PEER REVIEW IN FINANCIAL INTEGRITY MATTERS

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DR. VALENTINA CARRARO and DR. HORTENSE JONGEN

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FINANCIAL ACCOUNTABILITY TRANSPARENCY & INTEGRITY

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1. INTRODUCTION

Peer review is the most prevalent international monitoring instrument in financial integrity matters today. International organizations ranging from the Organization for Economic Cooperation and Development (OECD) to the United Nations (UN), and from the Organization of American States (OAS) to the Council of Europe use this monitoring instrument to promote states' adoption and implementation of financial integrity norms. Through a system of mutual, periodic evaluations, peer reviews aim to promote policy reforms by promoting peer and public accountability (Pagani, 2002; Carraro, 2019a; Carraro and Jongen, 2018; Jongen, 2018), by creating transparency of states' policy practices (Pagani, 2002; Rathgeber, 2008; Carraro, 2019a; Carraro and Jongen, 2018; Jongen, 2018), by setting up international networks for cooperation (Jongen, 2017), by advancing policy learning and exchange of best practices (Dunlop and Radaelli, 2016; Pagani, 2002; Lehtonen, 2005; Carraro 2019a; Carraro and Jongen 2018; Jongen, 2018), and by providing technical assistance to states (Jongen, 2017).

Considering their widespread use, peer reviews hold considerable potential for promoting global adherence to financial integrity standards and for achieving the 2030 Sustainable Development Agenda. The aim of this background paper is to review the use of peer review in financial integrity matters, with the view of identifying gaps and vulnerabilities that could lead to non-implementation of financial integrity standards in states. To this end, the paper first identifies good practices in peer reviews across different organizations and policy fields. It subsequently determines what gaps and vulnerabilities are present in the current peer review system, differentiating between institutional and domestic factors. The paper then discusses the role that peer reviews can play towards the achievement of the 2030 Sustainable Development Agenda. We conclude with a set of recommendations to address weaknesses in the current peer review system.

Empirically, the paper focuses on six peer reviews in three areas: corruption, taxation, and money laundering and terrorist financing. In the area of corruption control, we analyze three peer review mechanisms. The first is the Implementation Review Mechanism (IRM) of the United Nations Convention against Corruption (UNCAC). This global peer review mechanism (187 State parties) is organized by the United Nations (UN) and monitors state implementation of the UNCAC, which is the only legally binding, global anticorruption convention. The second mechanism is the Follow-Up Mechanism for the Implementation of the Inter-American Convention against Corruption (MESICIC), which is a regional peer review organized by the Organization of American States (OAS). Presently, 33 OAS member states participate in this peer review. The third mechanism is the Working Group on Bribery (WGB), which is organized by the Organization for Economic Co-Operation and Development (OECD). This peer review monitors the implementation and enforcement of the 1997 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (hereafter OECD Anti-Bribery Convention) and the 2009 Anti-Bribery Recommendation.[1] Today, 44 states participate in this mechanism.

When it comes to taxation, the paper reviews two further mechanisms. The first is the Global Forum on Transparency and Exchange of Information for Tax Purposes. This Forum, which works under the auspices of the OECD and the G20, brings together 160 jurisdictions, including many non-OECD/G20 states. The mechanism monitors the implementation and effectiveness of two international standards to promote exchange of information among tax administrations across the world: (1) Exchange of Information on Request (EIOR) and (2) Automatic Exchange of Information (AEOI). The second mechanism is the Inclusive Framework on Base Erosion and

[1] In full: the OECD recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions.

Profit Shifting (BEPS), which makes use of peer review to monitor the implementation of four minimum standards: harmful tax practices (Action 5), prevention of tax treaty abuse (Action 6), country-by-country reporting (Action 13) and the mutual agreement procedure (Action 14). At the time of writing this report, 137 jurisdictions collaborate within this Framework to fight tax evasion.[2]

This report additionally analyzes a system of interdependent peer reviews in the area of money laundering and terrorist financing: the Financial Action Task Force (FATF) and the Financial Action Task Force-Style Regional Bodies (FSRBs). These peer reviews monitor technical compliance with the revised FATF Recommendations as well as the effectiveness of states' Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) systems. Together, the FATF and the nine FSRBs are responsible for monitoring more than 200 jurisdictions.[3]

In addition to the six peer reviews that are at the main focus of the analysis, this report contributes insights on the African Peer Review Mechanism (APRM), the Council of Europe's Group of States against Corruption (GRECO), the OECD Economic and Development Review Committee (EDRC), the UN Universal Periodic Review (UPR), and the World Trade Organization's (WTO) Trade Policy Review Mechanism (TPRM). Finally, the report reflects upon two expert review bodies: the African Union's Advisory Board on Corruption and the UN Treaty Bodies in the area of human rights.

In terms of data and working methods, we combine insights from different sources. First, we consulted both primary sources – such as the Conventions establishing the peer review mechanisms, the peer reviews' founding regulations, and rules of procedure – and academic literature. Second, we draw from findings from a comparative research project on peer reviews among states, in which we were involved in 2013-2017.[4] The methodology employed in the comparative project consisted of the analysis of both primary and academic sources, semi-structured interviews and online surveys conducted with actors involved in the peer reviews (governmental officials, Secretariat officials, and civil society), as well as our direct observations from attending different peer review plenary sessions.

2. Overview of peer reviews in the area of international financial integrity

This section first provides a working definition of peer review among states (2.1). Subsection 2.2 subsequently expounds on the five stages of the peer review process with reference to different peer reviews in the area of financial integrity.

2.1. Peer review among states as a tool to enhance compliance with international rules

Peer review among states is an increasingly employed tool in global governance. It consists of "the systematic examination and assessment of the performance of a state by other states, with the ultimate goal of helping the reviewed state improve its policy making, adopt best practices and comply with established standards and principles" (Pagani 2002, p. 15). While peer reviews

2 http://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf Last accessed 30-6-2020. It is of note, however, that some jurisdictions have opted out of the peer review processes of certain minimum standards or did not participate for other reasons (Mosquera Valderrama, 2018a).
3 https://www.fatf-gafi.org/countries/ Last accessed 30-6-2020.
4 The project was financed by a VIDI grant by the Dutch Research Council (NWO) and led by Prof. Thomas Conzelmann at Maastricht University. For further information on this project, see https://fasos-research.nl/peer-reviews/

among states may take a variety of forms, they share a set of common features. In peer reviews, states provide information on their experiences with implementing and conforming to international standards and policy practices. This information is subsequently assessed by other states and, in some cases, by the Secretariat of the organization hosting the peer review. As an outcome of the review, reviewed states receive a number of recommendations on how they can improve their performance.

Fabrizio Pagani (2002) identifies four key features that all peer reviews must possess to be defined as such: 1) a basis for proceedings, for example a decision or request by an international organization to conduct the review, or specific treaty provisions requiring peer review as a method to assess state compliance; 2) a set of legal instruments, policy guidelines or principles that form the standards against which states are assessed; 3) specific actors carrying out the review – these are normally other states, but at times also the organization's Secretariat; 4) procedures determining how the peer review is to be conducted.

2.2. The five stages of peer review

When it comes to their procedural functioning, peer reviews usually include five stages: (1) Information collection, (2) Evaluation, (3) Formulation and adoption of country reports and recommendations, (4) Dissemination of results, and (5) Follow-up (Conzelmann and Jongen, 2015). Each of these stages is discussed in turn below. Table 1 then outlines how peer reviews in the area of financial integrity vary across these dimensions. For additional and more elaborate discussions on these stages, and on the shape taken by these stages in different peer reviews, see for example Carraro and Jongen (2018); Carraro et al. (2019); Jongen (2018); McMahon et al. (2013); Pagani (2002); Pagani and Wellen (2018); Tanaka (2008).

2.2.1 Information collection

In the first stage, information is collected on the reviewed state. States under review normally provide this information by filling out a self-assessment questionnaire. In many cases, the organization's Secretariat, other member states, or third parties such as civil society, the private sector and other stakeholders provide additional information. In MESICIC, for instance, civil society fills out the same questionnaire as the state under review (OAS, 2015). The Inclusive Framework on the BEPS invites other member states and, in the case of Action 14, taxpayers to fill out a questionnaire on the reviewed jurisdiction (OECD 2016a, p.22) – however, this additional taxpayer input is only provided to a limited extent and in a minority of cases (Mosquera Valderrama, 2018a). The information collection stage is not only relevant for the reviewing team to formulate an assessment of a country's situation, but also for the country under review to systematically assess its own internal situation and prepare a roadmap for reform (Carraro, 2017b).

Many peer reviews in the area of financial integrity collect additional information on states' performance during a country visit.[5] During this visit, the reviewing team has the opportunity to meet with different governmental and nongovernmental stakeholders on-site. While in some peer reviews – such as the African Peer Review Mechanism (APRM), MESICIC, the GRECO and the OECD WGB – consultations with non-state actors form a standard part of the review process, other peer reviews leave it up to states to decide whether non-governmental actors can provide input (e.g., the IRM of the UNCAC).

5 The peer review of the BEPS minimum standards does not organize country visits.

2.2.2 Evaluation

Second, the reviewing body evaluates the reviewed state's performance, which can be organized in different ways. In some peer reviews, such as the IRM of the UNCAC, experts from a few states conduct the review, supported by the Secretariat of the international organization. Other peer reviews virtually engage the whole membership to the organization in the review exercise and do not make use of lead examiners. This is the case in the Inclusive Framework on the BEPS and the UN Universal Periodic Review (UPR) of human rights, where all involved member states may deliver recommendations for improvement to the state under review. A third format combines both: experts from a few states take the lead in the evaluations and bear primary responsibility for drafting the country evaluation report, often receiving support from the organization's Secretariat. They subsequently report to the entire Working Group or Plenary of the Committee, which then collectively discusses and adopts the country report (see 2.2.3). Examples of this are the FATF, Global Forum, MESICIC, and OECD WGB.

