transfer pricing unit within the tax administration.
- **Senegal:** Following a comprehensive review of Senegal's transfer pricing legal framework, the team is currently working with Senegal's tax administration (DGID) on revising the primary law and developing the transfer pricing regulations, transfer pricing return schedule and transfer pricing manual for auditors.

27. **The expansion of the tax portfolio is ongoing as increasing country demand (in combination with commitments to the Addis Tax Initiative) requires an increase in support, which often comes through tax projects.** The active portfolio of lending operations includes 86 active projects with tax themes or components (32 IBRD and 54 IDA). In addition, 29 Trust Funds (TFs), with a total of donor pledges valued at US\$51.6 million, support DRM in developing countries. In FY16, 19 lending operations were approved, including 10 DPOs and 9 IPFs, predominantly in Sub-Saharan Africa and South Asia regions.

28. **Including support for DRM as an IDA18 policy commitment under the Governance and Institutions Special Theme calls for scaling up ambition in this area.** Historically, tax lending operations have been typically executed in middle-income countries (particularly in Eastern Europe and Central Asia). As one of the largest sources of assistance for the world's 77 poorest countries, DRM's prominence in IDA18 will focus attention on traditionally under-represented segments including the Africa Region and in FCS countries. Through IDA18, the World Bank has committed to supporting 'at least a third of IDA countries targeted at increasing their Tax/Gross Domestic Product (GDP) ratio through lending operations, ASA and technical assistance including tax diagnostic

assessments.’ Tax indicators on Tax/GDP Ratio and Number of Registered Taxpayers will also be measured as part of the IDA Results Measurement System (RMS) and WB Corporate Scorecards.

29. The WB will deliver the following under the third DRM strategic effort of *Country-Level Activities & Results*:

Item	Description / Outputs	Number / Countries
Regional Consultations	<ul style="list-style-type: none"> Regional consultations with client governments to identify DRM priorities. 	5 (2 completed) by end-FY17
Medium Term Revenue Strategy (MTRS)	<ul style="list-style-type: none"> Commitment to develop and pilot MTRS with national authorities. 	3 – 5 pilots initiated by end-2017

ILLICIT FINANCIAL FLOWS

Context

30. **The purpose of this section is to inform the Board on the World Bank's (WB) progress on the Illicit Financial Flows (IFFs) agenda since the presentation of the IFFs Board Paper in March 2016.** The IFFs Board Paper provided a WB working definition for IFFs (Box 7). It also reviewed the negative consequences for development associated with IFFs, reviewed international commitments to reduce IFFs, and provided an inventory of past and on-going WB engagements. Finally, it defined a set of priorities for the short to medium-term that would make best use of the WB's comparative advantages to strengthen the impact of work on addressing the activities that give rise to IFFs and preventing the flow of illicit financial assets.

Box 7: WB Working Definition of IFFs

Illicit Financial Flows (IFFs) generally refers to cross-border movement of capital associated with illegal activity or more explicitly, money that is illegally earned, transferred or used that crosses borders. This falls into three main areas:

- The flow itself constitutes an illegal act (e.g., international tax evasion, violation of capital account restrictions); or
- The funds are the results of illegal acts (e.g., corruption, smuggling and trafficking in minerals, wildlife, drugs, and people); or
- The funds are used for illegal purposes (e.g., financing of organized crime).

The principle adopted by the WB is that cross-border movement of financial assets are considered illicit only when they are associated with activities that are deemed to be illegal in the local jurisdiction.

Source: WB IFFs Board Paper (2016)

31. **The priorities identified by the WB for its engagements focus on establishing analytical and operational approaches to addressing IFFs as a core developmental issue.** WB efforts on responding to IFFs have been organized around three work streams as outlined by the IFF Board Paper: (i) measuring illicit flows; (ii) assisting client countries in preventing the underlying behaviors that give rise to illicit funds; and (iii) supporting country and international efforts to stop the flow of illicit funds and recover stolen assets. These efforts as a whole have been provided by different teams and, as noted in the Board Paper, the challenge is to find synergies and operationalize collaboration across efforts that had not been conceived as part of a broader engagement. Work is currently on-going to draw stronger linkages across the different work streams (including between IFFs and with DRM) and better leverage partnerships (country, regional, and, international) to extend the range, depth, and impact of IFFs engagements.

32. **This Board Update focuses on the five strategic efforts proposed in the IFF Board Paper.** These five areas of focus (Figure 5, below) were identified in the Board Paper as the WB’s short to medium-term priorities in order to generate progress and momentum across the WB’s three work streams.

Figure 5: Summary of IFFs Strategic Efforts

Strategic Efforts	Measuring flows	Preventing underlying activities	Preventing illicit flows and recovering assets
Improve the tools to measure IFFs	X		
Develop greater integration across interventions at country level		X	X
Explore the lessons from StAR and their relevance for recovering other IFFs		X	X
Build capacity in critical areas for reducing IFFs		X	X
Strengthen global coalitions to reduce IFFs		X	X

33. **Since the presentation of the IFFs Board Paper in March 2016, progress has been achieved across the five strategic efforts.** These achievements are reviewed in following subsections. Additionally, an overview of the activities that will be undertaken over the course of the next 18 to 24 months is provided and complemented by a matrix of activities that includes greater detail on the specific on-going efforts (Annex 2).

