

# Theory of Change & Strategic Plan (2021-2023)

The Financial Transparency Coalition's (FTC) Theory of Change highlights three core work areas that together can help to achieve **the Coalition's longer-term goal of a fairer financial system that contributes to a more just world:**

- 1 Increased financial transparency
- 2 More progressive tax policy regimes
- 3 The development of a stronger field collaborating on these issues

Underpinning these areas is the fundamental approach of **working alongside voices from the Global South**—a prerequisite for the FTC and the broader field for meaningful policy progress.

The FTC and its members see a **strong global field**—including civil society, decision-makers, private actors, and other stakeholders—which is willing and able to analyze issues, collectively advance policy, and inform stakeholders and the public as key to their work. It is both a precondition to successfully reaching financial transparency and tax fairness now, and a goal to ensure that results are sustainable and that new developments are being monitored.

Coalition members develop and carry out **work plans** annually that are based on the outcome areas established in the FTC's Theory of Change, as well as in the core areas of the 2021-23 Strategic Plan.

**A FINANCIAL SYSTEM THAT WORKS FOR EVERYONE**

**A MORE JUST AND EQUAL WORLD**

**FINANCIAL TRANSPARENCY**

**TAX JUSTICE**

**BUILDING & EXPANDING THE FIELD**

**AN INCLUSIVE & STRONG FIELD**

**THOUGHT LEADERSHIP**

**A STRONGER ECOSYSTEM OF ACTORS**

**POLICY OUTCOMES**

**AMPLIFIED VOICE OF THE GLOBAL SOUTH**

**A STRONGER FTC**

Developing FTC's organization

Convincing comms

Accessing funds

Policies and governance in place & implemented to curb IFFs & abuse



Effective BOT mechanisms globally



Effective CBCR mechanisms globally



Effective global AEOI mechanisms globally

- ✓ Strengthened implementation where mechanisms are adopted
- ✓ Data used by stakeholders to curb IFFs and abuse
- ✓ Critical information made publicly available

- ✓ Mechanisms engrained at international level
- ✓ Expand mechanisms to new asset classes
- ✓ Mechanisms adopted by more countries

- ✓ Improved legal basis for mechanisms
- ✓ Awareness of & civic debate on mechanisms

- ✓ Creating knowledge & evidence
- ✓ Identifying connection between FT, TJ & human rights
- ✓ Developing strategies & organizing
- ✓ Raising awareness

- ✓ Capacity building
- ✓ Facilitating collaboration & connections
- ✓ Influencing decision makers
- ✓ Expanding the ecosystem of actors

- ✓ Shift norms governing international tax cooperation to consider human rights
- ✓ Raise awareness and understanding among public and decision-makers
- ✓ Build a strong evidence base for progressive national tax regimes

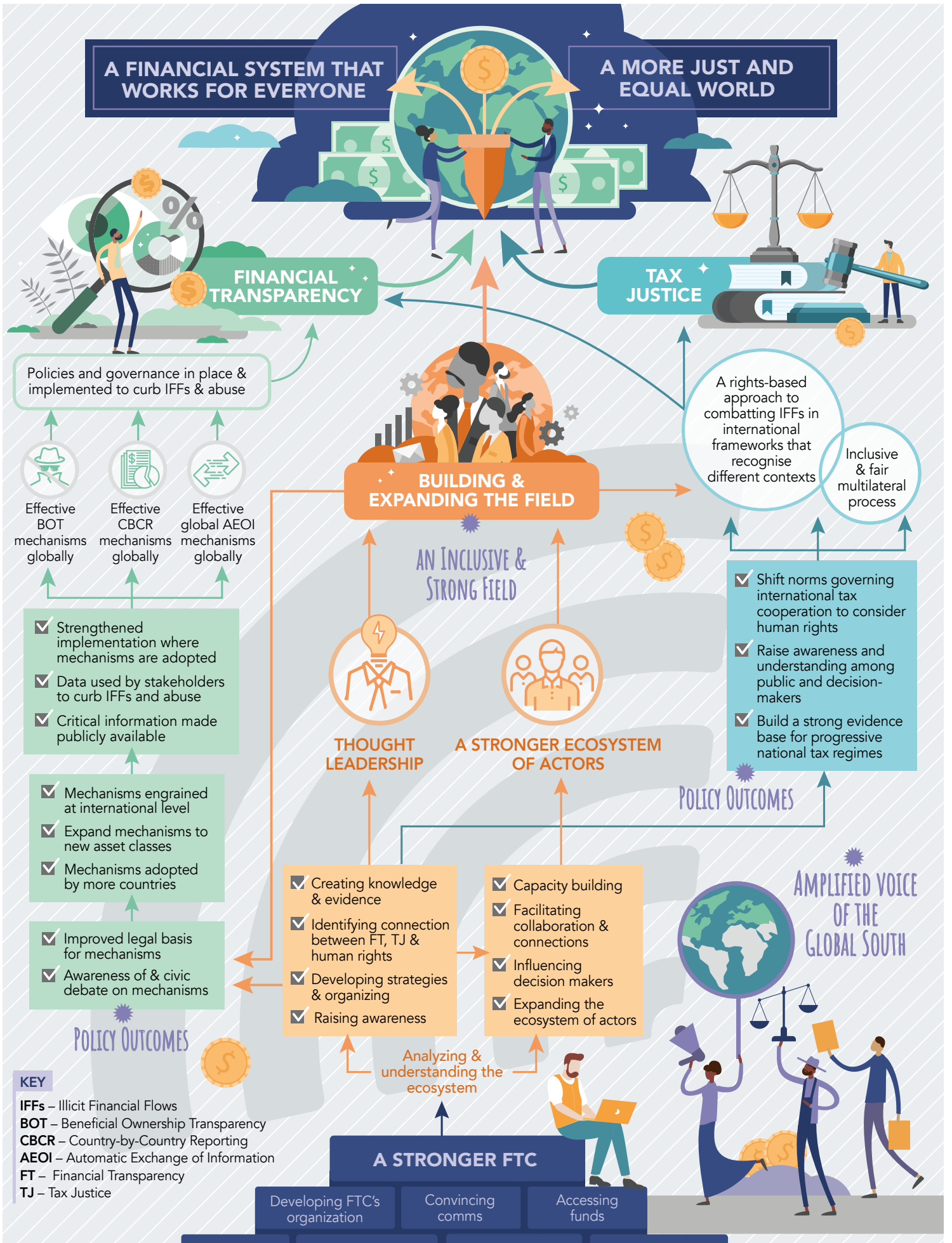
A rights-based approach to combatting IFFs in international frameworks that recognise different contexts