2.2.3 Formulation and adoption of country reports

Third, once a country's performance has been assessed, a report is written and adopted. In most peer reviews, these reports summarize the review proceedings and contain a list of recommendations for improvement. States under review are in most cases not passive recipients of country reports and recommendations. Instead, draft country reports go through various rounds of discussion and review, and the reviewed state has several opportunities to provide comments and input.

The procedures for adopting country reports differ considerably across review mechanisms. In many peer reviews in the area of financial integrity, the collective peer review body (e.g., the Working Group, the Working Party, or Committee) adopts evaluation reports. In some cases, such as the OECD WGB, reports are adopted following the consensus minus one principle: all member states present at the plenary meeting need to agree on the formulation of the report, except for the state under review. Other peer reviews, such as the IRM of the UNCAC, explicitly give the state under review a say over the final report and recommendations.

2.2.4 Dissemination of results

A fourth phase consists of the dissemination of information related to the review, in particular the review report. Peer reviews vary both as concerns the type of information that is shared and how widely, if at all, review findings are disseminated.

In most peer reviews, the evaluation ends with the adoption of a country report containing recommendations for improvement.[6] In some peer reviews, such as the FATF and FSRBs, this is a two-step process: after the country evaluation report has been adopted by the Plenary, the members of FATF Global Network (which includes representatives of 198 countries) "review the report technical quality and consistency."[7] Only after this review has been concluded, is the report published. While most peer reviews automatically publish the evaluation reports online, the IRM of the UNCAC only publishes the executive summary of the report. It is then up to the reviewed state to decide whether to make the full country report publicly available. The latest reports show that over 50% of all reviewed states allow this (United Nations, 2020).

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6 Only the Inclusive Framework of the BEPS publishes an annual report with information on all reviewed jurisdictions, but does not publish individual country reports.

7 https://www.fatf-gafi.org/publications/mutualevaluations/documents/more-about-mutual-evaluations.html Last accessed 9-7-2020.

Table 1 Peer reviews in the area of financial integrity

	Information collection	Evaluation	Formulation and adoption of reports	Dissemination of results	Follow-up monitoring
IRM of the UNCAC[8]	Self-reporting; country visits (optional)	Review team of two countries (supported by UNODC Secretariat)[9]	Adopted by means of constructive dialogue	Online publication of the executive summary; full report (optional)	No[10]
MESICIC[11]	Self-reporting; reporting by civil society; country visits (optional)	Review Sub-Group of two countries (supported by the Technical Secretariat); collective body (Committee of Experts)	Adopted by the Committee of Experts[12]	Online publication of the full country report	Yes
OECD WGB[13]	Self-reporting; country visits	Review team of two countries (supported by OECD Secretariat); collective body (WGB)	Adopted by the WGB (consensus minus one)	Online publication of review reports	Yes
FATF[14]	Self-reporting (technical review); country visits	Assessment team of trained experts from the Global Network of FATF and FSRBs (supported by Secretariat); collective body (Plenary)	Formulated by the assessors; the FATF Plenary can overrule the assessors' conclusions by means of consensus minus one	Online publication of the review report; country ratings	Yes

8 For further information see: United Nations (2011).
9 The Implementation Review Group of the UNCAC has an overview of the entire review process. However, it does not discuss individual country reviews and does not collectively formulate and adopt country reports.
10 States only voluntarily provide information on the steps they have taken to implement the recommendations from an evaluation round. Their progress is not systematically reviewed over time.
11 For further information see: OAS (2001). Information on the methodologies for different evaluation rounds can be found here: www.oas.org/en/sla/dlc/mesicic/documentos.html. Last accessed 15-7-2020.
12 The Committee of Experts consists of the experts who have been selected by member states to carry out the reviews.
13 For further information see: http://www.oecd.org/daf/anti-bribery/countrymonitoringoftheoecdanti-briberyconvention.htm Last accessed 15-7-2020.
14 For further information see: FATF (2013-2019).

	Information collection	Evaluation	Formulation and adoption of reports	Dissemination of results	Follow-up monitoring
Global Forum[15]	Self-reporting; country visits[16]; reporting by other member states of the Global Forum	Two expert assessors (supported by the Global Forum Secretariat which drafts the report); collective body (Peer Review Group)	Adopted by the Peer Review Group (consensus [17])	Online publication of the review report	Yes
IF on BEPS minimum standard 5[18]	Self-reporting; reporting by other member states of the Inclusive Framework; no country visits	The Secretariat drafts the country report.	Approved by the Forum on Harmful Tax Practices / Inclusive Framework on BEPS	Online publication of the annual report, which includes all country evaluations	Yes
IF on BEPS minimum standard 6[19]	Self-reporting (information is checked against information provided by other member states on the same treaty): no country visits	The Secretariat analyses member states responses and discusses them with the Working Party	Approved by the Inclusive Framework on BEPS (consensus minus one)	Online publication of the annual report, which includes all country evaluations	No[20]

15 For further information see: OECD (2016b).
16 In exceptional cases, the reviewing team might decide that a country visit is not necessary (OECD, 2016, point 38, p.8).
17 No individual jurisdiction can block the report's approval. Hence, this interpretation of consensus is rather similar to the consensus minus one principle.
18 For further information see: OECD (2017a).
19 For further information see: OECD (2017b).
20 This is most likely because it is a very recent mechanism.

	Information collection	Evaluation	Formulation and adoption of reports	Dissemination of results	Follow-up monitoring
IF on BEPS minimum standard 13[21]	Self-reporting; reporting by other member states of the Inclusive Framework; reporting by other organizations[22] no country visits	The Secretariat drafts the country report.	Approved by the Country-By-Country Reporting Group / the Inclusive Framework on BEPS	Online publication of the annual report, which includes all country evaluations	Yes
IF on BEPS minimum standard 14[23]	Self-reporting; reporting by other member states of the Inclusive Framework; reporting by taxpayers; no country visits	The Secretariat drafts the country report	Automatically adopted within three weeks, unless member states raise objections in writing[24]	Online publication of the annual report, which includes all country evaluations	Yes

21 For further information see: OECD (2017c).
22 "Information provided to the OECD in its role as Coordinating Body Secretariat for the multilateral Convention for Mutual Administrative Assistance in Tax Matters and the CbC Reporting Multilateral Competent Authority Agreement" (OECD, 2017c, p.22) and information on evaluations conducted in the Global Forum. Civil society and the private sector can provide information on states' policy practices, but they cannot participate in the peer review.
23 For further information see: OECD (2016a).
24 In these cases, the report will be discussed at the next Forum meeting and collectively adopted.

The peer reviews under study also differ notably when it comes to the use of country rankings, country ratings and scoreboards. While the IRM of the UNCAC states explicitly that the mechanism “shall not produce any form of ranking” (United Nations, 2011, point 3 (b), p.4), country ratings and scoreboards are common in the OECD reviews on tax-related matters. The FATF and FSRBs, and Global Forum provide detailed compliance ratings following peer review, distinguishing between ‘compliant’, ‘largely compliant’, ‘partially compliant’ and ‘non-compliant’ states.[25] The OECD also operates a ‘compare your jurisdiction tool’ on their website, which provides an overview of individual countries’ performance in the peer reviews of the Global Forum and the Inclusive Framework on the BEPS.[26] Likewise, the FATF presents an overview of country ratings in terms of technical compliance and effectiveness in fighting money laundering and terrorism financing.[27]

2.2.5 Follow-up monitoring

Finally, many peer reviews engage in follow-up monitoring, assessing states’ implementation of the recommendations received and monitoring their progress over time. To this end, the recommendations received in a specific review round are part of a country’s assessment in the subsequent review round. Follow-up monitoring is common in peer reviews in the area of financial integrity today, although systems for follow-up monitoring differ in terms of their degree of formalization, intensity and frequency.

2.3. Other monitoring bodies

Peer reviews exist in parallel to other international mechanisms for monitoring and improving state compliance with international obligations, in particular judicial procedures and expert-based reviews. First, peer reviews differ from judicial procedures such as international courts or dispute settling mechanisms: whereas the latter culminate in the adoption of legally binding acts, the implementation of peer review recommendations is always voluntary (see for example Carraro and Jongen 2018; Carraro et. al 2019; Jongen 2018; Pagani 2002). Second, peer reviews also differ from expert-based mechanisms, where the assessment of country performances is conducted by a committee of independent experts, rather than by state representatives. Examples of expert-led reviewing mechanisms are the examination of state reports by UN human rights Treaty Bodies (Carraro 2017a; Carraro 2019a) or the African Union’s Advisory Board on Corruption.

3. Good practices in peer review

This section outlines best practices adopted in peer reviews in multiple policy areas and organizations. The analysis focuses on five aspects: (1) the comprehensiveness of the approach, (2) the universality of the approach, (3) the design and features of the mechanism, and (4) the stability of peer review funding.

Our findings suggest that there exists no blueprint of a perfect peer review. What works well in some contexts might be less suitable for others. It is important, however, that there exists broad consensus from the start about how procedures should be interpreted and applied, and which practices are appropriate. As Pagani (2003) also notes: methods of naming and shaming “are appropriate and produce positive results only when the ‘rules of the game’ are clear and the

25 https://www.oecd.org/tax/transparency/exchange-of-information-on-request/ratings/ Last accessed 19-6-2020; see also: FATF (2013-2019).
26 https://www1.compareyourcountry.org/tax-cooperation/en/0/621/default Last accessed 19-6-2020.
27 https://www.fatf-gafi.org/media/fatf/documents/4th-Round-Ratings.pdf Last accessed 23-6-2020.

countries accept them. In other cases, this type of approach could risk shifting the exercise from an open debate to a diplomatic quarrel to gain position on the scoreboard" (p.17).