Strategic Efforts

I. Improve the tools to monitor and measure IFFs

34. **A precondition for reducing the developmental consequences of IFFs is the ability to determine the extent to which a country is exposed to IFFs and to identify those countries where IFFs pose the greatest risk to poverty reduction and shared prosperity.** Measurement issues also loom large in regard to the SDGs, where countries have committed to demonstrating progress in reducing the problem. Recent work has raised important questions about the methodology used in current estimations and the reported country and global value.¹² The WB is working closely with the UN, the OECD, and the IMF, as well as other organizations, to establish the tools required to identify environments where IFFs pose the greatest threat to development, and to determine the impact of policies designed to stop the flows.¹³

¹² See Forstater, Maya (2017). Aid in Reverse: Facts or Fantasy? Center for Global Development. <http://www.cgdev.org/blog/aid-reverse-facts-or-fantasy>

¹³ For a detailed analysis of issues in the calculations of IFFs in South Africa, see: UNCTAD (2016). Trade Misinvoicing in Primary Commodities in Developing Countries: The Cases of Chile, Cote d’Ivoire, Nigeria, South Africa, and Zambia. http://unctad.org/en/PublicationsLibrary/suc2016d2_en.pdf

35. **The objective of the IFFs Monitoring and Measurement strategic effort during this first phase** is to develop the tools to: (i) establish a constructive understanding of what constitutes IFFs, especially around tax issues and; (ii) refine the specific methodologies for capturing these at the regional and domestic level.

36. **Since the Board Paper, the WB's efforts to achieve these objectives are now progressing along three related dimensions:** (i) creating a methodology to distinguish countries on the basis of their exposure to IFFs; (ii) conducting a country-specific study that explores how to monitor and measure specific aspects of IFFs at the domestic level; and (iii) developing a multi-jurisdiction risk assessment tool building on the successful experience of the Money Laundering and Terrorism Financing National Risk Assessment tool (NRA). While each of these activities is analytically distinct, they are linked by a common framework for defining IFFs, and are intended to inform and enrich each other.

37. **As proposed in the IFFs Board Paper, the Rapid Assessment Tool (RAT) for exposure to IFFs is being designed to identify countries where IFFs pose a substantial risk to development.** Since the Board Paper, a leading group of scholars and practitioners at the forefront of IFFs, risk analysis, and assessment approaches has been assembled to develop a preliminary version of the tool (Box 8). The assessment methodology is utilizing existing data sources and indicators. The conceptual and technical basis for the tool is currently under development and will be subject to rigorous review and shared in public forums. The preliminary tool will be validated based on pilot desk studies and by field studies. Application of the RAT is expected to trigger additional analysis on the developmental impact of IFFs in those countries in the highest risk category. While a point estimate of a particular country's level of IFFs may not be possible, the RAT will allow an assessment of a particular country's exposure to IFFs in the context of their development challenges.

Box 8: Steps in Constructing the IFFs Rapid Assessment Tool (RAT)

- (1) Establish an operational definition of IFFs – accomplished.
- (2) Finalize a conceptual framework to identify the factors associated with risks of IFFs that enables differentiation among countries – within next 3 months.
- (3) Determine indicators/proxies for the factors associated with IFF risk from existing data sources – by the end of FY17.
- (4) Establish a methodology for undertaking the risk assessment and a mechanism for communicating the outcome of the assessment – by September 2017.
- (5) Validate that the assessment tool can be applied across a number of countries and that the assessment categorization is in accordance with field-based assessments – by December 2017.
- (6) Subject each step of the process to rigorous review, analysis, and revision – by March 2018.

38. **Strengthening country level analysis represents the core of the WB’s work on assessments and measurements.** Work at this dimension is fundamental to designing country programs to confront IFFs, and for measuring changes over time. During this fiscal year, the World Bank is continuing to support National Risk Assessments (NRA) of AML/CTF – a knowledge-based decision making tool used to assist decision makers with identifying and assessing the actual sources of the money laundering (ML) risk in a country and developing action plans to mitigate their risks and improve the effectiveness of the anti-money laundering (AML) environment. Thirty NRAs are in process, and five will be completed by the end of FY17. It is important to recognize that the NRA tool does not measure the composition or size of IFFs in itself but provides valuable context information. The resulting risk-based action plans are designed to improve the effectiveness of the AML system as a whole by ensuring risk based allocation of human and financial resources, and therefore result in improved investigation and prosecution of financial crimes such as corruption, tax evasion, and fraud. The WB is also continuing work with countries on strengthening measurement of specific components of IFFs – such as work in Madagascar on assessing the value and composition of illicit trade (Box 11) and contributions to efforts to enhance the measurement and monitoring of illegal logging and fishing.

39. **Since the IFFs Board Paper, the WB has continued to develop methodologies for estimating different dimensions of IFF.** Notably, work has begun for the development of a study that will aim to measure the size of illicit flows in the South African economy at a macroeconomic level, building on earlier efforts in Colombia (as referenced in Box 2 of the previous IFFs Board Paper).¹⁴ In partnership with the Ministry of Finance and the Center for Financial Intelligence of South Africa, a team (which includes the DEC experts that developed the methodology for the Colombia study) is organizing a multi-agency workshop in South Africa to identify the information available and the main stakeholders. As a result of the workshop, the team will be able to refine the scope of the project and determine the extent to which the Colombia models can be replicated.

40. **Building from the experience delivering over sixty National Money Laundering and Terrorism Financing NRAs, the World Bank has begun the development of an assessment tool for a regional risk assessment.** The aim is to develop a methodology that supports clients in identifying possibilities to strengthen effective international cooperation between jurisdictions, either within a region or among jurisdictions that are part of one or more criminal corridors. This methodology will be used in the delivery of technical assistance. It is expected that a consultation on the pilot of the methodology will be carried in March 2017 in the East Asia Pacific (EAP) region.

