



INAUGURAL MEETING OF THE CONSORTIUM TO STEM ILLCIT FINANCIAL FLOWS (IFFs) FROM AFRICA

Meeting Report

13-14 June, 2016

Johannesburg, South Africa

I. Opening Session

1. The inaugural meeting of the Consortium to Stem Illicit Financial Flows (IFFs) from Africa was held on 13-14 June 2016 in Johannesburg, South Africa. The meeting was held following the agreed decision made during the Second Subregional Workshop to Curb Illicit Financial Flows in November, 2015 in Accra. The consensus in the Accra meeting was that the establishment of a Consortium of stakeholders is key to fostering coherent implementation of the recommendations of the High Level Panel and ultimately stemming IFFs from Africa. Among other objectives, the Consortium is also expected to:

- a. Provide a platform for exchange of experiences and best practices on the interventions to counter IFFs
- b. Guide a Joint Delivery of actions on the basis of comparative advantage and pooling of resources for effectively stemming IFFs from Africa.
- c. Contribute to the Annual Report on Curbing IFFs which is to be submitted to the AU Summit of Heads of State and Government.

2. As such, this inaugural meeting of the Consortium was held and organized by the Secretariat of the High Level Panel on IFFs and the Economic Commission for Africa (ECA). The meeting was attended by Panel members and all relevant Stakeholders whom they have engaged in the process so far. These include the Pan-African and global institutions working on IFFs in Africa.

3. The main objective of the event was to discuss the consortium's operations and the planned activities relating to the implementation of the recommendations of the Panel. Additionally, the meeting provided a platform for all members to share information, ongoing activities and best practices in the work to stem IFFs from Africa.

4. H.E Thabo Mbeki Former President of the Republic of South Africa and Chair of the High Level Panel on IFFs from Africa, welcomed participants to the inaugural meeting to stem Illicit Financial Flows (IFFs) and reaffirmed the need for sustained efforts by all members of the consortium to deal in a holistic, collective and coordinated manner in order to support the its full and swift operationalization. Speaking on behalf of the Chair, Barrister Akere Muna, Member of the High Level Panel stated that since members of the consortium have expertise in various aspects and as such, each should be tasked in their area of their respective speciality to develop modalities attending to the emerging decisions on tackling illicit financial flows. He recounted the recent global advocacy efforts of the Panel including their visits to the United States and Europe. Barrister Muna indicated in closing that these advocacy efforts are necessary particularly with regards to the financing of the efforts to combat IFFs.

II. Critical issues and recommendations from discussions

Session 1 - Mobilizing collaboration in implementing the recommendations of the Panel by Dr. Anthony Maruping, Commissioner for Economic Affairs at the African Union Commission and Dr. Abdalla Hamdok, Deputy Executive Secretary and Chief Economist of ECA

5. In his statement, H.E. Dr. Anthony Mothae Maruping, Commissioner for Economic Affairs at the African Union Commission (AUC), recalled the adoption of report of the High Level Panel of Illicit Financial Flows by the African Union Assembly of Heads of State and Government and commended the work of the Panel and its Secretariat thus far. Following the recently held sub-regional workshops and the global advocacy campaign in the support, he provided the context on how curbing IFFs from Africa fits within the broader picture of the implementation of Agenda 2063 stating that there is an acute sense of urgency in curbing IFFs as the continent's development and the execution of the Agenda 2063 have to be financed. In this context, Dr. Maruping emphasized the critical role of domestic resource mobilization in the context of Agenda 2063, given the unpredictability and conditionalities associated with Official Development Assistance (ODA). He also emphasized the management of remittances as a viable means of financing development in Africa. The Commissioner concluded by underscoring the importance of achieving the IFF related indicators for Agenda 2063 and SDGs and ensuring the necessary global buy-in as IFFs are a global challenge that must be met at the global level.

6. In his statement, Dr. Abdalla Hamdok, Deputy Executive Secretary and Chief Economist of ECA stated that the inaugural meeting of the Consortium on Stemming IFFs from Africa is an important milestone in the fight against IFFs, a process that has been put on the African and global agendas under the leadership of the Chair of the HLP on IFFs. Citing one of the Panel's findings, he underlined that the amount of illicit outflows from Africa are indeed increasing with the amount currently standing at \$80bn per year based on recent figures by the Global Financial Integrity compared to the previous figure of \$50bn. Following the approval of the High Level Panel Report by the AU summit in January, 2015, the Special Declaration on IFFs has put much more responsibility on the Panel and confirms the need to collectively work together to ensure effective implementation of the Panel's recommendations. Therefore, bringing in a broad partnership of Africans and non-Africans to address this issue is crucial. He further stressed that there is a need for coherence, coordination and complementary partnerships to build a solid foundation of this consortium based on the 'big tent approach' that will benefit from the rich knowledge and diverse expertise of the members of this consortium. Dr Hamdok then shared the broad objectives of the consortium stating that it hopes to achieve – strategic guidance on anti IFF interventions and build coherence in efforts to stem illicit financial flows from Africa. Expecting to agree on a joint plan of action at the meeting, all the institution involved will be expected to provide their valuable expertise and knowledge to the implementation process. Furthermore, following the approval of the Heads of State, it is expected that the Chair would report back annually to the AU Assembly on the progress made in tackling IFFs and as it is an extremely important part of the work to stem IFFs, the consortium will also be involved in this report. Citing one of the major findings of the Panel that there is a lack of capacity to tackle IFFs at national level, Dr. Hamdok added that members of the consortium must work together on generating and disseminating knowledge on

illicit finance and strengthening the institutions to tackle it. In closing, Dr Hamdok called for support to the diplomatic media campaign within the intergovernmental processes of the AU and across the world. He expressed appreciation for the reception of the Panel's global advocacy campaign by all international partners. He added that this meeting intended to provide the broader parameters for the Consortium, clarify expectations and more importantly, open the discussion on the blueprint for the consortium.