Inclusive & fair multilateral process

**KEY**

- IFFs – Illicit Financial Flows
- BOT – Beneficial Ownership Transparency
- CBCR – Country-by-Country Reporting
- AEOI – Automatic Exchange of Information
- FT – Financial Transparency
- TJ – Tax Justice

Analyzing & understanding the ecosystem



## Field Building

To support the ecosystem of actors in the field, and to understand what may be needed to achieve their collective goals, Coalition members are consistently analyzing the field and monitoring relevant issues and policy developments. This analysis contributes to two core areas of intervention—**thought leadership** to identify and develop emerging issues, and **support to strengthen actors in the wider ecosystem**—that together contribute to a stronger field of work and actors. The FTC’s thought leadership also directly informs the Coalition’s policy work by highlighting gaps, informing advocacy strategies and tactics, and identifying where technical inputs may be needed.

Across the Coalition’s work, the FTC is consistently integrating a strong Global South and rights-based position, and actively establishing or elevating **linkages between the FTC’s core issues and broader human rights and environmental considerations**. The FTC is implementing the first iteration of its strategy to develop a stronger field of actors making these linkages (detailed below on page 6).

The FTC’s goals prioritize the greater incorporation of a democratic narrative, transparency and the expansion of civic spaces into more equitable global financial and tax systems that are people- and planet-focused.

To this end, the FTC’s 2021-23 Strategic Plan sets out **overarching goals that are mutually reinforced and connected to the Coalition’s Theory of Change** by breaking down the longer-term mission and vision of a fairer financial system into intermediate outcomes.

In the next three years, the FTC’s goals prioritize the greater incorporation of a **democratic narrative, transparency** and the **expansion of civic spaces** into more equitable global financial and tax systems that are people- and planet-focused. This overarching framework provides the Coalition with flexibility to identify overlapping strategic opportunities, as well as to adapt for the advancement of tax justice and financial transparency in the short- and medium-term. The framework also helps to build a robust ecosystem for impact in the longer term.

## Policy Goals

Strategically important elements that underpin these goals in the coming years include efforts to **curtail illicit financial flows (IFFs)** and achieve greater **access to information** essential to accountability and good governance. With open civic spaces, citizens and other stakeholders can organize, participate, and communicate allowing them to better exercise their rights and influence the political and social structures around them.

## Financial Transparency

The FTC’s Theory of Change and Strategic Plan center on the assumption that there are three primary mechanisms of achieving **financial transparency**, which should be embraced as a global standard and implemented effectively. These three policies are Automatic Exchange of Information (AEOI), Beneficial Ownership Transparency (BOT) and Country-by-Country Reporting (CBCR)—referred to as the “ABC of Transparency”

While these mechanisms are at different stages of implementation, the policy journey for each is roughly the same:

- An **understanding of the debate** on mechanisms and needs
- **A firm legal framework** for these mechanisms
- The expansion of these mechanisms to create a **critical mass**
- The actual **implementation and effective use** of these mechanisms

Amidst discussions on implementation, powerful forces have pushed back, searching for new means of dodging responsibilities—making this work even more valuable.

