C20 POSITION PAPER: Governance
Transparent and accountable governance facilitates the effective use and control of resources in support of national development plans. Clean, transparent systems facilitate mutual legal assistance, reduce waste, improve efficiency, and can facilitate due diligence from multiple stakeholders.

A commitment by G20 leaders to Open Data would ensure data can be easily accessed, analysed, shared, compared and combined across countries and across the flow of public resources. By rising to this challenge the G20 will generate information that businesses, governments and citizens can use to make better decisions about how to invest their resources. To promote open government and enable people to follow the money, the G20 should make a commitment to Open Data as a common thread across the G20 Agenda while making sure that data is open and interoperable.

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**Priority recommendations for the C20 Summit to consider:**

1. G20 Leaders should commit to addressing lack of beneficial ownership information through public registries of beneficial owners of companies, foundations, trusts, and similar legal structures with adequate safeguards.

2. G20 Leaders should effectively address loopholes in the international tax system through an inclusive and transparent process, ensuring developing countries benefit from these tax reforms.

3. G20 leaders should curb corruption by ensuring that governments are open and transparent, by increasing transparency in the extractive industries and by ramping up efforts to combat foreign bribery. Supporting and protecting whistleblowers to identify corruption and illegal activity is crucial.
Recommendation 1:

Beneficial Ownership Transparency

Corporate secrecy helps hide the identity of individuals seeking to launder illicit money or evade taxes. Openness increases accountability and builds trust in governments, regulators, banks and companies. Specifically, we are calling on the G20 to take the following steps in 2014:

- The G20 should demonstrate global leadership by committing to have beneficial ownership information of companies collected upon incorporation and published in a register in machine-readable format, ensuring that appropriate safeguards on data security and privacy are in place. Measures to increase the transparency and regulation of trusts and similar legal structures should also be enhanced.

- G20 countries should adopt individual national level action plans on beneficial ownership transparency, with a commitment towards establishing central registers of beneficial ownership information. G20 countries should agree to harmonise beneficial ownership legislation within their jurisdictions, particularly those members with overseas territories or dependencies, or with federal systems.

- G20 countries should substantially increase enforcement of “Know Your Customer” policies to prevent financial institutions from becoming safe havens for the proceeds of corruption and to increase accountability of the “enablers” of corruption and tax evasion. Substantial improvements must be made in implementation of Financial Action Task Force recommendations requiring financial institutions and Designated Non Financial Businesses and Professions (eg casinos, lawyers, real estate agents, trust and company service providers) to apply due diligence measures including customer or beneficial owner verification and the filing of suspicious transaction reports.
Recommendation 2:

Tax Transparency

Opacity in the financial system, including in how and where taxes are paid allows the siphoning off of resources, thus undermining development efforts. G20 should commit to addressing this through an inclusive and transparent process that provides developing countries with spaces to shape these global standards and address their concerns adequately. Specifically, we are calling on the G20 to take the following steps in 2014:

- The G20 should ensure that the OECD BEPS rules require multinational enterprises to publish for each country in which they operate: a breakdown of their employees, physical assets, sales, profits, and taxes due and paid. It is essential that the reports include global consolidated accounts as well as data by country and entity. **Country by country reporting should be public.** This would have the additional benefit of restoring trust in national and global tax systems as well as ensuring that poorer countries can easily access this information to address BEPS in their contexts.

- G20 should ensure that the new global standard and **modalities for automatic exchange of information do not establish unjustified or unnecessary barriers for developing countries to participate and benefit** from the outset, such as the need for ensuring reciprocity in the exchange of information. Important loopholes in automatic information exchange between tax authorities, such as unclear procedures for identifying beneficial ownership of trusts, the limited scope excluding properties’ registries and safe deposit boxes, and the need to establish a sanction or incentive scheme to ensure immediate implementation by financial centres should be addressed.

- In order to ensure that developing countries benefit from the G20’s tax agenda and that the final recommendations endorsed by the G20 include developing countries’ priorities and reflect their needs, **participation of non-G20 developing countries on an equal footing in the decision making process** is required. The G20 should commit to help strengthen tax administrations in developing countries to fight BEPS and better align the work of the Development Working Group with the Finance Track in this regard. The G20 should request the OECD to present on how they plan to include developing countries from now on in the BEPS discussions and to report on how developing countries’ recommendations from the regional consultations will be reflected in the final proposal to the G20.
Recommendation 3:
Anti-Corruption

Corruption negatively impacts economic growth by distorting bidding processes, creating uneven playing fields and damaging the credibility and reputation of governments and companies. Greater transparency and disclosure leads to better investment decisions and less risk of corruption and misallocation of capital. Specifically, we are calling on the G20 to take the following steps in 2014:

- G20 members should show leadership by adopting higher levels of government transparency, through ensuring open, competitive and transparent bidding processes, the public disclosure of all contracts and licences as well as revenue and budget transparency. Such standards should apply in all sectors including finance, construction and natural resources.

- G20 members should ramp up efforts to combat foreign bribery. Currently there is little or no enforcement by signatory countries to the OECD Foreign bribery Convention. Four G20 countries are still not signatories to the Convention. Whistleblowers are key to building resistance and resilience to corruption, tax evasion and other forms of crime. The G20 must build from existing commitments to enact whistleblower legislation that is loophole free, applies to public and private sectors, has a range of disclosure channels and protects against retaliation.

- G20 members should support the development of a global transparency standard for the extractive industries, a sector identified by the G20 Anti-Corruption Working Group as vulnerable to corruption. Legislation that requires oil, gas and mining companies to publish payments made to governments on a country-by-country and project-by-project basis, equivalent to the EU Accounting and Transparency Directives, should be adopted by all G20 countries.
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The C20 (or 'Civil Society 20') is a platform for dialogue between the political leaders of G20 countries and representatives of civil society organisations.