7. Participants raised the following important questions and observations:

- a. Translating the recommendations by the HLP on IFFs into concrete results will depend on effective leadership, dispersed knowledge among all segments of society on the costs of IFFs and adequate monitoring and evaluation systems with clear quantitative targets to decrease the high figures of illicit outflows from Africa.
- b. The Consortium should take a broader perspective to capacity enhancement, which includes policy training, knowledge, advocacy and institutional strengthening as integral parts of capacity building. In this context, the AU Special Declaration on IFF can be used to impact the needed domestic laws and policies.
- c. OECD has developed a number of initiatives such as the **Base Erosion and Profit Shifting (BEPS) process**. However, the nature of BEPS has raised a number of questions regarding barriers African countries would face in implementing these set of policies and laws and the required responses by African countries to preserve the priorities in domestic resource mobilization.
- d. A **technical team within the Consortium** was proposed to ensure effective implementation at the country level. This is very critical with regards to the anti-IFF project and its project document which ECA has developed. As such, the technical team will tease out each element of the project document and identify how each member of this consortium can contribute as well as what resources are required to implement every recommendation.
- e. **Strengthening and updating of laws:** it was stated that the world has moved on with numerous regulatory changes following the 2008 financial crisis. For instance, South Africa has updated its laws on money laundering, beneficial ownership and politically exposed persons. This calls for better inclusion of African countries in these global processes. The issue of illicit financial flows breaking tax justice laws is one of the predominant advocacy messages of the Consortium. It is proposed that going forward, the consortium should also situate its messaging within the issue of **human rights**. This is relevant because illicit outflows take away resources which could be used to provide basic rights for Africans.
- f. **Country by Country implementation:** It is important to ensure that the report's recommendations can be implemented. To achieve this, the move into a country by country mode of implementation is proposed and this would help show whether each country is coordinating sufficiently. Addressing illicit financial flows requires

leadership, collaboration, and partnerships. UNDP expressed its willingness to join the Consortium and play an active part at the country level.

- g. Annual Report to AU Heads of States:** It was reiterated that this consortium does not seek to take away work that is being done already by its various members but to provide a big tent approach in which all members can come together to contribute to a common cause. It is clear that some of the members have been working on this issue much longer than the panel has been in existence. Since the Panel has been given a specific mandate to report on an annual basis to the AU Heads of State and Government on illicit financial flows, it is expected that the work of the organizations in the consortium will assist the Panel a great deal in compiling that report, i.e. feed into the annual report. Reference is made to the EU and ACP countries who have developed a report on illicit financial flows but are unable to hold their governments accountable. It is expected that the annual report to the AU Assembly will allow the Consortium to avoid such an instance in the African proceedings.
- h.** The United States Treasury commended the establishment of the Consortium and underscored the need to further the discussion with its members based on the successful engagement between the HLP on IFFs and the US Government. In this context, the US Treasury reflected on the US initiative, Partnership on Illicit Finance (PIF) which is being carried out in collaboration with AfDB (which has agreed to host the partnership).
- i.** The African Mineral Development Centre (AMDC) is finalizing a study on the Impact of IFFs in Domestic Resource Mobilization in Rich Natural Resource Countries based on a number of case studies. Another focus area of the centre is combatting transfer pricing in the extractive sector. This includes training workshops organized by the centre throughout the course of the year to bring together public officials who can identify the gaps. The centre is also in the process of developing a roster of experts with all the relevant skills for contract negotiation including detection and forensic auditing of transfer pricing. The AMDC will partner to help Governments to build capacity particularly countries that are emerging into the mineral sector e.g. Malawi, Lesotho, countries that are developing so that this problem can be prevented before they start their mineral exploitation.

Session 2 - Outcomes of the Regional Workshops on the Implementation of the High Level Panel Recommendations by Dr. Adam Elhiraika, Director of the Macroeconomic Policy Division of ECA and Head, IFF Secretariat

8. Dr. Elhiraika presented the outcomes of the two Subregional Workshops to Curb IFFs from Africa which were held in September and November, 2015. The workshops were held in Nairobi Kenya and Accra Ghana. He highlighted the key discussions under each session of the workshops as summarized in the table below:

	Sessions	Key topics discussed
1.	Findings and Recommendations	<ul style="list-style-type: none"> • Estimation methods and deepened research • Key role of Financial Intelligence Units (FIU) • Regional Dimensions • International cooperation • Strengthening of capacities • Components of IFF • Matrix of Implementation • More work on criminal aspects of IFFs • Need for global tax reform • Importance of exchange of information for tax and customs purposes
2.	Strengthening Institutional, Regulatory and Human Capacities	<ul style="list-style-type: none"> • Development and retention of capacities • Needs assessment and complimenting existing initiatives • Segmentation • Broad based targeting of stakeholders for capacity development • Coherence, Prioritization and Sequencing • Strong databases for exchange of information • Strengthening capacities in domestic tax systems
3.	Increasing Advocacy for commitment, collaboration and reform	<ul style="list-style-type: none"> • Stop the Bleeding Campaign • Changing Mindset • Broad Mobilization at country level • More potential for a global audience • Engagement of executive and legislative arms
4.	Strengthening normative frameworks to stem IFFs	<ul style="list-style-type: none"> • Common legislation at continental level and IFF not solely a corruption issue • Subregional efforts • Beneficial impact of soft laws • Issues of Domestication • Compilation of laws • PALU code of conduct for lawyers • Greater use of existing legal capacity • Development of model laws in parallel with conventions and protocols • ADR systems versus going all the way
5.	Strengthening technical capacities	<ul style="list-style-type: none"> • Share best practices for recovery of sovereign assets • Support for negotiations • Pooling together regional demands • Harmonized approach and one voice for asset recovery through PAP • Management of asset recovery cases • Ability to follow the money & timeliness and retention of evidence • Make greater use of plea bargains to save time and cost

		<ul style="list-style-type: none"> • Development of institutions and capacities for asset recovery • Renegotiating and revisiting DTAs
6.	Addressing abusive transfer pricing and trade mispricing	<ul style="list-style-type: none"> • Imperative of breaking down technical issues • Appropriate risk assessment tools • Importance of exchange of information • Facilitating role of regional integration • Accuracy of data source and strong databases • Application of transfer pricing tools on alternative models of transfer pricing • Need to develop methods of assessing abusive transfer pricing in services and intangibles • Whole government approach to customs valuation and risk assessment • Links between customs valuation and tax agreements with regards to transfer pricing
7.	Follow up on Global Processes	<ul style="list-style-type: none"> • Challenges of financing sustainable development (Agenda 2030, Agenda 2063, aid effectiveness) • Follow up to Addis Ababa Agenda for Action (FfD3) • Volatility of private capital flows • Reforming the international system of corporate taxation • Africa and the Base Erosion and Profit Shifting (BEPS) process • Follow up actions to the BEPS • Need for coherence and accountability frameworks especially at national levels • Imperative of a Common African Position (CAP) • Illicit trafficking in precious metals similarly requires attention • Need for global understanding and cooperation to tackle illicit trafficking in precious metals

Session 3: Issues Raised and Outcomes of Global Advocacy on IFFs from Africa by Panel Members

A. Visit to the United States, by Mr. Raymond Baker, President, Global Financial Integrity

9. Mr Raymond Baker presented the outcomes of the Panel’s visit to the US. He started by highlighting the importance of carrying out advocacy work following the global commitment shown at the Third Financing for Development Conference. Subsequently, the Panel members and the Secretariat, visited the United States, specifically, Washington DC and New York. In Washington, the Panel engaged the Government of the United States, the World Bank and the International Monetary Fund. The Panel also met with the Secretary General of the United Nations and addressed members of the UN Economic and Social Council (ECOSOC) as well as the African Group of Ambassadors to the United Nations while in New York.

10. The Panel and the US agreed that there is need for both the United States of America and African Countries to develop a cooperative working relationship towards the systematization of agreed action plans as well as the work ahead to curtail IFFs. Several crucial issues were raised

including the need to tackle and eliminate financial secrecy jurisdictions as well as the need for an effective way to increase transparency and accountability.

11. The World Bank stated that an action plan which will be country focused was in development at the time and is expected to contribute to this effort. The IMF stated that it will work, within its mandate, on several broad areas which are believed to have been and will continue to contribute to the work of the Panel. These include domestic resource mobilization, anti-money laundering, statistics and macroeconomic and financial stability. It was also indicated that continued research and advocacy efforts are necessary to keep the pressure on and ensure that the IFF matter remains on the global agenda.

12. It was recognized that IFFs affect many regions and while the Panel's focus is Africa, the solution to IFFs is global. With regard to the indicators of the SDGs, it was agreed that in looking at the indicators particularly as they relate to IFFs, it is important that a practical plan of action is agreed that will enhance the Addis Ababa Action Agenda on IFFs. A system of cooperation between the African Union and the Economic and Social Council is to be constructed to ensure that the work to curtail IFFs is efficiently streamlined and carried out.

B. Visit to Europe by Ambassador Olusegun Apata, Chairman of the Board of Directors of Coca-Cola Hellenic Bottlers in Nigeria

13. Ambassador Olusegun Apata presented the outcomes of the Panel's visit to Europe. The Panel met with senior officials of the Organisation for Economic Co-operation and Development (OECD) in Paris France, the European Parliament in Brussels, Belgium as well as officials of the European Central Bank (ECB) in Frankfurt, Germany. Again, the Panel observed strong commitment and interest by the partners on the findings and recommendations of the High Level Panel on IFFs from Africa. There was also a profound interest by the European partners to actively engage in implementing the Recommendations. Towards this end, it was agreed that a well-structured template and platform of engagement should be established between the Panel and the stakeholders in Europe.

