



American Model United Nations
General Assembly Second Committee

GA Second/II/3

SUBJECT OF RESOLUTION: Promotion of international cooperation to combat illicit financial flows and strengthen good practices on assets return to foster sustainable development

SUBMITTED TO: The General Assembly Second Committee

The General Assembly Second Committee,

1 *Acknowledging* the Addis Ababa Action Agenda of the Third International Conference on Financing for
2 Development as it confronts the challenges of creating sustainable financial environments in regional as well as global
3 communities and endorses the need for global participation,

4 *Noting with deep concern* the vast impact that illicit financial flows have on the economy, political envi-
5 ronment, and stability of developing countries and their financial progress towards achieving the 2030 Agenda for
6 Sustainable Development,

7 *Expressing concern* that illicit financial flows (IFFs) cause an imbalance to international trade,

8 *Fully aware* that IFFs are used for purposes such as financing of organized crime or smuggling and trafficking
9 in illicit drugs and migrants,

10 *Further recalling* that developing Member States are disproportionately harmed by illicit drugs,

11 *Recognizing* the strong need to curb illicit financial flows and optimize taxation systems,

12 *Mindful* of the damages caused by illicit financial actions to economic and social aspects of the international
13 community,

14 *Emphasizing* the self-determination of the people and sovereignty of the states members of the United Nation
15 to a more comprehensive approach under this topic,

16 *Noting* that Member States have worked on the Inclusive Framework on Base Erosion and Profit Shifting,
17 a program that provides a framework for partnerships on improving comprehensive international tax policies and
18 providing a more transparent and impartial tax environment,

19 *Acknowledging* the criteria in relation to the conceptual framework describing illicit financial flows limitations
20 are in place to minimize the amount of laundered money,

21 *Emphasizing* the need for greater financial disclosure and integrity,

22 *Recognizing* tax evasion as a serious issue in Latin America,

23 *Reaffirming* the Punta del Este Declaration discussed on 19 November 2018,

24 *Aware of* the impact monopolies have had in the creation of state corruption and illicit financial flows,

25 1. *Recommends* regulating informal economic structures in which the government does not have oversight
26 and can not collect taxes;

27 2. *Further recommends* enabling economic freedom to Member States in cryptocurrency by:

28 (a) Understanding there are states who rely on safe means of cryptocurrency;

29 (i) Welcoming efforts of regulation and legal framework on combating corruption and the rise of
30 cryptocurrency;

31 (ii) Encouraging crypto assets to be recognized as a concrete form of financial assets, eligible to be
32 used in economic activities in such a way as traditional currency;

33 (iii) Endorses the creation of clear guidelines relating to defining cryptocurrency and its use in the
34 economy;

35 (b) Acknowledging the Member States who do not rely on cryptocurrency;

36 3. *Encourages* Member States hold accountable state actors that use illicit financial flows and illegal weapons
37 trafficking to further conflicts in other nations, and additionally condemns profiting from supporting these illegal
38 endeavors:

39 (a) Calls upon Member States to sanction or suspend any non-humanitarian aid of those nations
40 that use IFFs or illegal arms trafficking to further conflicts in other states;

41 (b) Hopes that private enterprises will recognize when their foreign investments support political
42 actions adverse to the United Nations' respect for human rights and dignity;

43 4. *Encourages* the implementation of financial transparency through:

44 (a) The development of Financial Intelligence Units (FIU) that will act as intermediaries between
45 local organizations and law enforcement agencies to receive, analyze and report illicit financial flows in the private
46 sector;

47 (b) Encouraging financial institutions to report their financial activities for monitoring and record-
48 keeping purposes;

49 (c) Recommending the continued implementation of measures to enable Member States to share
50 information and coordinate their responses within the purview of the IMF in order to curtail;

51 (i) Anti-money laundering;

52 (ii) Counter-terrorist Financing;

53 (d) Proposes the creation of a panel of economists and security experts to suggest guidelines for
54 implementing Innovative Beneficial Ownership Disclosure Laws (IBOLS);

55 5. *Encourages* UNODC-INEGI and ECA to expand established pilot programs in Latin America and Africa
56 to tackle IFFs;

57 6. *Acknowledges* issues concerning loss of assets through forms of corruption by encouraging the StAR
58 Initiative for assistance with asset recovery efforts for developing countries;

59 7. *Invites* the establishment of Statistical Measurement by UNODC-INEGI and Economic Commission for
60 Africa (ECA) in Latin America and Africa to review country-level IFFs;

61 8. *Emphasizes* the importance of preventing money laundering and fraudulent transactions through:

62 (a) Ensuring that all employees who work with finances are properly trained on anti-money laun-
63 dering practices;

64 (b) Creating a system that allows all employees to flag any transactions that are suspected of fraud
65 to their Member State's government agencies or a third party screening service;

66 (c) Recommending that Member States create bureaucratic matrices that keep record of reported
67 fraudulent domestic financial transactions with the option of state self-reporting or delegating those actions to an
68 international transparency body;

69 (d) Encourage cooperative legislation within Member States between their monetary regulatory
70 bodies and the private sector with the goal to provide channels for formal economic institutions to report evidence
71 of illicit financial transactions and other activities to their respective governments;

72 (e) Invites Member States to request advisory reports and suggestions from;

73 (i) The International Monetary Fund (IMF) for inspectors to review the progress of UN Member
74 States as they implement anti-IFF measures and legislation;

75 (ii) The Financial Action Task Force (FATF) in order to obtain information targeted at combating
76 money laundering;

77 9. *Emphasizes* the need amongst Latin American and African countries to conduct the above operations
78 themselves with respect to:

- 79 (a) Recognizing the history of colonization by western powers;
- 80 (b) Reaffirming individual member states sovereignty;
- 81 (c) Acknowledging that regional powers in developing nations would be best fit to keep each other
82 accountable and encouraging inter-regional transparency;
- 83 (d) Building trust and collaboration within regional blocks;

84 10. *Urges* Member States to comply with the Global Partnership on Drug Policies and Development
85 (GPDPD) by:

- 86 (a) Engineering comprehensive drug policy approach to ensure transparency;
- 87 (b) Initiating programs to support vulnerable communities to prevent the need to trade illegal drug
88 crops in the respective nation;
- 89 (c) Create sustainable approaches to combat illicit financial flows of drug smuggling through measures
90 including but not limited to:
 - 91 (i) Promoting research studies and education on drug production, traffic, and consumption;
 - 92 (ii) Establish programmes among youth to establish community-based awareness about different
93 types of illicit drug substances;
- 94 (d) Expand and promote the market for legal products by:
 - 95 (i) Improving access to public services and rural infrastructure for remote agricultural regions in
96 order to increase access to sustainable development;
- 97 (e) Partner with academic institutions, civil society, and state governments to create innovative ways
98 to identify solutions and problems that connect to the cultivation, traffic, and consumption of illegal drugs;
- 99 (f) Focus on helping impoverished people, especially farmers to become more stable so that they no
100 longer feel they have to participate in the illicit drug trade to survive;

101 11. *Calls upon* members states to assist in the development of an early warning system to increase cooperation
102 and communication between all countries by addressing the multilateral data on trade, investment, and banking stocks
103 and flows with the measures of financial in regional jurisdictions.

Passed, Yes: 42 / No: 9 / Abstain: 10