¹⁴ Villa, Edgar, M. Misas, and N. Loayza, “Illicit Activity and Money Laundering from an Economic Growth Perspective: A Model and Application to Colombia,” World Bank Policy Research Paper Series, No. 7578, 2016.

41. **The objective of the IFFs Monitoring and Measurement strategic effort during this first phase** will be achieved through the following activities:

- **Establish and Field-Test Rapid Assessment Tool**
 - Finalize the methodology for undertaking a RAT, with field-test in two countries to demonstrate proof-of-concept.
- **Establish Methodology for Core Principles of Measuring IFFs**
 - Literature review of methodologies for measuring IFFs.
 - Continue development of country-specific methodologies for measuring specific aspects of IFFs.
- **Support National Risk Assessments of AML/CMT Risks**
 - Deliver five NRAs.
 - Develop methodology for regional and sub-regional threat assessments (including the consultation on methodology in EAP during March 2017) with test in one sub-region.

II. Develop greater integration across interventions at the country level

42. **As proposed in the IFFs Board Paper, the WB is now working with countries beginning to explore the creation of strategies specifically designed to reduce and prevent IFFs.** Historically, many countries have been engaged in efforts to prevent the underlying activities that give rise to illicit flows and/or prevent the movement of illicit funds across borders, but with interventions that have remained separate and distinct. Going forward, WB support to countries will focus on recognizing and dealing with illicit flows as well as underlying linkages. There has been some traction with this approach since the last IFFs Board Paper. For example, in Panama a strong dialogue led to a reform program to address interconnected issues of international tax and AML/CFT which was supported as a pillar in a Development Policy Financing (DPF) loan (Box 9). The accelerated and effective reform program supported by this lending operation—particularly in the context of the elevation of IFFs issues in the wake of the leak of the documents of the Mossack-Fonseca legal firm—highlights the benefits of collaborating across GPs on historically isolated topics.

Box 9: Panama Development Policy Financing

In June 2016, the \$300 million *Second Programmatic Shared Prosperity* Development Policy Financing (DPF) for Panama was approved by the Board. This second DPF in a series of three was enhanced in scope to support reforms in the areas of international tax and financial integrity.

While the topics of international tax and AML/CFT have been historical areas of focus in Panama's broader shared prosperity agenda, the April 2016 events around the leak of documents from the Mossack-Fonseca legal firm further highlighted the need to bring the framework for international tax transparency closer to international standards and to ensure the effective implementation of the recently-adopted AML/CFT legal regime.

Specifically, a prior action was introduced focused on the Government's commitment to adhering to 'Common Reporting Standards for Automatic Exchange of Financial Account Information in Tax Matters' with triggers around:

- (1) The Government enactment of legislation in line with its commitment to adhere to the Common Reporting Standards for Automatic Exchange of Financial Account Information in Tax Matters.
- (2) The Superintendence of Banks completion of a semi-annual report on the implementation of the new supervision procedures on bearer shares and beneficial owners (beyond the custodian) in alignment with the amended anti-money laundering legislation.

43. **Initial work has started to identify the entry points necessary to build country-level demand for the development of IFFs strategies.** Details on ongoing WB engagements in Sierra Leone and Madagascar are provided in boxes 10 and 11. These efforts are meant to generate demand by enabling countries to gain a general understanding of the dimensions and dynamics of the IFFs challenge. These efforts also build upon the foundation of the increasing collaboration that has been forged at the technical level in countries and at the World Bank on traditionally DRM-focused issues such as preventing tax evasion in extractive industries, strengthening the linkages between tax and law enforcement officials, and the integration of data on tax payments and financial disclosures. Where there is strong country ownership, developing a country level approach to IFFs can be effectuated through establishing greater coordination among existing activities or may take the form of an IFF country strategy involving a set of sequenced and prioritized activities that are specifically designed to prevent and stop IFFs.

Box 10: Strategic Engagement on IFFs in Sierra Leone

A multi-disciplinary team is collaborating this fiscal year in Sierra Leone to analyze the scale and scope of IFFs in the country and works toward a strategy designed to reduce their negative developmental impact. This efforts, meant to help with dialogue to build demand for broader IFFs work in country, will build on existing interventions relating to tax policy and administration, corruption and natural resource management to determine potential ways to improve impact and effectiveness through greater integration and coordination.

The results of the analysis and planning will be an input into the policy dialogue in the country and learning from the process will be captured through knowledge management.

Similar engagements are under discussion in a number of other countries who have started to implement their Action Plans developed as a result of their National AML/CFT Risk Assessment exercise and/or countries that are in the process of developing and implementing national anti-corruption programs.

44. **As dialogue on IFFs becomes more mainstreamed with clients, demand for country-level support is expected to increase.** Requests for support specifically on IFFs are expected to rise in the near term based on some preliminary requests for information, spurred on by public demand, and a continued high-level focus. WB leadership has also moved to elevate work on addressing IFFs into its corporate commitments. Of particular note, IFFs were highlighted as a core development issues throughout the IDA18 replenishment process, resulting in a dedicated policy commitment for ‘performing IFFs assessments’ in ten IDA countries from FY18 - FY20.¹⁵

¹⁵ One of the twelve Governance & Institutions policy commitments for the IDA18 period (FY18 – FY20) is to ‘Perform IFFs assessments in at least 10 IDA countries to support the identification and monitoring of IFFs’.