14. One recurring agreement in all meetings was the importance of focusing on the elimination of secrecy jurisdictions. By eradicating these jurisdictions, parking places for IFFs will also be eradicated. The Panel also welcomed the step by the Prime Minister of the United Kingdom to publish a register of beneficial owners. In addition, country-by-country reporting had already commenced in the European banking sector and it was crucial to expand this to other sectors. The Panel confirmed that the issue of beneficial ownership was crucial in the fight against IFFs and that the UK's initiative would encourage better exchange of information. The EU Parliament stressed the need for a global approach to fight tax avoidance and tax evasion. Proposed methods would be by extending country-by-country reporting, involving more developing countries in the OECD BEPS process and implementing the African Union Convention against Corruption. Furthermore, there was a call for African countries to focus on concrete cases that make a difference and protect whistle-blowers. The European Central Bank is ready to interact regularly with the Secretariat of the Panel on IFFs and also provide assistance in capacity building to African central banks.

15. In the ensuing discussions, participants made the following observations and recommendations:

- a. The Chair clarifies that both visits were carried out in the context of the Panel's advocacy work. However, the work of the Panel and the Consortium has reached a certain point whereby implementation of the Panel's recommendations is key. Partners in US and Europe have agreed that they will interact with the Panel and the Consortium to ensure that the work on IFFs becomes an integral part of their various programmes. As such, the Consortium will be working with them in a very integrated manner.
- b. **Capacity of the IFF Secretariat:** The partnerships and cooperative work which has been outlined raises the question of the capacity of the IFF secretariat, housed within the ECA. Due to the heavy workload expected of this consortium, the Secretariat has to be adequately capacitated. It is reiterated that the permanent institution that exists as a Secretariat for the Panel is the ECA, so in terms of the regular daily contact, the ECA acts on behalf of the Panel
- c. **Further global engagement:** It was proposed that in the course of the meeting discussions, the members of the consortium might indicate who else needs to be engaged globally in addition to those who we have been met by the Panel. There was also a call to fully engage AfDB in this process. The meeting also agreed that IFFs are an African problem with global solutions and as such, welcome the engagement of global stakeholders. However, it was impressed upon the consortium that there need to be binding mechanisms with the global actors and stakeholders involved so that they can be obliged to coordinate in future. It was therefore stressed that relationships with global stakeholders need to be properly institutionalised. It was also highlighted that this collaboration should not only focus on the challenges that African countries face and lose sight of the very important role that the tax havens play (Illicit finance vs. illicit financial flows).
- d. **Analysis of IFF outflows:** There was a discussion on the methods of estimating IFF and was agreed that the funds which are being lost are critical to Africa's ability to mobilize its domestic resources regardless of the exact size of the loss.

Session 4: Open discussion on activities and best practices by Consortium Members

16. The Chair invited all members of the Consortium to share their experiences and details of their areas of work as representatives of their respective institutions. This would allow for a more comprehensive work plan to be established for the consortium as well as the avoidance of duplication in the work ahead.

17. Tax Justice Network-Africa (TJN-A):

- a. Tax Justice Africa is engaged in a number of policy initiatives including the work on Double Taxation Treaties (DTTs), their current work with EAC on tax incentives and the recent study which analysed how Ghana, Zambia and Tanzania are working towards the implementation of the Africa Mining Vision.
- b. Stop the Bleeding IFF Campaign aims to mobilize citizens across Africa towards galvanizing a broad support to tackle IFF including the implementation of HLP report recommendations. The launch at the margin of the Third International Conference on Financing Development was followed by national launches in Zambia, Togo and Nigeria. TJN-A is planning further national launches in 2016.
- c. TJN-A organizes the Africa Media Training and Award Scheme in collaboration with the University of Cape Town. It is aimed at training and supporting a network of African journalists who report on tax and IFF related matters in Africa. In addition, TJN-A plans to establish a media awards scheme for journalists that have excelled in strengthening the anti-IFF messaging.
- d. Tax Justice Network-Africa launched the African Parliamentary Network on Illicit Financial Flows and Tax (APNIFFT), a network of members of Parliament from across the continent who have expressed a desire and commitment to spearhead the fight against illicit financial flows in Africa. Consequently, whatever policy positions are being advocated for must translate into laws at the national level. As such, APNIFFT aims to provide a platform for legislators from across Africa to build their capacity, share experience and collaborate in influencing policies and laws relating to IFF and tax.
- e. Tax Justice Network Africa also holds the annual International Tax Justice Academy, an annual workshop which brings together tax professionals, CSOs and trade unions. Its objective is to equip these state and non-state actors with updated information and knowledge on taxation and development in Africa. It also works to ensure that these stakeholders are not working on tax as a standalone issue but otherwise relate it to the broader economic justice issues. Furthermore, TJN-A works with the African Tax Administration Forum (ATAF) in developing the Africa Tax Research Network.

18. African Peer Review Mechanism (APRM):

- a. The APRM questionnaires, particularly in the thematic areas of economic and corporate governance, could be revised to provide a powerful tool for tracking IFFs. In relation to the economic governance questionnaire, it was proposed that the indicators related to money-laundering broadened to also cover other forms of illicit financial flows. For corporate governance, the APRM questionnaire could review the needed regulatory frameworks and state actions concerning the IFF perpetrators in the private

sector. Joint missions, which focus specifically on IFFs were also proposed. These suggestions could be presented to the AU Summit in January 2017.