## Tax Justice

Similarly, the FTC's Theory of Change and Strategic Plan assume that to achieve **progressive tax policy** regimes, the Coalition should work to shift the norms that govern international tax cooperation to consider human rights (i.e., civil and political rights, as well as economic, social and cultural rights) as a necessary precondition to achieve long-term policy change.

To build momentum toward this shift, the FTC is working to **raise awareness and understanding** among the public about progressive tax justice through the media and among decision-makers acting in high-level governing fora, including human rights treaty bodies. Simultaneously, the FTC is **developing the evidence base** that leads to progressive national tax regimes, thereby tipping a critical mass toward equality in international tax cooperation. The FTC's work toward progressive tax justice in the next three years will emphasize a rights-based approach to IFFs so that public finance is centered on people, rather than corporations.

## Organizational Goals

Coalition members are implementing the Strategic Plan through **cross-cutting work plans** that are developed annually. Work plans are uniquely tailored to prioritize and sequence efforts based on the greatest opportunities for success, broken down into issue areas, while also considering a range of strategic factors, including the Coalition's resources and capacity.

Finally, for the FTC to remain an influential actor in the wider financial transparency and tax justice ecosystem, members aim to build the Coalition's **communications and campaigning capacity as well as resources** for meaningful strategic interventions. Parallel efforts will focus on helping to improve coordination among member in the Coalition, as well as to support individual members—all of which will similarly improve the FTC's overall reach.

## PROGRESSIVE TAX JUSTICE



The work toward tax justice means the adoption of a right-based approach that recognizes different regional and national contexts. It also builds pressure for action on illicit financial flows in a way that upholds human rights. This means advocating for tax systems that reduce inequality within and between countries. These policies take an intersectional approach, and actively work against entrenched inequality and discrimination. There is significant crossover between tax justice and financial transparency, highlighted, for example, by the importance of public data.

At its core, tax justice is progressive, not least because it introduces or reforms tax policies that enable governments to raise revenue needed to meet their rights obligations, while ensuring they do no harm through unintended consequences. A functioning tax system also ensures countries can "reprice" public harms, such as carbon emissions. Finally, a progressive and transparent tax regime supports the development of effective political representation.

# FTC STRATEGIC PLAN (2021-2023)

## OBJECTIVES

## OUTCOMES

## LONG-TERM GOALS

1

Influence the realization of robust, publicly available corporate disclosures and financial data, as well as associated governing structures in a way that helps curb illicit financial flows (IFFs)

- ✓ Meaningful public Beneficial Ownership Transparency (BOT) is expanded to new asset classes and in existing registries, including closing loopholes, ensuring their robust implementation and disclosure verification
- ✓ Publicize evidence on the relevance and value of BOT
- ✓ Meaningful legislative progress on public country by country reporting (CBCR) is achieved at national, regional and international levels
- ✓ Financial centers publish statistics on financial accounts held by non-residents that are used by authorities from the Global South and by civil society organizations and journalists

### ACHIEVE DEMOCRACY

A democratic narrative is incorporated into geopolitical and economic systems that are people- and planet-focused

2

Advance rights-based approaches to IFFs while amplifying Global South voices so that public finance is people-centric

- ✓ Implement a rights-based approach to IFFs that recognizes diverse contexts and builds pressure for action on IFFs in a way that upholds human rights
- ✓ A truly fair and inclusive multilateral process for governance and financial transparency

### EFFECT TRANSPARENCY

The global financial system is democratic and equitable and delivers transparency, curtails international financial flows and elevates a people- and planet-focused sustainable agenda over one that is largely representative of private interests and their governing policies

3

Integrate strong Global South, rights-based positions into all Financial Transparency Coalition (FTC) outputs

- ✓ Progressive positions in national, regional and global fora are influenced and challenges are answered through the promotion of a rights-based narrative from a Global South lens in FTC outputs

### EXPAND CIVIC SPACES

The voices and representation of movements, including journalists and civil society, are strengthened institutionally and the space for civil society is expanded ensuring greater access to financial, accounting and banking information

4

Build the awareness, capacities and inter-connectedness of the field of actors working on financial transparency and tax justice, and on the linkages with broader human rights and environmental considerations

- ✓ FTC members have a deeper understanding and articulation of the linkages between tax justice and financial transparency to broader human rights and environmental considerations
- ✓ A broader spectrum of stakeholders have a better awareness about the linkages of financial and tax transparency to human rights and environmental interests in a way that builds their capacity to act

### MAXIMIZE FTC IMPACT

FTC's organizational development is advanced and maximizes FTC impacts as a coalition that contributes to curtailing IFFs to eliminate poverty, address inequality and increase domestic resources to achieve the Sustainable Development Goals