Box 11: Fighting customs fraud and IFFs in Madagascar

The WB is providing a comprehensive set of technical support to the Government of Madagascar to combat IFFs through: a review of the level of compliance of the Malagasy Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) regime towards international standards using the Financial Action Task Force (FATF) methodology; and technical and analytical support to reduce customs fraud in the country, estimated to be at least 30% of collected revenues.

Based on this, on-going support to the government includes a technical compliance review of the Malagasy AML/CFT legal and operational framework against FATF recommendations (to be completed by June 2017). The assessment report will consist of a comprehensive analysis of the strengths and weaknesses of the Malagasy AML/CFT regime, as well as policy and operational recommendations with concrete priorities to help the authorities combat illicit financial flows related activities. Work will also include follow up support on the recommendations of the AML/CFT report.

Furthermore, through an ongoing project on Public Sector Modernization, the World Bank has helped design individual performance contracts in the main port of the country (Toamasina) in order to better target and reduce fraud. In January 2017, four months after the introduction of performance contracts, registered fraud cases have increased threefold and collected revenues have increased by 15% compared to last year all other things being equal.

45. **As committed in the Board Paper, the WB has begun to proactively consider IFFs within the context of the Systematic Country Diagnostic (SCD) and Country Partnership Framework (CPF).** Using an analysis of SCDs and CPFs, the WB is developing guidance on how teams might consider IFFs as a development issue, which will be complemented by BBLs and other learning events to enable WB staff and teams to gain a better understanding of IFFs as a developmental issue.

46. **The objective of the *Country-Level Integration* strategic effort over the next 18 to 24 months is to institutionally establish:** (i) the core components of a country-level IFFs strategy; and (ii) an integrated method of treating IFFs in the SCD process. This will be achieved through the following activities:

- **Establish guidance for treatment of IFFs in SCDs**
 - Guidance for treatment of IFFs in SCDs.
- **Work with country teams on developing and implementing IFFs Strategies**
 - Creation of IFF country strategy and implementation support plan.
- **Increase the awareness of WB staff on the WB's approach on IFFs**
 - Workshops/seminars for WB staff on IFF approaches.

III. Explore lessons from StAR and their relevance for recovering IFFs

47. **Asset recovery is high on the global agenda and a core component of many IFFs strategies**, included both in the Sustainable Development Goals (SDGs) and the Financing for Development framework. The close link between IFFs and asset recovery is spelled out in Target 16.4 of SDG 16 which seeks to “significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime” by 2030. The WB statement at the high-profile London Anti-Corruption Summit in May 2016 reinforced this focus and highlighted the WB’s commitment to enhance work on both preventing IFFs and supporting the return of stolen assets associated with corruption.

48. **The Stolen Asset Recovery Initiative (StAR) is the World Bank’s central engagement on the topic**— a partnership that was established in 2007 between the World Bank Group and the United Nations Office on Drugs and Crime (UNODC), supporting international efforts to end safe havens for corrupt funds. Related to IFFs, StAR helps countries build capacity to trace stolen assets through the financial system and request mutual legal assistance from financial centers to freeze, confiscate and return the stolen assets. This initiative also supports countries with actual cases in broad terms (but not getting directly involved in the cases) and plays the role of facilitator between jurisdictions involved in the asset recovery efforts. Moreover, StAR provides practical advice while training practitioners how to use “follow the money” tools, conduct investigations and request international cooperation.

49. **StAR has supported over 30 countries in their stolen asset recovery efforts.** Asset recovery can be a protracted process, further complicated when money is laundered through multiple jurisdictions using shell corporations that shield beneficial ownership from law enforcement. Lack of political will, lack of transparency, and the inability for domestic and foreign counterparts to cooperate effectively are the main obstacles to asset recovery.

50. **In identifying the main obstacles in asset recovery, StAR also learned how to overcome some of these challenges.** Pertaining to the activities under this strategic effort, StAR’s experience with corruption proceeds may also provide critical insights in the recovery of assets associated with other aspects of IFFs, including tax evasion and trade fraud. Therefore, the prioritized activities aim to generate and disseminate knowledge, and exchange good practices and lessons learned with other fields.

51. **The following two activities will be carried out in the next 18 to 24 months.** The first activity, following the Board Paper commitment, is expected to take place this fiscal year in May 2017. It will, in turn, serve as a key input for the development of the second activity and any other follow up work in this field.

- i. **Organization of a technical workshop involving asset recovery experts from the tax and corruption fields**, with the objective of providing a space for knowledge exchange and lessons learned. The May 2017 workshop will bring together experts and

practitioners from both developed and developing countries in order to foster a wide-ranging discussion with diverse viewpoints resulting in a comprehensive and robust understanding of the issues surrounding taxes and asset recovery. The workshop will be attended by experts such as tax administrators, auditors, and investigators as well as private tax lawyers and auditing firms. Criminal prosecutors, investigators and judges, experts from the banking realm, financial intelligence units, and academia would also be in attendance. The main focus of the workshop will be tax evasion and will cover topics such as tools for investigations and asset recovery, channels for exchange of information, burden of proof, key aspects of successful cases, international cooperation, etc. The expected output of this workshop is to inform a discussion and future publication on the contribution of tax proceedings, legislation and enforcement to the recovery of illicit assets.

- ii. **Study on lessons learned from recovery** of proceeds of corruption and potential applications to the recovery of assets related to tax evasion.