19. **Issues arising:**

- a. ECA is working closely with the APRM Secretariat in the process of revitalization and revisiting the questionnaire. Therefore, this will be a very welcome process since there are fewer than 20 countries that are non- APRM members. ECA reaffirms its commitment to work with APRM on this.
- b. It is important to utilize the **APRM to promote more coherence to the IFF tracking process**. As the APRM questionnaire would be presented before the AU Assembly, it is proposed that a mandate should be requested from the assembly and it should also be inserted within the decision to the AU that the APRM should work with this process. It is a crucial step that illicit finance that can be incorporated in the APRM.

20. United Nations Development Programme (UNDP):

- a. UNDP works with the ECA and ACBF as well as acting as the trustee to the APRM trust fund which UNDP is currently supporting its revitalization. A major challenge facing this revitalization process is the capacity of the tax administrators and the laws which need to be upgraded. Part of the reason is the lack of awareness of the necessary regulations and /or processes - contracts are signed but not reviewed and companies are not taxed. UNDP hopes to work with the aforementioned institutions and the consortium as a whole to see how it can address the shortcomings on tax issues and make significant progress.

21. African Parliamentary Network on Illicit Financial Flows and Tax (APNIFFT):

- a. APNIFFT is currently instituted under TJN-A, and held its first meeting in 2010. It is a network of voluntary MPs, which started with 8 countries and expects to grow to 20 countries by its next meeting later this year. It aims to capacitate MPs in Africa on IFF issues.
- b. Use of the National Assembly – APNIFFT has an important role in the advocacy messages of the Consortium. In this context, enhancing the MPs and highlighting the link between addressing IFFs and human rights become important.
- c. In terms of sharing best practices, APNIFFT reported that since its last meeting in Nairobi in 2015, membership has increased to 30 members including all countries in West Africa.
- d. APNIFFT currently has no relationship with the Pan African Parliament (PAP) yet but is currently working to do so. It is still in the process of completing its constitution and will have a face to address these bodies one completed.

22. Economic Commission for Africa (ECA):

- a. Represented by the Director of its Capacity Development Division, ECA began by highlighting the example of the work it is currently doing with AUC on **the integration of Agenda 2063 and SDGs** and how this relates to addressing, particularly in the domestication process as the IFF principle and mechanism become the national agenda with respect to financing of the integrated agenda.
- b. The question was raised of who is addressing the digital illicit financial flows or the use of digital technology to promote illicit financial flows. Furthermore, how does the consortium plan to maintain an African narrative while approaching a global agenda? In response to this, it is proposed that more knowledge generation has to be carried out on emerging issues that will impede the ability to tackle IFFs. Additionally, OECD has recently launched a study on the digital economy and tax evasion. The whole agenda is going into cyberspace. Essentially, the whole research agenda is something that members of the consortium mustn't lose sight of.

23. Organisation for Economic Co-operation and Development (OECD):

- a. The taxation and development division of the OECD represented the organisation. Began by highlighting that the visit of the Chair was a great opportunity for partnership and collaboration.
- b. OECD informed the meeting on the progress regarding the Base Erosion and Profit Shifting (BEPS) initiative including the launch of an inclusive framework for the implementation of the BEPS package in Kyoto. In this regards, OECD has been working with ATAF towards its implementation within the continent. OECD also highlighted the need for collaboration between the Consortium and OECD to address the challenges associated with the move to the automatic exchange of tax information. , OECD would also like to work on tax and criminality, an area which has not witnessed significant progress.
- c. OECD's work on training and capacity building includes setting up an academy in Rome for training prosecutors and the OECD-UNDP partnered programme on Tax Inspectors without Borders. OECD indicated that with relatively little resources, huge amounts of lost revenue in IFFs could be recovered through the renegotiation of transfer pricing agreements.
- d. Destination Countries - OECD further underlined that it has looked closely at its countries as destinations and subsequently, produced a report that ranked and measured its members' frameworks on tax evasion, bribery and asset recovery and what they are doing with their aid programmes to fight IFFs. The OECD asserted that it would like to conduct a similar study in partnership with the Consortium.

- e. Architecture for fighting IFFs – Based on agreements with the UN, IMF and World Bank, OECD is establishing a platform for cooperation on tax matters to help developing countries fight tax avoidance and evasion.

24. **Issues arising:**

- a. A question was raised on whether OECD has considered other dimensions of illicit financial flows in its work. In response, OECD affirmed that it considered other dimensions including the anti-bribery convention which is designed to prevent companies operating in OECD countries from offering bribes for contracts anywhere around the world including Africa. Furthermore, it has collaborated with the World Bank to find out how much assets are being repatriated and recovered accordingly.
- b. The Chair indicated that one of the immediate priorities for the Panel and its Secretariat is to work with OECD to develop a measurement matrix for tracking IFFs. The APRM discussions, as per its upcoming presentation at the January 2017 AU Summit will be critical to this process.
- c. The OECD was asked to elaborate on its global **architecture for fighting IFFs**, particularly the joint with WB, IMF and UN. In response, OECD highlighted a number of challenges including the coordination mechanisms and difficulty of translating the complex BEPS package into user-friendly guides for developing countries. OECD stressed the importance of partnerships to ensure greater efficiency and avoid duplication of efforts.