3.1. The comprehensiveness of the approach

Peer reviews vary as regards the comprehensiveness of their approach. Some peer reviews only assess the legal implementation of an international instrument, that is, whether states have successfully transposed the provisions of an international instrument into national legislation. Other peer reviews go one step further and also consider the practical implementation of this legislation, requesting states to provide evidence that they are implementing these instruments in practice. Yet another group of peer reviews also evaluates states' effectiveness in addressing a specific policy problem. A comprehensive approach is important to detect and expose 'mock compliance', that is, where "states adopt the form but not the substance of compliance" (Woodward, 2016, p.105; also Walter, 2008; see also the discussion in Section 4). Examples of such a rigorous approach can be found in the OECD WGB and the FATF. The WGB does not only evaluate states' legal and practical implementation of the OECD Anti-Bribery Convention. It also examines states' compliance with this convention, specifically whether states open investigations into suspected bribery cases and prosecute companies that have violated anti-bribery regulations. The FATF takes a similar approach. Recognizing that "having the laws in the books is not enough,"[28] this peer review focuses both on technical compliance and states' effectiveness in fighting money laundering and terrorism financing (FATF, 2013-2019).

3.2. The universality of the approach

The universality of a peer review's approach relates to three dimensions: (1) its membership, that is, whether it operates on a global or regional scale; (2) the universal application of financial integrity standards, and (3) the inclusion of different stakeholders in the peer review process.

3.2.1 Membership

Peer reviews take place both at the global level, such as those organized within the UN, and at a regional level, for example the APRM, FSRBs, or MESICIC. The coexistence of global and regional peer reviews is a positive feature, as both types of mechanisms have their strengths and weaknesses. Regional peer reviews have the advantage of allowing more in-depth discussions between like-minded states, creating shared feelings of trust, solidarity, and common identity, as well as similar expectations concerning the goals and functioning of peer reviews (Carraro et al ,2019; Checkel, 2001; Jongen, 2018). Yet, regional peer reviews should be considered as complementary, rather than a substitute, to the global ones. Global peer reviews have the advantage of allowing states to learn from a more diverse set of experiences than if discussions only occurred within the same region (Jongen 2017). The universal approach of global-scale peer reviews is also crucial to ensure that international rules are applied uniformly across regions, and to allow for the inclusion of states that are not subject to regional monitoring (Carraro, 2017b; Lilliebjerg, 2008; McGaughey, 2017). The lack of participation of several large, exporting economies in the OECD WGB, for example, makes it harder to level the playing field in international trade and might have detrimental consequences for development in the Global South (see Section 4). A good example of how the global and regional approach can be effectively combined are the FATF and the FSRBs. By applying similar standards across regions, they aim to ensure a universal approach to fighting money laundering and terrorism financing using regional methodologies.

28 https://www.fatf-gafi.org/publications/mutualevaluations/documents/more-about-mutual-evaluations.html Last accessed 23-6-2020.

3.2.2 The universal application of financial integrity standards.

The second aspect of a universal approach concerns the extent to which states around the world are held to the same standards. Peer reviews face the challenge of promoting universal adherence to financial integrity standards, whilst at the same time maintaining a degree of flexibility, taking into consideration country-specific circumstances and capacity limitations.

To deal with this, several peer reviews, such as MESICIC and the OECD WGB, adhere to the principle of functional equivalency. This means that they do not aspire to achieve uniformity across countries, but allow states to take their own approach in line with their domestic legal systems. Specifically, rather than examining "the issue of whether the measures are uniform among the various States […], the Committee shall weigh the equivalency of the measures in achieving the expressed purpose" (OAS, 2020a, Section III, A), 2, p.3). While not using the term functional equivalency specifically, other peer reviews take a comparable approach. The UNCAC, for example, mentions that each state shall take measures "in accordance with the fundamental principles of its legal system" (United Nations, 2008). Furthermore, its review mechanism stipulates that "the Mechanism shall take into account the levels of the development of States parties, as well as the diversity of judicial, legal, political, economic and social systems and differences in legal traditions" (United Nations, 2011, Section II point 7, p.5).

States do not only exhibit variation in their legal systems but also in terms of development. To promote universal adherence to financial integrity standards, states need to have the tools, resources, and support to implement these standards. To this end, several peer reviews, such as the IRM of the UNCAC, the Global Forum,[29] and the Inclusive Framework on BEPS[30] operate technical assistance and capacity-building programs, often in collaboration with other international, regional and nongovernmental organizations, and development partners. In the IRM, technical assistance might consist of capacity-building, training, legislative assistance, and technological assistance or other activities to help states implement the UNCAC (United Nations, 2019a). By the time the IRM reached its ten-year anniversary, it had identified close to 4.000 technical assistance needs across 108 countries (United Nations, 2019b). In some peer reviews, assistance is not provided by the peer review mechanism itself, but by international NGOs or other member states. For example, the Geneva-based NGO UPR Info runs a so-called In-country Programme jointly coordinated by the NGO's headquarters in Geneva and its African regional office in Nairobi, Kenya. The programme targets a select number of countries and is aimed at assisting these countries in developing effective strategies for the implementation of recommendations, in collaboration with local partners.[31]

In addition to technical assistance, some peer reviews, such as MESICIC and the IRM of the UNCAC, promote technical cooperation and the exchange of best practices among states. Organized by thematic area, MESICIC publishes best practices as identified by its member states (OAS, 2018). Between the second half of 2018 and the first half of 2020, twelve member states submitted best practices to this online database, fourteen of which came from Mexico.[32] In addition, MESICIC offers several cooperation tools (model laws and legislative guidelines) that states can use to implement the Inter-American Convention against Corruption.[33] Likewise, the IRM of the UNCAC identifies good practices at different stages of the review process, among others in relation to

29 http://www.oecd.org/tax/transparency/what-we-do/ Last accessed 9-7-2020.
30 http://www.oecd.org/tax/beps/about/#tools Last accessed 10-7-2020.
31 For more information, see https://www.upr-info.org/en/upr-process/in-country
32 http://www.oas.org/en/sla/dlc/mesicic/buenas-practicas.html Last accessed 8-7-2020.
33 http://www.oas.org/en/sla/dlc/mesicic/leyes.html Last accessed 8-7-2020.

specific articles of the Convention. It also disseminates a large number of knowledge tools, guides and handbooks that member state officials can consult to implement the UNCAC.

3.2.3 Inclusion of stakeholders

An additional dimension on which peer reviews vary is the extent to which actors beyond the states and the Secretariat contribute to the process. Contributions by civil society, independent researchers, the private sector, and other relevant stakeholders normally are made during the information-collection phase of the review.

All peer reviews in the area of financial integrity are formally intergovernmental processes, which means that civil society, the private sector and other nongovernmental stakeholders do not participate in the country evaluations. However, they are often consulted during the evaluations and can provide input (as discussed under 2.2.1). MESICIC explicitly invites civil society participation in the review process, by giving them the opportunity to fill out a questionnaire on the reviewed state's performance.

The Anticorruption Research Centre U4 reports on various instances in which civil society actors have used MESICIC recommendations to promote anticorruption reforms in Latin American countries (Peñailillo, 2009).

Our findings highlight that contributions by civil society and other stakeholders are a remarkably positive feature in the context of a peer review process. When civil society and relevant actors from the private sector are allowed to contribute to the process, reviews are perceived to be based on fairer, more comprehensive, and higher-quality information. The involvement of civil society is also crucial to raise the visibility and relevance of the peer review vis-à-vis the broader public, contributing to the development of public pressure on states to live up to their international commitments (Carraro, 2017; Carraro and Jongen, 2018; Jongen, 2018a; Rathgeber, 2008, McMahon et al, 2013). Finally, the involvement of civil society during the information-collection phase is essential to increase the impartiality and objectivity of the reviews. In this regard, Ghana's participation in the APRM provides a positive example of effective inclusion of stakeholders during the preparation of national reports. As discussed by Edward McMahon and colleagues (McMahon et al. 2013), Ghana put in charge of drafting the national report a group of experts working at independent research institutions, rather than governmental officials. This led to the delivery of a comprehensive and high-quality national report, which reflected the outcome of a constructive dialogue between governmental and non-governmental officials and was perceived by involved stakeholders as highly objective and impartial.

3.3. The design and features of the mechanism

This section highlights the strengths and weaknesses of specific design features of peer review mechanisms, in particular: (1) transparency to the broader public; (2) transparency to member states; (3) composition of the reviewing body; (4) specificity of the recommendations delivered to states; (5) systems in place for follow-up monitoring.

3.3.1 Transparency of peer reviews to the broader public

The transparency of peer reviews to the broader public relates to two aspects. First, whether civil society and the public at large are allowed to attend (physically or virtually) the plenary sessions during which review findings are discussed; and second, whether the public has access to outcome review reports – namely, reports containing a summary of proceedings and, if applicable, a list of the recommendations received by the state under review.

As concerns the first dimension, actors other than member states and relevant Secretariat staff are generally not allowed to attend review sessions. Among the cases considered in our research, a notable exception is the UPR, which webcasts plenary meetings and allows interested stakeholders to attend these meetings. While several peer reviews, such as the IRM of the UNCAC and MESICIC, allow civil society organizations to attend meetings of the Conference of the States Parties which – in the case of MESISIC – are also webcast, they cannot attend meetings of the Implementation Review Group of the UNCAC or the plenary session of the Committee of Experts.[34] Both peer reviews, however, organize NGO briefings and allow civil society organizations to give presentations. While other peer reviews normally do not offer this possibility, the TPRM of the WTO that makes all meeting minutes available on their website. In contrast, most peer review mechanisms make outcome review reports available to the broader public, with the exception of reviews such as the IRM and GRECO, where states have the possibility to decide whether they allow these reports to be made public or not.[35]

Our research findings, as well as conclusions by additional academic studies, indicate that transparency to the broader public is a welcome feature overall, yet with some caveats. The accessibility of review-related information increases the visibility of the reviews, triggering awareness among civil society and the public at large. In turn, this increases the reviews' ability to trigger public accountability and, ultimately, has a positive effect on the impact of the peer review process (Carraro, 2017b; Carraro and Jongen, 2018; Carraro et al., 2019; Cowan and Billaud, 2015; Jongen, 2018; Pagani, 2002). However, transparency is at times detrimental to confidential discussions and open exchanges of ideas, as it places states in the spotlight (Carraro and Jongen, 2018).

