



INTERNATIONAL CONSORTIUM OF INVESTIGATIVE JOURNALISTS

October 11, 2024

RE: Inputs for Elements Paper

Dear Co-Facilitators,

The International Consortium of Investigative Journalists (ICIJ) is pleased to submit the following input for the Elements Paper, as encouraged by NORAD, in preparation for the Fourth International Conference on Financing for Development.

As a nonprofit newsroom, ICIJ's investigative reporting has revealed the inner workings of an expansive offshore economy preventing nations from mobilizing public resources for inclusive and equitable development. Since the UN's 2015 Addis Ababa Agenda, landmark projects like the Panama Papers and Pandora Papers have helped governments recover over \$1.3 billion in global tax revenue – earning the Pulitzer Prize, a Nobel Peace Prize nomination and numerous accolades for exposing capital flight and illicit financial flows derailing sustainable development.

In light of this work, we humbly offer Co-Facilitators a summary of the size, scope and reach of this shadow economy as it impacts sustainable development goals, as well as some of the key, actionable steps taken and proposed in response to our findings.

Domestic Public Resources

The offshore financial industry presents cross-cutting challenges to the United Nations' post-2015 development agenda and advancement of Sustainable Development Goals (SDGs). The UN reports tax dodging schemes cost global governments [\\$500 to \\$600 billion a year in lost revenue](#), and money laundering



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accounts for up to \$1.6 trillion in illicit financial flows. Low-income economies alone account for some [\\$200 billion](#) of that loss – surpassing the amount received in foreign development assistance.

ICIJ's collaborative investigations – assembling the world's best journalists from over 100 countries – offer critical insights into this financial underworld, illustrating the magnitude and engineered complexity fueling this shadow economy and exacerbating inequality. Key findings since the 2015 Addis Ababa Agenda include:

- [Panama Papers \(2016\)](#): From 11.5 million leaked files, the project revealed individuals from over 200 countries and territories behind more than 240,000 secretive offshore structures, including shell companies used for tax evasion, fraud and other wrongdoing. Findings found 140 politicians and public officials, as well as celebrities, drug dealers and other high-profile figures connected to offshore companies potentially hiding assets and business activities from global governments.
- [Paradise Papers \(2017\)](#): The project exposed sophisticated tax engineering schemes from more than 120,000 people and multinational corporations, such as Apple and Nike, which shifted profits among 19 tax havens, avoiding billions in tax dollars. The findings underscore the systemic nature of tax avoidance in 180 countries connected to the documents.
- [ICIJ's FinCEN Files \(2020\)](#): The investigation uncovered more than \$2 trillion in suspicious financial transactions had been processed by global financial institutions, based on a review of 2,121 suspicious activity reports (SARS) filed with the United States Treasury. The project highlighted the global financial system's failure to prevent money laundering and other illicit activities, fueling corruption around the world.
- [Pandora Papers \(2021\)](#): Based on an unprecedented leak of millions of documents from across 14 financial service providers, the investigation exposed the industry of professional enablers who have systematically



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exploited loopholes in the global financial system and profited from selling secrecy to powerful and wealthy clients. The project revealed more than 330 politicians and high-level officials (including 35 current and former world leaders), and some 100 billionaires across 91 countries connected to offshore finance.

ICIJ's reporting highlights how developing countries are asymmetrically impacted by this shadow economy and illicit financial flows, as evidenced by projects like [West Africa Leaks \(2018\)](#), [Mauritius Leaks \(2019\)](#) and [Luanda Leaks \(2020\)](#) – which uncovered how Africa's richest woman, Isabel dos Santos, built her estimated \$2 billion fortune with the help of shell companies and an array of Western lawyers, accountants and wealth managers. Increasingly, this offshore finance is preventing low-income countries from leveraging public financial resources needed for inclusive and equitable social and economic development.

Action Areas

Tax evasion, corruption and financial crime are enabled by secrecy, exploiting weak regulatory environments with anonymous corporate vehicles, like shell companies stationed in offshore jurisdictions. As ICIJ's reporting has exposed these hidden networks around the globe, actionable steps – enacted and proposed – are shared below for Co-Facilitator consideration:

- Registries of company owners (beneficial ownership registries) are being implemented by governments around the world, from the [U.S.](#) to [Ghana](#), [Kenya](#) and beyond. These databases ensure regulators can track assets and prevent misuse of anonymous companies for tax evasion and corruption.
- Open information sharing between regulatory bodies and international databases, such as ICIJ's [Offshore Leaks Database](#) (which features beneficial ownership information of over 810,000 offshore entities), fosters



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the collaboration required among global regulators and other change agents to eliminate financial secrecy.

- Tighter regulatory measures, such as [regulation to prevent misuse of shell companies and fight tax evasion](#) and [banning of anonymous shell companies](#), eliminate the vehicles of tax evasion, money laundering and illicit finance.
- Improving the [diversity of global nations involved in shaping international tax agendas](#) – especially those asymmetrically affected by illicit financial flows – will foster more equitable policy outcomes, strengthen global cooperation, and better address the unique challenges faced by developing countries in curbing tax avoidance and evasion.
- Clearer ethical standards for professionals, such as those [incorporated by the International Ethics Standard Board for Accountants](#), promote integrity and responsibility within key fields for professionals to adhere to in practice.
- Holding professional enablers like tax advisers, wealth managers, lawyers, accountants and company formation agents accountable deters illicit activities and ensures those who enable financial crime are held responsible for undermining legal and regulatory frameworks, as recommended by [European Union regulators](#) or [the Organization for Economic Cooperation and Development \(OECD\)](#).
- Ensuring accountability for elites traditionally insulated from liability, such as [world leaders](#), [billionaires](#) and [celebrities](#), helps dismantle impunity, reinforces the rule of law, and sets a precedent that no one is above legal or ethical standards.
- Supporting civil society change agents, such as media engaged in cross-border investigative journalism, exposes corruption and [provides global regulators crucial information to target and prosecute bad actors](#).