52. **The prioritized activities for this strategic effort are knowledge-focused.** Improving knowledge on recovery of illicit funds can promote more country commitments to asset recovery, ensure that a wider range of tools are available and used, can guide domestic policy development, resource allocation, and strategic planning in this area. Furthermore, expanding knowledge on the synergies between recovery of the proceeds of tax evasion and of corruption can lead to more collaboration between these fields both at the domestic and international level. In particular, the development and delivery of the aforementioned technical workshop will be a key activity this year focusing on knowledge exchange. The insights from this workshop will be collated for input into the study on lessons learned from the recovery of corrupt proceeds. Any gaps in information will be identified and addressed accordingly.

53. **The objective of the StAR strategic effort is to deepen the understanding of recovery of assets beyond the proceeds of corruption, as it relates to IFFs.** The effort is also designed to enrich the on-going work on recovering the proceeds of corruption through exposure to techniques used in pursuing tax evasion. This will be achieved through the following activities:

- **Explore recovery of assets in related IFFs areas**
 - Preliminary study on lessons from recovery of proceeds of corruption and potential applications to the recovery of assets related to tax evasion.
 - Technical workshop on enhancing the effectiveness of recovery of assets related to tax evasion (including topics of channels for exchange of information and burden of proof).

IV. Build capacity in critical areas for reducing IFFs

54. **The impact of the World Bank’s engagements on IFFs will be primarily determined by efforts to support capacity development in key institutions.** The Board paper provided an extensive discussion of the range of on-going World Bank efforts that relate to IFFs. The various activities reflect the span of IFF. One set of activities concentrates on building capacity among tax and law enforcement officials to identify and sanction tax evasion. Closely related engagements focus on improving governance in natural resource management, including support for obtaining beneficial ownership information on companies working in extractive industries, increasing the transparency of revenue flows around the exploitation of natural resources, as well as the transparency around the content and signing of licensing agreements. The capacity to address trade fraud is being addressed by extensive programs with customs authorities and through work on trade policies. Efforts relating to strengthening financial disclosure systems strengthen systems for preventing corruption and detecting abuse, while efforts to enhance the functioning of judicial systems serve to reduce the influence of corruption on the workings of the courts. The engagement is topped off by extensive work on building the capacity of officials to work with other governments to enable the return of stolen assets. The attached matrix of activities (see Annex 2) provides additional details on the specific work that is taking place this year in these areas.

55. **Projects and programs are starting to be developed that bring together IFF related interventions.** Efforts to establish stronger links between tax and legal authorities has already been discussed in the DRM portion of this Board Update, and serves to link the efforts of the WB’s tax group with those of INT and Finance and Markets Global Practice. The recently approved *Second Programmatic Shared Prosperity Development Policy Financing* for Panama (Box 9) explicitly supported a combined program of reforms in Panama to enable the country to effectively adhere to the Common Reporting Standards on tax payments and implement its anti-money laundering regime. Projects like this point the way towards fully operationalizing IFF in the WB’s portfolio and are expected to be developed in other jurisdictions.

56. **The WB’s priority for the next 18 to 24 months is to advance capacity development work on key topics and critical juncture points in operational arrangements.** Those topics include: improving systems for identifying the beneficial owners of firms and other legal entities; establishing protocols and mechanisms to coordinate information gathering in order to determine IFF risk and identify specific transgressions; and establishing platforms to enable collaboration between government and non-governmental organizations on oversight and monitoring of IFF-related activities. These activities include supporting strengthening of oversight of contract implementation and revenue collection in the area of natural resource management and increasing information on beneficial ownership of firms.

V. Strengthen global coalitions to reduce IFFs

57. **Effectively reducing IFFs requires cooperation across countries, as much as it requires actions within individual states.** International engagement on IFFs is important across a variety of dimensions – including: (i) integrating IFFs into the broader development agenda; (ii) developing consensus around how the issue is defined and monitored; (iii) establishing international standards and commitments; and (iv) helping define the roles and functions of different international actors. International cooperation is also essential to addressing the specific challenge of preventing borders from getting in the way of holding individuals and organizations to account for their actions and returning assets that have been determined to have been stolen. International approaches to IFFs are particularly challenging in that efforts to prevent the flow of illicit funds across borders can have the unintended effect of creating barriers for the flow of all funds and may encourage de-risking actions on the part of financial institutions that carry severe negative developmental consequences.

58. **The WB is actively working across the international IFF agenda.** The WB has played a leading role in developing analytical and measurement frameworks, establishing standards, and facilitating concrete partnerships in areas ranging from anti-money laundering and stolen asset recovery, to Extractive Industry Transparency Initiative (EITI) and customs. As the discussion on DRM highlighted, the WB is deeply committed to working with other international organizations to ensure that they both collaborate and focus on their areas of comparative advantage. The WB is following the same principles when it comes to the evolving IFF agenda and is seeking to find ways to establish sustained platforms for collaboration. As befits the topic, establishing ways to collaborate with international banks and international organizations involved in monitoring natural resource management are as important as developing partnerships among the WB, the IMF, the OECD, the African Development Bank, and the UN. Leveraging the convening power of the WB, and supported by experience with client countries and knowledge products, this strategic effort aims to continue influencing the international agenda and shaping international standards, as well as ensuring that the international standard setters take into account the needs and challenges of developing countries.