3.3.2 Transparency of peer reviews to member states

Peer reviews normally provide for plenary discussions on the performance of the reviewed country, during which all states parties to the organization are informed of the review outcome. The IRM of the UNCAC constitutes an exception to this rule: no plenary discussions of individual reports take place, and member states not involved in the review of the specific country can neither issue recommendations, nor gain insight into the performance of the state under review. Only thematic and summary reports are presented and discussed during plenary sessions (Carraro and Jongen, 2018). Our findings suggest that transparency towards other member states is crucial to increase peer accountability, as it allows all states to be informed of the situation in the country under review and monitor its progress (Carraro and Jongen, 2018). A downside of this type of transparency, however, is that it may decrease the confidentiality of the discussions (Carraro and Jongen, 2018; Cowan and Billaud, 2015).

3.3.3 Composition of the reviewing body

Whereas all peer reviews, as their name indicates, are reviews performed by states on other states, they exhibit variation as to who exactly is performing the review on behalf of states. In some mechanisms, for example the UPR, country reviews are normally conducted by diplomats in coordination with their home ministries. In other cases, including the OECD WGB and the GRECO, reviews are conducted by governmental experts such as judges, prosecutors, and bureaucrats with profound knowledge of the subject-matter under review. The IRM of the UNCAC and MESICIC take an intermediate approach: while technical experts conduct the country evaluations, both peer reviews have a political body that oversees the peer reviews' operations.

34 Civil society can attend meetings of the Conference of States Parties to MESICIC, either upon invitation of the State Party chairing the meeting or by submitting a written request. In addition, they can attend the meeting held in advance of the plenary meeting of the Committee of Experts. For more information see: https://www.oas.org/en/sla/dlc/mesicic/sociedad-civil.html

35 Although the IRM does not make the full country report available without the reviewed state's consent, it publishes a large number of session documents online.

Finally, the Secretariat plays a leading role in the peer reviews of the Global Forum and the Inclusive Framework on BEPS.

Our findings highlight that peer reviews which (also) involve substantive experts are preferable. Even though diplomats bring important strengths to the table – for example, their knowledge of international diplomacy, negotiations, and of peer review processes in general – reviews conducted by substantive experts are perceived by involved officials as more objective and less politicized. Reviews by experts are additionally more likely to be conducive to trust and mutual learning. Finally, governmental experts are more likely to bring back to their home countries the knowledge acquired during the peer review, which in contrast occurs to a much more limited extent when only diplomats are involved, as they are based in their country's permanent mission and not in the capitals (Carraro, 2017; Carraro, 2019a; Carraro and Jongen, 2018; Jongen, 2018).

The success of a peer review is strongly affected by the quality and expertise of its reviewers. Of particular relevance in peer review are both the subject-matter expertise of reviewers – namely, their knowledge of the specific legal and policy standards on which the reviews are based – and the so-called political expertise which refers to the reviewer's knowledge of the diplomatic environment and of the way peer reviews are conducted (Carraro, 2019b). To increase the ability of reviewers to perform their tasks, several peer reviews such as the FATF and the IRM of the UNCAC offer trainings to governmental experts and other stakeholders involved in country reviews.

3.3.4 Specificity of recommendations

There is wide variety among peer reviews as concerns the specificity of the recommendations they deliver to states as well as the degree of obligation of these recommendations. Regarding the first, some peer reviews make very specific recommendations, clearly identifying the reviewed country's shortcomings and outlining the steps that the country should take in order to improve its performance. This is for example the case for the OECD WGB and EDRC. In contrast, other peer reviews, such as the TPRM, tend to formulate more generic recommendations or display a more mixed record (Carraro et al., 2019).

As a rule, recommendations should be as specific and detailed as possible in order to be helpful for states. The state delegates involved in our study reported that the recommendations most helpful to them are those providing specific instructions, guiding them step by step towards implementation (Carraro, 2019a; Carraro et al., 2019). In addition, we found that recommendations should be realistic, rather than aiming at maximum, unattainable standards, as unrealistic recommendations often generate frustration in the state under review and may lead to non-implementation (Carraro, 2019a). Specific review recommendations might also be preferable in light of follow-up monitoring. Only when it is clear what precisely states are expected to do, can other states and the public monitor their progress and hold them accountable for their performance. That said, in some instances it might not be clear from the start of the review cycle what the best approach is to address a policy problem. Peer review might function as a platform to exchange new ideas and experiences with the aim of collectively solving a policy problem. In these cases, it might be more challenging to formulate very specific review recommendations.

In addition to their specificity, peer review recommendations vary in terms of their degree of obligation. Recommendations issued by the IRM of the UNCAC show a mix between concrete steps that need to be taken and measures that reviewed states might 'consider' taking. Progress on the implementation of latter is notably harder to monitor over time, which could lead to implementation gaps. No clear standards exist to assess whether states have sufficiently considered certain measures. In contrast, most recommendations issued by several of the other peer reviews generally impose a higher degree of obligation upon on its membership, which facilitates follow-up monitoring.

3.3.5 Follow-up monitoring

Most peer reviews in the area of financial integrity have systems in place to follow-up on states' progress over time. Follow-up monitoring is crucial to ensure that a specific policy problem (e.g., addressing a gap in legislation) does not move down on governments' priority lists once the review is completed and helps keep the momentum of the peer review exercise (Jongen, 2018). Systems for follow-up monitoring differ in their degree of formalization, frequency, and intensity.

The reviews conducted in MESICIC are organized in review rounds, each of which focuses on a different theme. As part of the evaluation during the Sixth Round, states are assessed on whether they have given sufficient consideration to the recommendations received under the Third Round (OAS, 2020b). Likewise, the Fifth Round also follows-up on recommendations received during the Second Round; the Fourth Round considers the outcomes of the First Round. More frequent post-assessment monitoring takes place in the FATF and the OECD WGB. The FATF distinguishes between regular follow-up (which consists of regular reporting on progress made) and enhanced follow-up (for countries that have made insufficient progress or exhibit considerable shortcomings; FATF, 2019). The OECD WGB can request its member states to periodically update their peers on an expedited basis, or even demand that states re-do an evaluation round if insufficient progress is made (i.e. the –bis evaluation).[36] To this day, the IRM of the UNCAC does not have a formalized system for follow-up monitoring in place, which might lead to implementation gaps (as discussed in Section 4). Other peer reviews that currently lack a system for follow-up monitoring are the APRM and the UPR.

3.4. The stability of peer review funding

Peer reviews need stable and impartial funding over time. One key characteristic of peer review is that it they are not one-off exercises, but recurring events. Long-term, stable and impartial funding is crucial, especially when a large number of issues are reviewed during different review cycles, when a peer reviews aims to monitor states' implementation of review recommendations over time, or when a peer review consists of different phases.

Peer reviews receive funding from different sources, often combining funding from the regular budget of the organization hosting the peer review, and voluntary contributions by states. UN peer reviews are particularly dependent on states' voluntary contributions. For example, the IRM of the UNCAC and the UPR, are generally funded through the UN regular budget (which pays for the mechanism and the Secretariat) and voluntary contributions (which inter alia pay for country visits, joint meetings, and training, where applicable). Often, voluntary contributions constitute the large majority of the budget available to a peer review. In the case of the UPR, for example, the UN budget dedicated to human rights corresponds to about 3,7% of the UN regular budget – and this portion is to be distributed among all UN human rights bodies. As a consequence of limited funding, voluntary contributions constituted about 63% of the UN human rights total budget in 2019. In contrast, in the case of the APRM funding is not only provided by states, but also solicited from other local sources such as African individuals, private corporations, and other local institutions.[37] Finally, between 2010 and 2019, almost 16 million US dollars in voluntary extrabudgetary contributions have been made to the IRM of the UNCAC, in addition to in-kind contributions (United Nations, 2019d). At the Eighth Session of the Conference of the States

36 More information on follow-up monitoring in the OECD can be found here: Bonucci (2014).

37 For more information on APRM funding, see https://www.eisa.org.za/aprm/toolkit/aprm-funding.htm. On UPR funding, see https://www.ohchr.org/EN/AboutUs/Pages/FundingBudget.aspx

Parties to the UNCAC, held in December 2019, it was reported that a significant funding deficiency exists for part of the third year, the fourth year, and the fifth year of the second review cycle (United Nations, 2019d).

4. Gaps and vulnerabilities in peer review

How effective are peer reviews in promoting universal implementation of financial integrity standards, and what causes their (lack of) effectiveness? To answer this question, sub-section 4.1 discusses member state compliance with financial integrity standards monitored by the three peer reviews on which data is publicly available: The FATF, the Global Forum, and the OECD WGB. Subsequently, sub-section 4.2 identifies specific gaps and vulnerabilities present in the current peer review system, with particular attention to peer reviews in the field of financial integrity. We discuss whether and in what ways these vulnerabilities might contribute to a lack of implementation of the recommendations delivered by these mechanisms, and ultimately to a possible lack of compliance with financial integrity standards.