25. African Capacity Building Foundation (ACBF):

- a. ACBF is finalising its strategic plan for 2017-2021. The institution is convening a pledging conference at the end of June, 2016 to support this strategic plan. In this plan, building national DRM capacities is very prominent and it is linked to combating IFFs. ACBF stressed that it is not necessarily working specifically on IFFs now but plans to focus on this issue in the next 5 years. This requires coordination of action. Institutions like ECA, APRM and the AUC are very crucial to the success of this plan.
- b. Capacity Building to tackle IFFs and Role of ACBF within it:
 - i. ACBF is also working on building the capacity of tax collectors in African countries.
 - ii. With regards to its role and commitment to tackling IFFs in this area, ACBF proposed that the work of the consortium should begin with assessments. It is important to note which institution is already working in this particular area of capacity building because ACBF wishes to champion this exercise. The **importance of avoiding duplication within the work of the consortium** is

once again raised as well as the establishment of an efficient division of labour among members of the consortium.

- iii. ACBF also plans to assess the capacity needs of African countries mainly – the judiciary arm, legislative arm etc. With the aim of collaboration with partners and based on the project document, ACBF needs to assess where it can collaborate effectively to implement capacity development projects.
- c. ACBF Capacity Building Model: The model that ACBF proposes in terms of capacity entails the development of capacity for policy formulation and implementation. In IFFs and all areas related to DRM, this is important. It currently has a network of almost 40 think tanks across Africa which can be used to formulate necessary policies.
- d. Training and Knowledge Generation: In addition to its ongoing work, ACBF plans to use training institutions to develop a short training programme in collaboration with each of the partners within the consortium. As another key component of its work on IFFs has to do with knowledge management, knowledge generation and basic learning in the areas of IFFs, it has a project based on this to be implemented.
- e. Technical Advisory Services: This is something of a tool which will also highlight how efforts to combat IFF are ongoing within the continent. ACBF plans to create a new arm of technical advisory services within itself.

26. Issues arising:

It was agreed that the perspective to addressing capacity building should be broadened to include capacity retention and making better utilization of the large African diaspora. This should be an important part of the assessment of the division of labour within the consortium.

27. New Partnership for Africa's Development (NEPAD):

- a. Firstly, it was clarified that NEPAD does not stand alone, but it is rather a technical body of the AU.
- b. NEPAD held a technical workshop in 2015 on IFFs. During the workshop, each institution present was asked to give a synopsis of what it is doing in this field. One of the main outcomes of the workshop was to conduct case studies at the country level. NEPAD promised to share the recommendations of the meeting with the consortium. .
- c. NEPAD also held a regional dialogue in June, 2015 in Dakar. This brought together mid-level administrators from the tax and mining sectors. The reaffirmed the need to capacitate mid and senior level government officials.

- d. In light of its pilot projects, NEPAD is working on governance frameworks and governance reforms as well as the issue of monitoring and evaluation.

28. African Tax Administration Forum (ATAF):

- a. Participation in BEPS process – ATAF argued that BEPS is an important process even though it does not respond to all the issues of the continent. Therefore, ATAF has put together an African group of experts for the country by country reporting process with a threshold of 750 million Euro, which will be reviews by 2020.
- b. Since the beginning of this year, ATAF has embarked on 9 country missions focusing on draft legislation on transfer pricing as well as developing a risk assessment tool that will be free for all African countries to use. ATAF is also carrying out extensive training on transfer pricing nationally.

Exchange of information – ATAF has concluded its meeting with all relevant authorities in Malawi. These authorities are responsible for exchanging information on tax base between countries. Unfortunately, African countries are not yet at the level of automatic exchange requirements. To address this issue, ATAF has developed a programme to prepare African countries for voluntary and automatic exchange of information. ATAF promised to share the report with the HLP.

- c. The Foreign Account Tax Compliance Act (FATCA) has placed a massive burden on African economies but there is no current assistance to help countries to comply with it. ATAF has recently been asked to help with this task, albeit with limited resources.
- d. ATAF is launching the African Tax Outlook which is entirely African produced involving 15 African countries.
- e. ATAF is currently developing a programme to help with the transfer pricing aspects of the extractive industry. Its technical team is also working to put together the first multi country audit on one multinational. Once at least one multi country audit is completed, this will send a strong message to multinationals engaged in tax avoidance.

29. **Issues arising:**

- a. The work of ATAF is highly recognized within and outside Africa. As a result of the Panel's visit to the OECD, it was approached by a group of South African based businesses which wanted to know what the Panel's concerns are regarding their operations on the continent. Through numerous interactions with them, the Panel was able to highlight the aggressive structures they are using including the use of Mauritius as a tax haven. It was eventually proposed to them to organise themselves accordingly since they do not currently appear to be on the wrong side of the compliance line. The group consisted of 12 or 13 multinational companies from the chemical industry, cola industry, etc.