59. **The WB’s priorities for the coming 18 to 24 months include the following:**

- ***Support the convening of the Global Forum on Asset Recovery (GFAR).*** The establishment of the Global Forum on Asset Recovery was one of the outcomes of the UK Anti-Corruption Summit. GFAR will take place in July 2017, hosted by the United States and the United Kingdom with support from StAR (which has extensive experience in supporting regional and global events on asset recovery, such as the Arab Forum on Asset Recovery series, the Ukraine Forum on Asset Recovery, or the joint INTERPOL/StAR Global Focal Points Network.) Asset recovery requires strong political commitment and practitioner interaction. The resolution of complex asset recovery cases is greatly assisted by partnership and cooperation between requesting and requested states. Therefore, the core objective of GFAR is to provide an effective medium for states to carry out such partnerships and cooperation on asset recovery cases. The first gathering of GFAR will focus

on assistance to Nigeria, Sri Lanka, Tunisia, Ukraine, and any other countries that may have asset recovery cases warranting support and coordination in the period leading up to GFAR. It will also draw lessons learned from a series of Arab Fora that took place until 2015 in a report to be prepared in collaboration with the G20, to inform future fora on asset recovery. StAR's involvement in the organization of GFAR is two-fold:

- a) Since GFAR will be held at the premises of the World Bank Group, StAR will provide support and closely coordinate with the US and UK co-hosts. Aside from logistical arrangements, StAR will support the cohosts in developing and finalizing the agenda for the Forum, including substantive sessions and convening of bilateral and multilateral case coordination meetings. StAR will also act as a secretariat for the Forum and support the cohosts in preparing materials and producing outcome documents or statements, as well as sharing and leveraging previous publications by StAR.
 - b) As GFAR aims to achieve progress in asset recovery, particularly for the four focus states, StAR will use its resources to plan and organize case coordination meetings for practitioners of the relevant jurisdictions and provide an enabling environment for in-depth discussion and the advancement of specific cases. Capitalizing on its existing country engagements in three of the four focus countries, StAR will gear activities in 2017 towards the preparation of asset recovery cases in those countries so as to optimize use of the Forum and subsequent returns.
- ***Contribute to the dialogue on IFFs, the creation of standards, and international collaboration on addressing IFFs through participation in key global forums:*** Financial Action Task Force (FATF); FSRBs (FATF-Style regional bodies); G20; Financial Stability Board (FSB); and regional networks on asset recovery (such as ARINSA, CARIN, ARINEA, RRAG, etc.).¹⁶ The WB is actively engaged in these forums advocating changes to respective standards, developing knowledge to influence policies, assessing countries against their international commitments, and using the WB's reach to support international cooperation.
 - ***Promote collaboration and partnerships with key international organizations relating to analyzing, measuring, and addressing IFFs.*** Through joint events, collaborative projects, and linked engagements with the UN, OECD, IMF, African Development Bank, etc., establish consensus on critical issues, such as creating a practical and meaningful definition of IFFs, methods for measuring and assessing IFFs as a developmental challenge, and strategies for addressing IFFs.
 - ***Develop knowledge on de-risking phenomena.*** AML measures (as recommended by the FATF) aim to ensure that all the money flows can be tracked, including those related to profits of crime. This provides information to law enforcement allowing it to detect, investigate, and prosecute

¹⁶ Asset Recovery Inter-Agency Network for Southern Africa (ARINSA); Camden Assets Recovery Interagency Network (CARIN); Asset Recovery InterAgency Network for Eastern Africa (ARINEA); Red Regional de Recuperación de Activos de GAFISUD (RRAG).

predicate crimes and money laundering. However, there is an increasing international debate around the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients. The WB has recently pioneered research on this subject and aims to produce a new knowledge product analyzing this ‘de-risking’ phenomenon based on specific case studies.

60. The objective of the strategic effort to strengthen global coalitions is to build and strengthen the partnerships that are fundamental to a sustained and successful effort to address IFFs and the underlying activities. This will be achieved through the following activities:

- **Support the convening of a Global Forum on Asset Recovery (GFAR)**
 - GFAR is hosted successfully (July 2017).
 - Practitioners are trained in international cooperation on asset recovery.
 - Bilateral / multilateral asset recovery case-related discussions organized.
 - Relevant documents drafted.
 - Technical workshop on enhancing the effectiveness of recovery of assets related to tax evasion (including topics of channels for exchange of information and burden of proof).\
- **WB participation in key global forums**
 - WB participation in FATF, G20 and FSRB meetings.
 - WB co-sponsorship and/or participation in IFF-related events in collaboration with other international organizations and agreements among these organizations of regarding collaboration on addressing IFFs
- **Conduct research and develop knowledge on de-risking phenomena**
 - Preliminary findings on de-risking phenomena study.

CONCLUSION

61. **Ambitious plans on DRM and IFFs have been developed due to the importance of these issues for the development agenda and the mission of the World Bank.** While the two topics are important for development, it is important to manage expectations of what can be accomplished—especially for IFFs. Experience with complicated reforms has repeatedly demonstrated the importance of analysis, experimentation, and capacity building in developing programs that achieve sustained success. The IFFs agenda has benefited from the global urgency and political will to introduce reforms. However, it is important to balance this urgency for action with taking the time for the careful work that is required to adequately identify the priority interventions that are needed and their associated risks.

62. **Strong linkages between DRM and IFF will continue to be reinforced in the WB's approach to these issues.** Tax evasion is a major part of the IFF problem that client countries face, while the illegal nature of IFFs is an important obstacle for tax compliance. WB work builds on these linkages, and will further strengthen the interconnection between DRM and IFF work. This will be done through strategic alignment, collaboration in stakeholder engagement in global forums, and close collaboration in task teams. At the same, differences between the issues needs to be reflected in distinct client engagement. Whereas the WB has been traditionally engaged with DRM and tax in its lending and other operational engagements, an operational work stream for IFF has yet has to mature.