4.1. Peer review and compliance with financial integrity standards

Before proceeding with our analysis, it is important to point out that the compliance information reported below cannot be solely attributed to activities undertaken in these peer reviews. Other domestic, international, and transnational actors might have been pushing for similar reforms. In addition, peer reviews that report higher implementation and compliance levels are not necessarily more effective in inducing this compliance. Some peer reviews place more stringent demands on states compared to other peer reviews, for example, by going beyond the legal and practical implementation of international instruments and reviewing domestic enforcement and effectiveness. Finally, it is important to keep in mind that peer reviews might be highly effective in promoting member state implementation and compliance of international financial integrity standards. However, if these standards are ineffective in addressing the problem at hand, these peer reviews will make little contribution to the promoting financial accountability, integrity, and transparency.

First, the FATF and FSRBs follow a systematic methodology to assess states' level of technical compliance and effectiveness (FATF, 2013-2019), distinguishing between 'compliant', 'largely compliant', 'partially compliant' and 'non-compliant' states (in terms of technical compliance) and states that display a 'high', 'substantial', 'moderate' and ' low' level of effectiveness. These ratings reveal that, while a majority of reviewed jurisdictions have been rated 'compliant' or 'largely compliant' in terms of technical compliance, a large share of states show only 'moderate' or even 'low' levels of effectiveness.[38] Alongside these consolidated assessment ratings, the FATF and FSRBs list jurisdictions that are presently under increased monitoring in order to address deficiencies in their AML/CTF regimes as well as high-risk states that are subject to a call for action (externally referred to as the blacklist). At its meeting on 20 February 2020, 18 countries were subject to increased monitoring.[39] In addition, two jurisdictions were identified as high-risk jurisdictions.[40]

Second, the Global Forum differentiates between states that are 'compliant, 'largely compliant', 'partially compliant' and 'non-compliant.' As of 6 April 2020, 24 out of the 126 jurisdictions reviewed are compliant with the Exchange of Information on Request standard (EIOR), 85 are

38 https://www.fatf-gafi.org/media/fatf/documents/4th-Round-Ratings.pdf Last accessed 13-7-2020.
39 http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2020.html Last accessed 13-7-2020
40 http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html Last accessed 13-7-2020

largely compliant, and two are provisionally largely compliant. Only 11 jurisdictions have been found to be partially compliant and two non-compliant.[41] This scoreboard also gives insight into developments over time: in total, 12 states have improved their compliance rating compared to the previous evaluation round, while the situation has regressed in 13 jurisdictions. The remaining countries either received the same assessment compared to the previous review (37 jurisdictions) or are yet to be reviewed for the first or second time.

Third, the OECD WGB shows positive results in terms of implementation levels. By 2018, all 44 States Parties to the Anti-Bribery Convention, which are responsible for 81% of Foreign Direct Investment stocks and 66% of world exports, have criminalized the offence of foreign bribery (OECD, 2018). However, like the FATF, the situation looks less positive in term of effectiveness. In 2018, Transparency International showed that only seven countries (who are responsible for 27% of the world's exports) actively enforce the Convention domestically. Four countries show moderate enforcement, eleven countries limited enforcement, and twenty-two countries (who are responsible for over a third of exports in the world) have shown little or no enforcement (Dell & McDevitt, 2018). While domestic enforcement levels are rather low, this report does show that the number of countries that have improved their enforcement activities exceeds the number of countries that have regressed. In addition, an academic study concludes that the OECD Anti-Bribery Convention and the WGB have reduced the propensity of multinational companies based in signatory states to pay bribes abroad during business entry, as compared to firms in non-signatory states (Jensen & Malesky, 2018).[42] What is worrying, however, is that this study also suggests that firms in non-signatory states have increased the payments of bribes abroad. This underscores the importance of holding countries that are currently not members of the OECD WGB to similar financial integrity standards as signatory states. Some of today's largest exporting nations do not participate in the WGB, and many of them have not been found to enforce foreign bribery legislation domestically (Dell & McDevitt, 2018).[43]

No compliance ratings are available on the Inclusive Framework on BEPS minimum standards, the IRM of the UNCAC, and MESICIC. In the IRM of the UNCAC, 90% of states reported on legislative measures and reforms that they had taken to comply with the UNCAC (United Nations, 2019c). However, as states provide this information themselves, it is hard to verify the impact of the IRM on implementation levels.

4.2. Gaps and vulnerabilities in the current peer review system

What specific gaps and vulnerabilities in the current peer review system contribute to lack of implementation of recommendations and compliance with international norms and standards? This section identifies a set of gaps and vulnerabilities related to institutional (4.2.1) and domestic factors (4.2.2).

4.2.1 Institutional factors

We first look into implementation challenges that are caused by institutional factors, that is, factors that relate to the design and functioning of the peer reviews. We identified five key institutional weaknesses that potentially affect peer review mechanisms: (1) frequency of

41 http://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm Last accessed 10-7-2020.

42 These conclusions are based on a case study of Vietnam, using survey experiments. The reduction in bribery was observed after the start of the third review phase in 2010. It is of note that a reduction in bribery was only observed among firms from states with at least minimal levels of domestic enforcement. Firms based in non-enforcing, signatory states of the OECD Convention did not appear to have changed their behavior.

43 While these countries are not members of the OECD WGB, they do participate in the IRM of the UNCAC, which also criminalizes foreign bribery. However, as evaluations in the IRM are conducted less frequently, do not follow-up on progress over time, and deal with a larger number of themes, significant implementation gaps emerge.

reviews; (2) lack of systematic follow-up monitoring; (3) exclusion or lack of participation of civil society and other key stakeholders; (4) power imbalances and political bias; and (5) challenges posed by the existence of partially overlapping monitoring systems.

4.2.1.1. Frequency of reviews

Low frequency of evaluations might cause implementation challenges, as it increases the risk that scheduled reforms and measures move down on states' priority lists. In MESICIC, each evaluation round takes between four to six years.[44] The IRM aims to review its member states once every five years.[45] Earlier this year, however, the UNODC Secretariat reported that the IRM's second review cycle faces considerable delays, slowing down further the pace at which reviews are conducted (United Nations, 2020). In other peer reviews, the frequency of country evaluations depends on whether states have given sufficient consideration to the recommendations received. The FATF in principle evaluates states only once every ten years, but engages in intensive follow-up monitoring in-between evaluation rounds (see section 3.1). Likewise, in the OECD WGB, it takes approximately five to eight years for states to move on to the next review phase. Between evaluations, however, states are monitored periodically under its follow-up procedure. In the Global Forum,[46] member states are requested to provide follow-up reports on an annual basis for as long as there are pending recommendations (OECD, 2016c)

Of the peer reviews examined in this background paper, the Inclusive Framework on BEPS minimum standards monitors states most frequently. Depending on the BEPS Action concerned, reviews take place annually (e.g. Action 5) or are organized in batches over a period of two years (e.g. Action 14). For a variety of reasons, however, some countries have been excluded from the review process during several rounds (Mosquera Valderrama, 2018a). In addition, as mentioned in Section 2, the Inclusive Framework does not make use of country visits, which explains why reviews can be conducted at a higher frequency.

4.2.1.2. Lack of a system for regular follow-up monitoring

With the exception of the IRM of the UNCAC, all peer reviews studied in this background paper follow up on states' progress over time.[47] Follow-up monitoring helps to keep financial integrity standards on the political agenda, even when countries are not presently under review. Implementation challenges might emerge from lack of regular follow-up monitoring or the complete absence of a system for follow-up monitoring.

As discussed before, to this day, the IRM of the UNCAC has no system in place to follow up on states progress over time. Instead, states can voluntarily report on the measures they have taken after the review has been completed. By September 2019, 145 out of 169 states provided information on progress made after the completion of the reviews. The format in which states provide this information differs considerably: notes verbales (29%), official statements during meetings (19%), or information provided during ongoing reviews and technical assistance delivery (38%). Twenty-four states (14%) did not report on progress made after the review

44 Information is only available from the Fourth until the Sixth Round. The Fourth Round took place between September 2011-March 2015, the Fifth Round between March 2015-March 2020, and the Sixth Round is projected for March 2020-March 2026.

45 The first review cycle, which takes at least five years to complete for all states, evaluates states' implementation of Chapter 3 (Criminalization and Law Enforcement) and Chapter 4 (International Cooperation). The second cycle reviews countries' implementation of Chapter 2 (Preventive Measures) and Chapter 5 (Asset Recovery).

46 The first cycle lasted from 2010-2016. The second cycle is scheduled from 2016-2020. In the first cycle, some countries underwent separate reviews for phase 1 (legal implementation of the EOIR standard) and phase 2 (practical implementation of the EIOR standard).

47 For the peer review of BEPS Action 6 it is not clear yet whether follow-up will be monitored, as this mechanism is quite recent.

(United Nations, 2019c). The lack of a systematized format for follow-up monitoring, as well as the voluntary nature of this type of reporting, might lead to significant implementation gaps.

As discussed before, MESICIC follows up on states' implementation of review recommendations over time. States are requested to report which actions and measures they have taken to address the peer review recommendations by filling out a self-assessment questionnaire (OAS 2020b). While this standardized approach is a strength of the mechanism, there is a significant time gap between evaluation rounds. For example, the Sixth Evaluation Round (which was launched in March 2020), monitors states' implementation of recommendations received under the Third Round (which was launched in 2008). More than ten years may have passed between the time a country received a recommendation and the moment the implementation of this recommendations is reviewed.

4.2.1.3. Exclusion or lack of participation of civil society and other key stakeholders

As shown earlier, involving stakeholders is likely to be highly beneficial to a peer review process, as it increases the comprehensiveness and objectivity of the reviews, and facilitates peer and public accountability.