30. African Mining Development Centre (AMDC):

- a. AMDC's mandate is seeking to make mineral development sustainable by harnessing resource rents in mineral dependent economies and help countries to revamp their policy and fiscal and other regimes that govern the mineral sector. This is achieved through country mining visions which seek to engage stakeholders in the process of mineral extraction.
- b. AMDC sees capacity building as a very long term process in the mineral sector. Transfer pricing is just one process of outflows. Using mechanisms such as the APRM where there is already a link between what AMDC will be doing and how this will feed into continental mechanisms like the peer review is beneficial. AMDC also carries out sectoral reviews where it examines each stage from contract negotiation to the final outlook of the mineral concession, particularly with regards to transfer pricing. There are opportunities at every stage of the mineral value chain particularly related to policy and capacity gaps.
- c. Contract Negotiation - With regards to contract negotiation, the question for AMDC is always how any African country will have capacity that will match that of the potential investor. AMDC is working closely with the African Legal Support Facility of AfDB to build this capacity of contract negotiation teams within countries. Exchanging knowledge and information among countries so that they will be able to see if they lack this capacity. It also encourages a peer learning system - the fact that one country has negotiated a particular concession enhances the confidence of others to do the same. AMDC works with the Pan African Lawyers Union as well and the diaspora so that capacity anywhere can be tapped into. There is an initiative by the G7 on CONEX – Contracts in Extractives. This initiative by the G7 is to provide support to countries that are negotiating complex contracts. Usually, this brings a team from countries that are investors themselves, where the multinationals that are seeking negotiations in these African countries come from. AMDC proposes instead to mobilise experts from Africa rather than investor countries. Train these experts to negotiate these contracts rather than getting experts from outside of the continent. Finally, it suggests that there are a lot of opportunities for its collaboration with other members of the consortium including NEPAD, ACBF etc.

31. Open Society Initiative for West Africa (OSIWA):

- a. OSIWA has worked with ECA to organise two stakeholder sub-regional meetings relating to the HLP discussions. After these two meetings were held in Accra and Nairobi in 2015, OSIWA took a step back to re-evaluate its strategy. This involved its work on economic governance, political governance, tax justice and the rule of law. It invited the consortium to read its strategy and solicits views and inputs on the fiscal and tax policy strategy of its economic governance programme. OSIWA was able to

- develop a regional tax strategy that has to do with domestic resource mobilization where it feels that curbing IFFs is key to this.
- b. Collaborative work –
 - i. OSIWA has also opened a call for proposals for which it is looking to work with any civil society groups creating awareness.
 - ii. On its work to strengthen tax administrations' capacities; it is looking to work with the OECD.
 - iii. Currently also working with ATAF on another project that is near completion.
 - c. OSIWA believes strongly that this issue of tackling IFFs is part of its work as it looks to create open societies in West Africa. This also includes the necessary awareness to its tax policy strategy which entails enhancing the work of Africa's tax administration and working around the work of domestic resource mobilization. As such, it is looking forward to partnership in creating awareness and working with tax administrators to ensure that IFFs are adequately curbed from Africa.

32. African Trade Policy Centre (ATPC):

- a. ATPC referred to the ECA methodology for tracking trade mispricing. Initially, ECA's methodology did not involve trade in services. However, the data is beginning to improve and there is a better understanding of the dimensions being dealt with. ATPC's scope is to apply the ECA methodology in its current work.
- b. ATPC has a work stream on trade with emerging economies which has a scope to look at these issues in that area.
- c. Partnerships – Two particular agencies which could contribute to the architecture that is emerging.
 - i. United Nations Conference on Trade and Development (UNCTAD) – Currently, ATPC works with them very closely. Although UNCTAD is part of the ECOSOC, it has a specific mandate and expertise on these issues. Bringing them in would be useful.
 - ii. The World Trade Organisation (WTO) is the other. Although it may seem that it has very little to do with this kind of work, there are indeed discussions at the WTO regarding financial services and electronic commerce. This is one of the key issues. ATPC as a trade policy centre is following these issues closely because having an African perspective is of great importance. Furthermore, ATPC looks to assess what would be the specific African perspective and angle for these discussions on the rubric of national resource management. For the

WTO, there seems to be appetite to address rulemaking on fisheries and illegal fisheries. This is a relevant area which in fact was mentioned within the HLP Report. Bio-piracy and patenting of genetic resources are also relevant areas.

- iii. Advocacy – Under advocacy, AU does have a platform for the Director Generals of African Customs Agencies to meet annually under the auspices of the Commissioner for Trade and Industry (AUC). There is clearly the potential to look at customs valuation. ATPC will be undertaking some advocacy on this issue. Clearly customs have a key role to play on this issue as well.

33. The question of trade in services and intangibles is one of the areas which ECA and the US treasury can collaboratively work on via a research project into the issue.

34. Philip Morris International (PMI) South Africa – Private Sector:

- a. PMI indicated that although its industry (tobacco) is not one of the examples that have been highlighted in the HLP report, the tobacco industry is probably one of the highest industries with significant leakages annually. PMI currently has a system called 'Track and Trace' whereby all its cigarettes are carefully tracked all the way from the manufacturer to the market. However, that is only currently applicable in South Africa. In addition, it engages local authorities regularly if there are any of its products that are illicitly traded but the crime is usually not matched by the punishment meted out. Referring to the traction of the Panel with legal authorities, it clarified the difficulty it has to reach some of the institutions which the Panel has been able to get around the table.
- b. PMI highlighted that its membership in UN Global Compact ensures credibility in its processes. PMI argued that tax avoidance is not illegal but is rather morally repugnant. This raises a question of what appropriate standards corporations should sign up to.