63. **Continued effort to strengthen DRM and curb IFFs lies at the core of the development agenda.** Client commitment to reform is essential, and needs to be reinforced by fair international rules, capacity development support by international organizations and donor countries. This, in turn, should be complemented by greater transparency and compliance by multinational corporations and other private actors. The WB will play a critical role as a global convening force and broker on these issues across stakeholders—with an ultimate focus on strengthening country capacity to collect the resources necessary to meet to their development objectives.

ANNEXES

Annex 1: Matrix of DRM Activities

Activity	Lead GP	Output / Deliverable	Countries Involved
Strategic Effort 1: International Collaboration & Coordination			
Strengthen involvement of developing countries in DRM global discussion (with IMF)	GGP	<ul style="list-style-type: none"> • IMF-WB Annual & Spring Meetings Events to discuss international tax issues and consult on toolkits. • Thematic consultations on selected issues, such as transfer pricing. 	Global
International Tax Toolkits for G20 (with Platform partners)	GGP	<ul style="list-style-type: none"> • Toolkits to address BEPS and non-BEPS international tax issues in developing countries (with IMF, OECD, and UN). 	Global
Regional Consultations	GGP	<ul style="list-style-type: none"> • Regional consultations with client governments to identify DRM priorities. 	Global
Medium Term Revenue Strategy (MTRS)	GGP	<ul style="list-style-type: none"> • Commitment to develop and pilot MTRS with national authorities. 	3 – 5 pilots

Annex 1: Matrix of DRM Activities (cont.)

Activity	Lead GP	Output / Deliverable	Countries Involved
Strategic Effort 2: Global Public Goods: Diagnostics, Data, and Evidence			
Tax Policy Assessment Framework (TPAF)	GGP/MFM	<ul style="list-style-type: none"> • Development and implementation of TPAF (jointly with IMF) to assess the performance of tax policy in developing countries in a systematic and standardized manner. • Pilots for data gathering and preliminary assessment. 	1 Standardized Framework
Tax Administration Diagnostic Assessment Tool (TADAT)	GGP	<ul style="list-style-type: none"> • Perform continued TADAT assessments in client countries. • Develop complementary diagnostic modules. 	Global
International Tax Tools (with Platform partners)	GGP	<ul style="list-style-type: none"> • Address base erosion and DRM limitations caused by current international tax architecture. • Tools to diagnose sources of international tax risks and vulnerabilities. 	Global
Tax Crime Tools	GGP/INT	Development of: <ul style="list-style-type: none"> • Tax Crime Awareness Handbook. • Threat Assessment Tool, and Note on benefits and legal limits of cooperation between tax authorities and law enforcement agencies. 	Global
Research and data	DEC/GGP	<ul style="list-style-type: none"> • Including Impact Evaluation components in tax projects. 	2-5 (incl. Tanzania, Colombia)
	DEC/GGP	<ul style="list-style-type: none"> • Research reports on tax compliance and efficiency, sufficiency and equity aspects of taxation in developing countries. 	Global

Annex 1: Matrix of DRM Activities (cont.)

Activity	Lead GP	Output / Deliverable	Countries Involved
Strategic Effort 3: Country-Level Activities & Results			
Regional Consultations	GGP	<ul style="list-style-type: none"> • Regional consultations with client governments to identify DRM priorities. 	Global
Medium Term Revenue Strategy (MTRS)	GGP	<ul style="list-style-type: none"> • Commitment to develop and pilot MTRS with national authorities. 	3 – 5 pilots by end-2017

Annex 2: Matrix of IFFs Activities

Activity	Lead GP	Output/Deliverable	Countries Involved
Strategic Effort 1: Improve tools to monitor and measure IFFs			
Establish and Field Test Rapid Assessment Tool (RAT)	GGP	Methodology developed for undertaking a RAT , validated to demonstrate proof of concept.	Global
Establish methodology core principles for measuring IFFs	GGP	Knowledge product: literature review of methodologies for measuring IFFs.	Global
	FMGP	Continue development of country-specific methodologies for measuring specific aspects of IFF building on Colombia case.	South Africa
Support National Risk Assessments of AML/CFT risks	FMGP	Delivery of 5 NRA , already underway.	Cyprus, Dominican Republic, Guyana. Latvia, Sierra Leone
		Development of methodology for multi-jurisdictions (regional and sub-regional assessments).	Global (with pilots to be finalized next FY, but initial consultations this FY)

Strategic Effort 2: Develop greater integration across interventions within countries			
Establish guidance for treatment of IFF in SCD	GGP	Guidance for treatment of IFFs in SCDs created and tested, building on ongoing activities.	Global
Work with country teams on developing and implementing IFF Strategies		Creation of IFF country strategy and implementation support plan.	Sierra Leone
Increase awareness of regions, country teams and GPs of WB approach on IFFs		Workshops/seminars with regions and country teams and GPs on IFF approaches.	Global

Annex 2: Matrix of IFFs Activities (cont.)