All peer reviews reviewed in this background paper recognize the importance of civil society and the private sector as partners in the global fight against corruption, tax evasion, money laundering and terrorism financing. However, as outlined in section 2.2, peer reviews differ in the extent to which nongovernmental stakeholder participation and consultations form a mandatory part of the peer review process. Whilst this is standard practice in, for example, the FATF, OECD WGB and MESICIC, the IRM of the UNCAC leaves this at the discretion of the reviewed state. Recent reports show that, even though civil society participation is voluntary in the IRM, the large majority of country evaluations allow for engagement with other stakeholders: this was the case in 89% of reviews concluded during the first cycle and 96.8% of those conducted during the first three years of the second cycle (United Nations, 2020), which is a positive development. However, as the state under review does not only have a say over whether other stakeholders are consulted but also which, care needs to be taken that a variety of perspectives is included in the county evaluations.

4.2.1.4. Vulnerability to political bias and power imbalances

Some countries receive more attention in the peer review exercise than others. This problem might be particularly prevalent in peer reviews that do not make use of lead examiners but solicit input from all other member states, such as the Inclusive Framework on BEPS and the UPR in human rights. Concerning the BEPS Action 5, Irma Mosquera Valderrama (2018a) shows that reviews of some countries do not receive any input from other countries. Other states, in contrast, receive extensive attention from other countries, civil society and the press. Depending on whether other states find it worthwhile to invest their time and resources in filling out the peer questionnaire and provide input, some states might receive more or fewer review recommendations. In the UPR such imbalances impact the review even more acutely. Not only some countries receive more attention than others: it is also the case that, due to power imbalances among UN member states, some countries receive a much more lenient treatment than their internal human rights situation is perceived to warrant – as reported by an overwhelming majority of respondents in our study (Carraro, 2017a). In addition, political bias and power imbalances may also influence the content of the final report. As mentioned by multiple respondents in our study, states under review frequently engage in negotiations to change the wording of final reports in order to depict a more positive situation than emerged during the review (Carraro 2017a).

Our research on the IRM of the UNCAC, GRECO, and OECD WGB reveals that the international organization Secretariats are perceived to play an important in ensuring equal treatment and consistency, functioning as the peer reviews' institutional memory (Jongen, 2017). Their involvement in a large number of country evaluations gives them a good overview of whether similar cases are treated alike. In addition, the discussion of country reports by the collective peer review body is perceived to help ensure consistency across countries. States might intervene when they perceive their peers to receive more lenient treatment in the country evaluations (Jongen, 2018).

4.2.1.5. Lack of coordination between reviewing mechanisms with partially overlapping mandates

Peer reviews do not exist in isolation, and many peer reviews perform partially overlapping functions with other peer reviews or with different monitoring mechanisms. Overlapping activities may present both challenges and opportunities for implementation, depending on the specific circumstances.

First, recent research indicates that overlapping international bodies give rise to both repetitions in the recommendations they deliver to states, and at times also contradictions (Carraro, 2020). Repetitions between recommendations by different reviewing mechanisms often bring added value, as they highlight to states what the clear areas of concerns in their performance are. Yet, a large number of repetitions may also overwhelm states and give rise to monitoring fatigue, as discussed below (Carraro, 2020). Additionally, even though (partial) contradictions between international bodies are rare, when they occur they are strongly detrimental to these bodies' credibility. Hence, the existence of coordination mechanisms among different peer review systems would be desirable (Carraro, 2020).

Second, the existence of several partly overlapping reviews gives rise to monitoring fatigue among countries that participate in multiple mechanisms. Peer review might become particularly onerous, when states have to report to different monitoring bodies at the same time. For example, Mie Roesdahl (2017) reports that, when preparing for its UPR review in 2015, Nepal was at the same time dealing with reporting to three different UN human rights treaty bodies, stretching the Human Rights Section of the dedicated Ministry to maximum capacity. At the same time, peer review may increase not only reviewee, but also reviewer fatigue. This is seemingly the case in the BEPS peer review system, where Mosquera Valderrama (2018a) shows that of the 127 member states – which could, in principle, provide input to country reviews – very few do so in practice. For example, in the 2017 report on BEPS Action 5 on exchange of rulings, the 44 countries that were peer reviewed received input from 1 to 10 countries as a maximum (Mosquera Valderrama, 2018a).

Monitoring fatigue is increasingly present in peer reviews in the area of anticorruption. Countries participating in multiple financial integrity peer reviews regularly show less enthusiasm in the evaluations, provide incomplete information, or are delayed in providing information, as compared to countries participating in a smaller number of reviews (Jongen, 2017). Some state delegates indicated that they considered their country's participation in both global and regional anticorruption peer reviews burdensome. In contrast, countries that only participate in one anticorruption peer review (e.g., the IRM of the UNCAC) are often more motivated and enthusiastic in the review exercises. Concerns about a potential duplication of efforts were already expressed during the negotiations preceding the establishment of the IRM of the UNCAC (Heineman & Heimann, 2006; Jakobi, 2010). Some efforts have been made to address these concerns and many anticorruption peer reviews now allow states to submit the same information to multiple monitoring bodies, amongst others.[48] However, considering that the expansion of peer review as a monitoring instrument goes hand in hand with increased monitoring fatigue, care should to be taken to ensure that peer review in the area of financial integrity does not fall victim to its own success.

4.3. Domestic factors

When it comes to domestic challenges to implementation, we differentiate between: (1) lack of political will; and (2) lack of technical knowledge and resources. Each of them requires a different governance approach.

4.3.1 Lack of political will to implement peer review recommendations

Once states have signed an international financial integrity instrument, the next challenge is to maintain the momentum and ensure that states take steps to implement and enforce it. Compliance with financial integrity standards might easily move down on national administrations' priority lists, when other pressing policy issues emerge. Some national administrations lack an incentive to enforce financial integrity standards unless other states do the same, or might even perceive noncompliance to be beneficial in the short term. This type of noncompliance is particularly challenging to address when public awareness of the policy problem at hand is low,[49] or when national administrations face significant pushback to reforms from other domestic actors, such as the private sector.

Considering how difficult it is to determine whether noncompliance with international financial integrity standards is intentional or due to lack of capacity, we cannot provide an indication of the scale of this problem. Several academic studies, however, do offer insights into some of the motivations behind intentional noncompliance. Gilbert and Sharman (2016) show that some Western democracies have willfully turned a blind eye to foreign bribery cases, flouting their commitments under the OECD Anti-Bribery Convention, to be seen "to promote the national economic interest to voters" (p.86). Such perceived, short-term economic interests include jobs and income from exports. With regards to the OECD international tax regime, Woodward (2016) discusses several instances of 'mock compliance' were jurisdictions adopt the form of an international standard, but not do not comply with it in practice. As shown in 4.1, there exists at times a gap between high implementation levels of international financial integrity standards in states and low enforcement levels.

To address noncompliance caused by lack of political will, peer reviews can employ various strategies to incentivize states to comply. By issuing press statements and contacting the media about states' performance, peer reviews might raise public awareness about states' substandard performance and mobilize public pressure. In addition, several monitoring bodies, such as the FATF and the Global Forum, seek to increase the public's awareness by making use of compliance ratings, country rankings and scoreboards. In some instances, Non-Governmental Organizations (NGOs) publish information on states' policy performance. Transparency International, for example, publishes progress reports on states' enforcement of the OECD Anti-Bribery Convention, distinguishing between 'active', 'moderate', 'low' and 'no' enforcement activity.[50]

The use of compliance ratings and rakings has advantages and disadvantages. Information in these ratings and rankings is easily accessible to the media, civil society, the private sector, and

48 For an overview of actions that have already been taken or are under way to achieve this, see: GRECO Secretariat (2018).
49 One example in this regard is foreign bribery, which may not be perceived to directly affect the public's lives in OECD member states.
50 https://www.transparency.org/en/projects/strengthening-enforcement-of-the-oecd-anti-bribery-convention-1/data Last accessed at 24-6-2020.

the public at large. In contrast to the information provided in country review reports, it is also easy to understand and allows for a straightforward comparison of different countries. This is likely to facilitate peer and public accountability. States' ranking or rating in these performance assessments might be an important motivation to move forward on their international financial integrity commitments and implement reforms (Hülsse, 2008). However, by reducing states' performance to a quantifiable indicator, important contextual information gets lost. In addition, country ratings and rankings could be used in ways that are not internationally agreed upon, such as blacklisting. While most commentators agree that blacklists are successful in prompting countries to quickly bring their legislative and normative framework in line with required standards (e.g., Gardner, 2007; Hülsse, 2008), some argue that this approach does not encourage states to move beyond formal implementation towards actual compliance (Hülsse, 2008).

4.3.2 Lack of technical knowledge and resources to implement recommendations

Noncompliance does not only stem from a lack of political will to implement reforms. Some countries might be willing to implement reforms but lack the technical knowledge or resources to do so. Lack of institutional capacity is important to keep in mind as a reason for noncompliance, especially as many peer reviews in the area of financial integrity involve developing states. Specifically, 55% of the Global Forum's membership consists of developing states as well as the majority of states participating in the Inclusive Framework on BEPS and the IRM of the UNCAC. The memberships of the APRM and MESICIC almost entirely consist of developing states. In contrast to noncompliance that is caused by lack of political will, constraints in terms of institutional capacity might require different governance approaches. As discussed in Section 3, technical assistance programs, exchange of best practices, technical cooperation tools and trainings can be used to address these reasons for noncompliance.

