

SUMMARY PROPOSAL FOR A FINANCIAL INTEGRITY INDEX

The Task Force for Global Financial Integrity & Economic Development is consulting on a **proposal to develop a Financial Integrity Index**. This would set out a global ranking of jurisdictions based on four related components:

- national (and sub-national) budget processes,
- the corporate sector
- in regard to beneficial ownership and
- in regard to international cooperation and exchange of information.

The Index would draw on multiple datasets covering the 4 themes, using a range of evidence to **create a ranking of jurisdictions at both individual thematic and overall levels**, offering a credible assessment of performance on a jurisdiction-by-jurisdiction basis, and of international performance on each aspect.

As currently envisaged, the Index would incorporate the following thematic areas:

Theme	Likely Focus
corporate financial integrity	The extent to which the regulatory and legislative frameworks and practice are supportive of financial integrity in the corporate sector – including prospects for fair competition and fair treatment by tax authorities, as well as abuse opportunities.
beneficial ownership	The extent to which jurisdictions' regulation and practice allow stakeholders (including citizens and businesses) to know who they are dealing with
domestic budgets	The integrity of domestic budgets – from the transparency and accountability of policy decisions around expenditure and taxation, to the efficacy of key departments and the extent of corruption within government structures
international cooperation	The extent of international cooperation made by each jurisdiction, both de facto and de jure, focusing on the contribution, or otherwise, to supporting financial integrity elsewhere.

The **rationale** behind the proposal is that such an Index would:

- help encapsulate and embed a developing understanding of – and reference point for - financial integrity as a broad, complex and global issue, capturing the experience of financial integrity in different jurisdictions, for citizens, states and the private sector.
- offer enhanced media profile and advocacy opportunities on these issues;
- help position the Task Force as a leading international organisation in this field

The Financial Integrity Index would build on the important contributions of existing indices such as the Financial Secrecy Index and the Corruption Perceptions Index.

The proposal **structural support** for this initiative would include:

1/ Four Advisory Groups (one for each sub-theme), each reflecting a broad range of stakeholders, whose role would be, broadly, to agree the definitional basis for each sub-index, to establish the data sources and create a first draft ranking;

2/ An Executive Group, composed of expert members of the Task Force Coordinating Committee, which would have ultimate responsibility for coordinating the Advisory Groups, and for combining their thinking in order to generate successive drafts of the full Index;

3/ An Advisory Board comprising high-profile individuals with specific interest, expertise and experience in the

broad area of financial integrity with a remit to oversee and support the Index and its development.

The Task Force has commissioned external independent consultants to conduct a **feasibility study**, to ascertain levels of support for, and comments on, the proposal and its rationale as well as to determine technical feasibility, including through review and analysis of existing relevant data.

If this initial feasibility study recommends that the proposal be taken forward, **further and more detailed development of the Index would take place**, involving widespread consultation on the appropriate data sources and their relative weighting. The expectation is currently that the first iteration of the Index could be published in spring 2012.