5

Implement accountability, collaboration and communication systems that position the Coalition to sustainably and successfully drive global actions that curb IFFs in the long term

- ✓ The Coalition's communications drive action from key stakeholders based on FTC advocacy
- ✓ The Coalition's long-term sustainability is ensured through successful fundraising
- ✓ FTC will strengthen its ability to support the field through knowledge management and coordination of capacity building initiatives

# FIELD BUILDING STRATEGY

## STRATEGIES

1

Capacity building of national level allies linking tax justice and financial transparency to:

- Advancing gender equality
- Protecting child rights
- Addressing discrimination of marginalized populations
- Tackling inequality

With a deepened understanding of these linkages, support allies to successfully incorporate them into:

- Publications
- Submissions
- Advocacy
- Media outreach

2

Financial secrecy is eroding civic participation, democracy, and the advancement of human rights. The FTC aims to popularize the ABC of Financial Transparency\* to expand a people's movement that supports these building blocks of a democratic society.

\* ABC of Transparency includes the automatic exchange of information (AEOI), beneficial ownership transparency (BOT), and public country by country reporting (CBCR).

3

The world is facing several crises, and especially during a pandemic social protection measures are lacking adequate financing. This is increasing poverty and inequality.

The FTC launched The People's Recovery in 2021. We aim to expand it by:

- Increasing its geographical coverage
- Deepening the public's understanding of the financing gaps between corporate and social protection measures
- Advancing progressive taxation that prioritizes gender rights and equality

## OUTCOMES

1

FTC members have a deeper understanding and articulation of the linkages between tax and financial transparency to broader human rights and environmental considerations.

2

A broader spectrum of stakeholders has a better awareness about the linkages of financial and tax transparency to human rights and environmental interests in a way that builds their capacity to act.

## OBJECTIVE 4

Build the field of stakeholders' awareness and capacity to act upon the linkages between financial transparency and tax justice to broader human rights and environmental considerations.

## LONG-TERM GOALS

### ACHIEVE DEMOCRACY

A democratic narrative is incorporated into geopolitical and economic systems that are people- and planet-focused

### EFFECT TRANSPARENCY

The global financial system is democratic and equitable and delivers transparency, curtails international financial flows and elevates a people- and planet-focused sustainable agenda over one that is largely representative of private interests and their governing policies

### EXPAND CIVIC SPACES

The voices and representation of movements, including journalists and civil society, are strengthened institutionally and the space for civil society is expanded ensuring greater access to financial, accounting and banking information

## The FTC's Value Add

At its core, the FTC works as a collective to gather, analyze, and disseminate diverse information, acting as a **platform for cooperation and coordination**. The Coalition elevates voices of actors who may be new, have limited access to global processes, or are otherwise unable to push for fundamental change independently.

The Coalition is creating a **community of practice** in which exchange, learning, and capacity-building is leading to a stronger field overall. This has expanded space for actors or groups of actors, including new ones, to contribute to the FTC's core issues. The FTC is providing these actors with the information and tools necessary for success. The FTC is especially well-positioned to bring the Coalition's core issues to those in other fields, such as human rights, climate justice, racial and gender equality, or indigenous communities' rights.

The Coalition will continue to **leverage its diverse regional and technical expertise** through well-coordinated collaboration on shared learnings, deeper engagement, and improved cross-jurisdictional exchanges among its members and across the broader field.

To these ends, the FTC as a **brand** creates its own dynamic and opens doors that might otherwise be closed to even the strongest members operating individually. Coalition members recognize that the FTC brand is based on legitimacy and accountability, especially to those adversely affected by an unjust financial system. To further strengthen the FTC's legitimacy, the Coalition is dedicated to a strong membership, a diverse and complementary network of partners, and principles and values that reflect voices from the Global South.

Going forward, the FTC will build this brand by telling a story about what it does and what the Coalition is achieving. The Coalition expects these efforts to increasingly position the FTC as a **political force**, in addition to its technical expertise.

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In practice and as a coalition, the FTC is **allocating resources more efficiently** toward its mission and vision. Over time, members have developed a culture of trust and established practices that reduce the transaction costs of collaboration, leaving more resources for work on collective goals. Moreover, the Coalition offers continuity in a complex global field where change happens over decades, rather than years. The Coalition has therefore shown its resilience despite setbacks and similar actors discontinuing their work. The strength of the FTC is connected to its ability to pool resources among both its members and the wider ecosystem to maximize impacts.



**FINANCIAL  
TRANSPARENCY  
COALITION**

Financial Transparency Coalition  
c/o TSNE MissionWorks  
89 South St Suite 700  
Boston, MA 02111 USA

Email: [info@financialtransparency.org](mailto:info@financialtransparency.org)