5. Peer reviews on financial integrity matters and the 2030 Agenda

This section discusses the implications of illicit financial flows (IFFs) for the achievement of the 2030 Sustainable Development Agenda, and how peer review could be used to tackle such issues. The Inter-Agency and Expert Group (IAEG) on SDG indicators defines IFFs "as financial flows that are illicit in origin, transfer or use; that reflect an exchange of value instead of purely financial transactions; and that cross-country borders [sic]".[51] Different activities can generate IFFs: "tax and commercial practices, illegal markets, theft and terrorism financing, and corruption".[52] As discussed in this background paper, peer review is used to monitor member state implementation of, and compliance with, financial integrity standards that address all of these activities. Thus, these mechanisms hold considerable potential to limit IFFs and, by extension, contribute to the achievement of the 2030 Sustainable Development Agenda. However, as we have argued in this paper, it is crucial that peer review does not only monitor member state implementation of international financial integrity instruments, but also review states' compliance and/or effectiveness in addressing these problems. In addition, it is highly important that the financial integrity instruments, standards and conventions that are monitored by means of peer review adequately deal with the policy problem at hand. If these international standards and conventions do not effectively address key problems related to financial integrity matters in all regions and sectors concerned, peer review will make little contribution to solving these problems. In fact, peer review might then promote member state implementation of, and

51 https://developmentfinance.un.org/illicit-financial-flows Last accessed 15-7-2020.
52 See footnote 52.

compliance with, ineffective financial integrity standards. It is therefore important to note that this background paper has reviewed the potential of peer reviews in promoting implementation of, and compliance with, financial integrity standards. It has not examined the adequacy of these international standards, instruments and conventions in addressing IFFs.

Below, we first briefly review the negative effects IFFs have for the achievement of the 2030 Sustainable Development Agenda. Although IFFs have implications for all SDGs, we particularly focus on the relationship between IFFs and SDG 16 (inclusive societies). In addition, we consider the disproportionate impact that illicit financial activities have on women and vulnerable sections of the population. Next, subsection 5.2 discusses how peer review can be used to achieve the 2030 Sustainable Development Agenda. Specific attention is paid to the APRM.

5.1. Negative effects of IFFs for the achievement of the 2030 Agenda

Sustainable Development Goal (SDG) 16 aims to "promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels". In particular, target 16.4 stresses the importance to combat organized crime and illicit financial and arms flows in order to achieve SDG 16, recommending to "significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime" (UN General Assembly Resolution 71/313, p. 21, note 4), while target 16.5 aims to "substantially reduce corruption and bribery in all their forms" (UN General Assembly Resolution 71/313, p. 21, note 5). Several studies similarly acknowledge the connection between sustainable development and good governance, stressing that IFFs pose severe obstacles to development (e.g., Bromley et al., 2019; Grondona et al., 2016; Oloruntoba, 2018).

Countries in the Global South, in particular, face different sets of development-related challenges, and are affected by IFFS in a different way than countries in the Global North. Many countries, especially on the African and Latin American continents, are faced with an enormous outflow of financial resources through IFFs, that in many cases exceeds the inflow of other financial revenues (Oloruntoba, 2018; Grondona et al., 2016). The African Union High-Level Panel on Illicit Financial Flows reported that in the past 50 years African countries have witnessed a loss of more than a trillion US dollars due to illicit capital outflows (African Union Commission, 2014). Similarly, Grondona and colleagues (2016) report that in the period 2004-2013 IFFs from Latin American and Caribbean countries averaged an annual amount of 150 billion US dollars. This underscores the importance for peer reviews to address the problems experienced by countries in both the Global North and Global South. While peer reviews, such as the Inclusive Framework on BEPS allow developing states to participate on an equal footing, concerns have been expressed that developing states have no decision-making role and that the content of the Actions has not been modified (Mosquera Valderrama, 2018b).

The outflow of IFFs has multiple negative effects on development. Illicit outflows often come from stolen development assistance funds, tax evasion, and trade mis-invoicing, to name a few (Oloruntoba, 2018; Grondona et al., 2016). In turn, such revenue loss reduces national tax revenues, creates unfair competition, increases corruption, and ultimately reduces the resources available to invest in national development initiatives (Oloruntoba, 2018). Jean Yves Adou (2020) also stresses the additional challenge faced by countries that abound in natural resources, yet due to poor governance do not reap the benefits from such resources. Tackling these problems requires a comprehensive resource governance approach that translates the revenues derived from natural resources into a more inclusive and sustainable development programme (Adou

2020). In this regard, a study conducted by the AU highlighted the positive examples of Botswana, Morocco, Namibia and South Africa, as countries that have successfully managed their mineral resource revenues in a way that promotes the country's economic and social development (African Union, 2013). Hence, the AU study stresses the need for peer review to identify what specific practices and successful strategies have been adopted by these countries (African Union, 2013).

The negative effects of illicit financial outflows are particularly experienced by women and other vulnerable sectors of the population. Focusing on the case of Latin American and Caribbean countries, Grondona and colleagues (2016) argue that, when states are faced with a reduction of their financial resources due to illicit financial outflows, the quality of their services on issues such as healthcare and education will inevitably decline. This in turn leads to a further strengthening of gender inequalities, as women are traditionally more dependent on state provisions and care services and are over-represented among the holders of low-paying jobs or those engaged in unpaid domestic work. The situation is further exacerbated by the fact that states tend to compensate for revenue losses caused by IFFs by increasing indirect taxation and taxes on low- and middle-income citizens, which similarly affects the least advantaged parts of the populations – among which women (Grondona et al., 2016).

5.2. Use of peer review on financial integrity issues to achieve the 2030 Agenda

The Addis Agenda, developed in the context of the international conference on Funding for Development held in Addis Ababa in 2015, provides a comprehensive framework for financing sustainable development, which incorporates in its purview all SDG targets (United Nations, 2015). The Addis Agenda led former UN Secretary-General Ban Ki-Moon to establish an Inter-Agency Task Force which would report on the means for implementation of the 2030 Agenda.

Measuring the implementation of SDGs, and of particular relevance for our paper SDG targets 16.4 and 16.5, is a particularly complex task, for reasons varying from the political sensitivity of the subject-matter to the difficulty of collecting comparable statistical data across all countries (Bromley et al., 2019). We argue that peer review on financial integrity matters potentially provide added value to monitoring the implementation of SDG 16, and for the achievement of the SDGs more broadly. Considering that SDGs constitute non-legally binding targets for states, the use of soft governance tools such as peer review is particularly suitable, providing a non-confrontational forum for mutual evaluation, exchange of ideas, and peer learning. In its 2016 annual report, the Inter-Agency task Force argues for the use of peer review as a potentially valuable tool to monitor states' efforts in combating IFFs, and the importance to stimulate peer learning and exchange of best practices (IATF, 2016). As Åsa Perrson and colleagues (2016) report, a weakness observed in the implementation monitoring system of the SDG's predecessors – the Millennium development Goals (MDGs) – was precisely that review processes were employed to showcase country performances, rather than to stimulate a constructive dialogue based on peer review and exchange of best practices.

An explicit link between the SDGs and peer review, as well as coordination between peer reviews operating at the regional and global level appears to be particularly relevant for the achievement of the SDGs. This is illustrated for example by the successful engagement of the APRM with the 2030 Agenda. Following the signing of the AU-UN Joint Framework for the Implementation of

Agenda 2063[53] and the UN 2030 Agenda in January 2018, the APRM has been playing a central role in monitoring AU countries' progress in achieving the two interrelated sustainable development agendas, in three key ways: 1) by explicitly including the discussion of countries' progress in the realization of the SDGs, and particularly SDG 16, in its peer review activities (APRM, N/A); 2) by linking the global SDG targets with the Aspirations contained in Agenda 2063 – corresponding to Aspirations 3 and 4 in the case of SDG 16 (APRM, N/A), thus creating a more explicit link between global and regional goals, and allowing for a more holistic assessment of their implementation; 3) by collaborating with other global and regional institutions in monitoring and reporting progress in achieving the agendas, such as the UN Development Programme (UNDP) and the OECD global hub for the governance of SDGs (APRM, N/A).

Other peer reviews could follow the APRM example and more explicitly link their reporting and monitoring objectives to targets 16.4 and 16.5 (among others) – and where applicable, with local sustainable development targets.

6. Final summary and recommendations

In support to the work of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda, this background paper examined the use of peer review in financial integrity matters, identifying strengths and weaknesses in the peer review system. After providing an overview of existing peer reviews in the area of financial integrity, it identified a set of good practices, by drawing comparisons between peer reviews employed in different policy areas and organizational contexts. These best practices relate to (1) a peer review's comprehensiveness; (2) its universality; (3) its design features; and (4) the stability of their funding. The paper subsequently identified gaps and vulnerabilities in the current peer review system, focusing on: (1) institutional factors, namely the frequency at which peer reviews are held, the lack of systems for regular follow-up monitoring, the limited participation of civil society organizations, vulnerability to political bias, and lack of coordination with other peer or expert-reviewing mechanisms; (2) domestic factors, namely lack of political will and lack of technical knowledge and resources to implement review recommendations. Finally, the paper examined the potential of peer reviews to contribute to the achievement of the 2030 Agenda for Sustainable Development.

Based on the strengths and weaknesses of the peer review system identified in the previous sections, we conclude this paper by formulating a number of proposals to address the weaknesses and amplify the strengths of existing peer review instruments in the field of financial integrity. We distinguish between short-term, medium-term, and long-term recommendations. For each proposal, we discuss their advantages and disadvantages, and their political and technical feasibility.

6.1. Short-term recommendations

Recommendation 1: Providing reviewing states with clear guidelines on how to formulate recommendations. Recommendations could follow the SMART approach: Specific, Measurable, Achievable, and Time-Bound. This recommendation is applicable to all peer reviews in the field of financial integrity.

53 Agenda 2063 is a comprehensive strategic framework developed in the context of the African Union, which focuses on the achievement of inclusive sustainable development in Africa. For further information see https://au.int/en/agenda2063/overview

Advantages, disadvantages, and feasibility: As argued earlier in our paper, the more specific recommendations are, the easier it is for states to correctly implement them. In addition, the follow-up and implementation of specific recommendations is easier to monitor. This recommendation is very easy to implement from a technical point of view. Depending on political support, these guidelines for giving peer review recommendations can made be either mandatory or voluntary.