Activity	Lead GP	Output/Deliverable	Countries Involved
Strategic Effort 3: Explore the lessons from StAR and their relevance for recovering IFFs			
Explore recovery of assets in other related IFF areas, including tax evasion and trade fraud.	FMGP	Technical workshop on enhancing the effectiveness of recovery of assets related to tax evasion. Topics to include channels for exchange of information, burden of proof, etc.	Global
Strategic Effort 4: Build Capacity in Critical Areas for Reducing IFFs			
Customs: Strengthen customs governance relating to undervaluation, fraud, detection of risks and prohibited and restricted cargo and people	T&C	Customs & Border Agency modernization reform activities including implementation of the Trade Facilitation Agreement (TFA). The TFA includes specific mandatory measures to enhance governance, transparency & predictability. Many projects also include assistance to implement risk based clearance and intelligence capacity and Post Clearance Audit to enable Customs & Border Agencies to more accurately target under valuation, fraud and prohibited and restricted cargo and people.	Belarus, Moldova, Bangladesh, Nepal, Timor Leste, Zambia, Philippines, Liberia, Ethiopia, Colombia, Serbia, Albania, Montenegro, Fiji, PNG, Tajikistan, Kosovo, Vietnam, Sri Lanka, Jamaica, Myanmar, St Kitts, Grenada & St. Lucia.
Tax: Build capacity in detecting and preventing tax evasion in high risk sectors (Extractives)	GTT/EAE	Support reduction of tax evasion in extractives.	Indonesia, Zimbabwe, Peru, Colombia, Guinea, Burkina Faso, Democratic Republic of Congo,
Build processes and capacity of tax officials to strengthen tax transparency, participate in exchange of information, and identify tax evasion risks/threats (implementing the Global Forum Standards*)	GTT	Support international tax transparency.	Vietnam, Georgia, Indonesia, Zimbabwe

Annex 2: Matrix of Proposed IFFs Activities (cont.)

Activity	Lead GP	Output/Deliverable	Countries Involved
Strategic Effort 4: Build Capacity in Critical Areas for Reducing IFFs (cont.)			
Develop and test tools to assist developing countries in addressing tax evasion threats and vulnerabilities	INT	(1) Technical Issue Note 1 on Defining Tax Evasion. (2) Technical Issue Note 2 on Vulnerabilities in WB Operations to Tax Evasion. (3) Draft Tax Evasion Risk Assessment Tool. (4) Workshop in EAC for Law Enforcement Units in Revenue Administration (24-27 October) – one or two more workshops in other Regions under discussion. (5) Draft Note on Tax Evasion Schemes and Red Flags. (6) Draft Fraud Detection Filter for Tax Returns. (7) Commencement of work on assessing legal constraints for Revenue Authority’s collaboration with other enforcement authorities.	East African Community, Denmark, Norway, Finland, Sweden, United States
Extractives: Build capacity in implementing EITI (including capacity to determine beneficial ownership of firms)	EAE	Build capacity in implementing EITI standards.	Tajikistan, Guinea, Burkina Faso
StAR Activities	StAR (FMGP)	StAR supports countries with specific cases, as well as providing general capacity building training on asset recovery and international cooperation.	10 countries (case assistance and general capacity building) 20 countries (general capacity building ongoing)
AML/Asset Recovery: Build capacity of law enforcement in AML/CFT investigations, international cooperation, and asset recovery (implementing FATF standards)	FMGP	Assist countries in building law enforcement capacity, ongoing.	Sri Lanka, Tunisia, Uganda, Guatemala
Build capacity of judiciary and prosecution in conducting AML/CFT and asset recovery cases (implementing FATF standards)	FMGP	Assist countries in capacity building in prosecuting or adjudicating cases, ongoing.	Guyana, Tunisia, Tanzania, Kenya
Licensing toolkit	FMGP	(1) Improve integrity screening in licensing. (2) Finalize publication on best practices in integrity screening in licensing for critical sectors.	Sierra Leone, Liberia
Build capacity in operating effective financial disclosure systems	FMGP	Assist countries in building and implementing effective financial disclosure systems, ongoing.	Ukraine, Mexico, Mongolia, Argentina, Moldova,

Annex 2: Matrix of IFFs Activities (cont.)

Activity	Lead GP	Output/Deliverable	Countries Involved
Strategic Effort 5: Strengthen global coalition to reduce IFFs			
Support the convening of a Global Forum on Asset Recovery	StAR (FMGP)	Support preparation and organization of initial GFAR to be co-sponsored by the US and UK (scheduled for July).	Nigeria, Tunisia, Sri Lanka, Ukraine
Support the creation of sharing information on administrative sanctions (including debarment)	INT	Lead work in developing a platform for enabling countries and international organizations to share information on firms and individuals that have been subject to administrative sanctions.	Global
FATF	FMGP	Participate in activities of FATF, including policy, methodology, and typologies papers.	Global
9 FATF style regional bodies	FMGP	Participate in these forums: voice the perspective of developing countries in standard setting bodies. Selected meetings depending on importance and leveraging of travel resources.	Global
G20	FMGP/GGP	Participate in the G20 Anti-Corruption Working group: provide technical support and knowledge on issues such as beneficial ownership, financial disclosure, de-risking, etc.	Global
UNCAC Conference of States Parties	FMGP	COSP and WB meetings.	Global
FSB	FMGP	Coverage of de-risking issues, and continued participation in WGs.	Global
Conduct research and develop knowledge on de-risking phenomena	FMGP	Knowledge product on de-risking including pilots.	Global
Develop guidance for developing countries to address BEPS and other international tax issues	GTT (with Platform partners)	Toolkits on indirect transfers, transfer pricing documentation and compatibility.	Global
Notes for UN subcommittees	GTT, UN	Notes on Advanced Pricing Agreements.	Global
Coordination with regional networks on asset recovery	StAR (FMGP)	Engagement with selected regional networks, including training for newer institutions (e.g. ARINEA in Africa).	ARINSA, CERIN, ARINEA, RRAG etc
Guidance notes on tax treaties	GTT only	Treaty policy KM.	Global