Recommendation 2: Increase the visibility and accessibility of peer reviews and their output by: (1) webcasting review plenary sessions; (2) making review reports available online; (3) making review reports accessible (e.g., by translating the report in the country's local language) (4) coordinating with local NGOs to raise awareness on the peer review, for example by organizing information-raising events, connecting with universities, and launching social media campaigns.

Advantages, disadvantages, and feasibility: Increasing the visibility of peer reviews is essential to raise their international profile and stimulate public pressure on states to implement the recommendations received. In addition, the outcome of a peer review exercise should not only be available to the public; it also needs to be accessible. While country reports are often written in highly legalistic language, the key conclusions and recommendations of a peer review exercise need to be presented in a clear, understandable, and accessible way, in order to effectively mobilize domestic actors. Evaluation reports should be translated into the reviewed country's local language.

As to the feasibility of this recommendation, webcasts are becoming increasingly acceptable and widespread in the UN and OAS system, and technically easy to implement from the international organization's perspective. In the case of countries where the broader population has limited access to technological infrastructures, civil society organizations could organize broadcasting sessions open to the wider public. Making reports available online is technically very easy to implement but might face political resistance. The main conclusions and recommendations of a peer review can be summarized in the executive summary or in a press statement, translated in the country's local language. Local NGOs are likely to be inclined to engage in increased coordination with peer review mechanisms. Some funding/technical assistance for these NGOs may be required.

6.2. Medium-term recommendation

Recommendation 3: Including provisions for the mandatory inclusion of relevant stakeholders such as civil society and the private sector in peer reviews, in particular: (1) during the preparation of the self-assessment report; (2) during country visits (where applicable). This recommendation is applicable to all peer reviews in the field of financial integrity, and particularly recommended in the case of the IRM of the UNCAC, where consultations with nongovernmental actors is currently optional.

Advantages, disadvantages, and feasibility: Peer reviews which provide a wide involvement of relevant stakeholders in the information-collection stage are widely perceived as fairer, more impartial, and of higher-quality. This recommendation is technically highly feasible, as the inclusion of relevant stakeholders is already common practice in most peer reviews. The recommendation may however face some political resistance from states that do not already include these stakeholders in the information-collection phase, due to the perceived sensitive nature of the issues at hand.

Recommendation 4: Considering an observed increase in monitoring fatigue over the past years, it is advisable to further explore opportunities for collaboration among different peer reviews in the area of financial integrity, rather than establish additional mechanisms. Where they do not already do so, peer reviews might want to exchange responses to the self-assessment checklists and coordinate their time schedules for country evaluations and on-site visits. Other possibilities include combined country visits and streamlining questionnaires, amongst others.[54]

Advantages, disadvantages, and feasibility: Cooperation among peer reviews might help to limit monitoring fatigue, avoid a duplication of efforts, and reduce the risk of potential contradictions between recommendations from different peer reviews. To keep in mind whilst implementing this recommendation, however, is that peer reviews operate with different timeframes/review cycles, which might be challenging to coordinate. In addition, peer reviews have a different thematic focus and mandate.[55] States need to give permission for their responses to the self-assessment checklist to be used in other peer reviews (which can be done on an individual basis).

Recommendation 5: Ensure peer reviews have stable and impartial funding over time. Peer reviews should be less dependent on voluntary contributions by states, and this goal is to be achieved by providing peer reviews with a larger proportion of the international organization's budget, to be specifically allocated to them. This recommendation is particularly relevant to the IRM of the UNCAC, which is largely dependent on states' voluntary contributions.

Advantages, disadvantages, and feasibility: Implementing this recommendation would make peer reviews more independent and less subject to state control. The feasibility of this recommendation depends on the total budget of the organization facilitating the peer review, and particularly the portion of the budget to be allocated to financial integrity matters. It may encounter internal opposition from other organizational units and departments, which may wish for similar budgetary adjustments.

Recommendation 6: Limit the emergence of political bias in the reviews by: (1) involving national experts in country examinations; (2) involving the organizations' Secretariats, (3) discuss and adopt country reports in plenary meetings.

Advantages, disadvantages, and feasibility: Whereas a certain amount of politicization is to be expected in state-to-state reviews, in some cases power imbalances between states may give rise to biased country assessments, as discussed in section 4.2. By having expert and Secretariat input in the reviews, more check and balances are introduced in the reviewing system, allowing to filter out the most politically-motivated recommendations. In addition, by discussing and adopting country reports in a plenary setting, all states participating in a peer review take collective responsibility for the quality and consistency of review reports. However, implementing these suggestions may (1) add further burden on states, who will need to recruit / identify national experts to conduct the examinations, and (2) increase the already high workload of Secretariat staff. Finally, it might be challenging to allocate sufficient time for discussing individual country reports in peer reviews with a global membership. This might mean that plenary meetings need

54 The GRECO Secretariat (2018) has identified a number of activities that can be taken to improve synergies and cooperation across peer reviews in the area of anticorruption.
55 For a complete overview of challenges and main differences among peer reviews that might limit effective cooperation, see: GRECO Secretariat (2018).

to be held more frequently, increasing the costs of the mechanism. It would also impose additional costs on states to regularly send a delegate to these meetings.

Recommendation 7: Where no such systems exist (e.g., the IRM of the UNCAC), it is advisable to set-up a system for regular, systematic follow-up monitoring. Peer reviews that do have systems in place to monitor progress over time should ensure that states are monitored regularly. Some peer reviews (e.g. MESICIC) might consider shortening the intervals between evaluations.

Advantages, disadvantages, and feasibility: Systematically monitoring progress over time offers various advantages: it facilitates peer and public accountability and prevents the issue from moving down on states' priority lists. This recommendation might be more cumbersome to implement in peer reviews with large memberships, yet systems could be put in place to make this task easier to achieve: for example, states could submit a mid-term assessment report to a designated reviewing team consisting of a smaller group of member states, thus spreading the workload among all countries.

6.3. Long-term recommendations

Recommendation 8: Peer reviews need to move beyond reviewing the legal implementation of international standards and also examine states' actual compliance with these standards. To achieve this goal, peer reviews could be organized in Phases: Phase 1 monitors legal implementation, while Phase 2 monitors actual compliance.

Advantages: Member state implementation of financial integrity standards is not sufficient to effectively promote international financial accountability, transparency and integrity. A rigorous, comprehensive approach is needed to avoid a situation in which high implementation levels are accompanied by low compliance levels (i.e., mock compliance). This recommendation might be harder to implement when the peer review aims to evaluate states on many different themes/topics, while its implementation is likely to be easier in peer reviews with a narrower focus (e.g., OECD WGB, FATF, Global Forum).

Recommendation 9: In the long-term, new governance models could be considered that build upon some of the strengths of peer review, while also addressing the mechanism's weaknesses (e.g. as identified in recommendation 4, 6 and 7). One option includes a hybrid reviewing system, which combines the advantages of peer reviews with those of expert-led monitoring systems such as the African Union's Advisory Board on Corruption. Such a hybrid system is envisaged as a global-scale review, which could combine expert- and peer-input when reviewing member states. It could potentially incorporate the scope and mandates of other existing reviewing mechanisms. Another mode of governance that is increasingly used in a variety of policy areas are global multi-stakeholder arrangements (for a discussion of this mode of global governing see for example: Scholte, 2020).

Advantages, disadvantages, and feasibility: These are ambitious proposals that would require both the commitment of substantial financial resources and willingness on the side of both states and international organizations to change the current reviewing system. In addition, whereas new modes of global governance might offer possibilities to address shortcomings identified in the current peer review system, they would also come with their own unique challenges. Advantages are that, once implemented, these new modes of governance might lead to a streamlining of both financial and human resources, a decrease in monitoring fatigue for states, and might potentially be more inclusive.

ANNEX 1: Overview of the key peer reviews[56]

Corruption control	Organization
Implementation Review Mechanism (IRM) of the United Nations Convention against Corruption (UNCAC)	United Nations
Group of States against Corruption (GRECO)	Council of Europe
Mechanism for the Implementation of the Inter-American Convention against Corruption (MESICIC)	Organization of American States
OECD Working Group on Bribery	OECD (also includes non-OECD states)
Istanbul Anti-Corruption Action Plan	OECD

Money-laundering and terrorist financing	Organization
Financial Action Task Force Standards	FATF-GAFI
Final Action Task Force-Style Regional Bodies (FSRBs) - Asia/Pacific Group on Combating Money-Laundering - Caribbean Financial Action Task Force - Eurasian Group - Eastern and South African Anti Money Laundering Group - Financial Action Task Force on Latin America - Intergovernmental Action Group Against Money Laundering in West Africa. - Middle East and North Africa Financial Action Task Force - MONEYVAL - Task Force on Money Laundering in Central Africa	

Taxation	Organization
Global Forum on Transparency and Exchange of Information for Tax Purposes	OECD / G20 (also includes non-OECD/G20 states)
Inclusive Framework on BEPS	OECD /G20 (also includes non-OECD/G20 states)

Peer reviews in other areas with relevance for financial integrity, accountability and transparency	Organization
Universal Periodic Review (human rights; includes corruption)	United Nations

56 In several cases, the scope of these peer reviews covers multiple sub-areas within the broader issue of financial accountability, transparency, and integrity. The peer reviews are listed in the table based on their key goal.

Mechanism for the Review of Implementation of the United Nations Convention against Transnational Organized Crime (UNTOC) (includes corruption, money laundering, asset confiscation)	United Nations
African Peer Review Mechanism (good governance; includes economic governance)	African Union

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