35. **Issues arising:**

- a. It was highlighted that the tobacco industry also loses significant revenue through **smuggling**. There has indeed been much discussion in the World Economic Forum on the counterfeiting and smuggling practices which are impacting products such as tobacco, alcohol, computer software etc. Within the tobacco industry, there are estimates of around 25% of its sales being counterfeit. Smuggling is also a high and unknown percentage. The question is therefore raised - why don't tobacco industry groups come together on this especially since smuggling is part of illicit financial flows? It has been observed within the industry groups that there is a considerable hesitancy to get into these issues. PMI responded that there is no good explanation why this is the case. Moreover, 23 % per cent of what was lost could very well be a market in itself. Another possible reason why there has been no cooperation on this issue is due to **competition**. PMI indicated that the Tobacco Institute of Southern Africa is looking into this issue.

36. African Union Commission (AUC):

- a. Part of the AUC's work on IFFs, is to develop an African Investment Code, which is currently in its validation stage. Central banks oversee a critical role and the Association of African Central Banks would have been adequately represented in the consortium. In some countries, supervision is in another autonomous body but in most countries it is still part of the Central Bank mandate. Since AUC works closely with them, it is agreed that it will try to involve central banks in the next consortium meetings.

37. South African Treasury:

- a. There has been increased focus in South Africa on the issue of IFFs following the recommendations of the High Level Panel on IFFs. In this context, the South African Treasury highlighted the critical need for coordination between all state institutions concerned as issues surrounding IFFs cut across many state departments. It was also decided that the treasury should be looking at the flows from other African countries into South Africa, particularly the question of what laws such flows transgress.
- b. Legislation - In South Africa, there are many laws including those relating to exchange controls. These need to be modernised as there are negative aspects related to those laws. The treasury has in the past asked the South African parliament to address the issue of who is responsible for what in order to have accountability. Furthermore, it begged the question as to why there are not more prosecutions in South Africa for these illegal activities. Some of the issues have to define Politically Exposed Persons (PEPS). The treasury has broadened this to Politically Influential Persons. This therefore includes PEPS as well as those who have major business with the state. This means enhanced due diligence not closure of accounts. The issue of beneficial ownership has also been reviewed in which case the treasury has incorporated a risk-based approach rather than its previous tick box approach. In addition to this, South Africa has a private Voluntary Disclosure Programme (VDP) which it introduced in 2010 and this year, has announced a Special VDP which deals mainly with flows out of the country. A number of tax amendments have also been put in place to tighten transfer pricing requirements.
- c. Exchange of Information - The automatic exchange of information is expected to come into effect in 2017. This is why the Treasury is putting the VDP into place before they come out in the automatic exchange of tax information. South Africa has also been active in the G20 as well as the FSB and FATF among others.
- d. Systemically Important Financial Institution (SIFIs) – ‘a financial institution regarded as so important to the economy that its failure could lead to a widespread economic crisis’. All of the major banks after the recession including Barclays, Bank of America, etc. are global SIFIs. Banks which are SIFIs essentially get enhanced regulation placed on them. As a result, regulators have to work across countries. South Africa's four major banks will become domestic and regional SIFIs momentarily.

- e. The issue of financial inclusion down the road is a real challenge. Mining and quarrying is still the biggest sector for transfer pricing. Additionally, a cross-cutting issue across various departments makes effective implementation very difficult. Nevertheless, the treasury has been able to get SARS, FSB involved. Typically, in no country should it be that all players would report to one Ministry. South Africa is now beginning to change the law to ensure that some of these players can begin to share information much more often with each other. Concluded by expressing interest in sharing experiences with researchers within the consortium to compare methodologies.

38. Issues arising:

- a. It was concurred that the coordination and strengthening of its regulatory environment put South Africa in a position to reduce illicit outflows and stop gaps as opposed previous systems whereby this would not have been possible due to a lack of coordination.
- b. Business environment (Shared Experiences) – In South Africa, there is probably a higher level of tolerance among firms to additional regulations than there would be in other countries with smaller economies. It would be useful to share with other countries over time how South Africa got there. Some of the elements in other African countries have been a lot of instability like the constant changing of public administrators and ministers. As such, a path to this process would be useful to share. The shared experiences by South Africa will not only be useful for the HLP but for other countries as well.
- c. Implementation and Capacity Building - how do we ensure that the recommendations of the HLP are implemented? Although the issue of capacity has been highlighted beyond all else, it is important to note that the reason why this panel worked very well is because it had good leadership. However, there is also a need for the change in mindset at the national level. If the human capacity is looked at, this is where ACBF will be needed. This will differ from country to country. Some countries may be starting from scratch to get the expertise to deal with their issues. ACBF also works with the lawyers and accountants to this effect. However, this is only half of the solution to the problem and beyond that, the institution must fully utilise these professionals.
- d. The issue of financial inclusion at the level presented by the Treasury is equally quite important. As the consortium moves forward, there may be the need to review the situation, but this time, including the criteria because there were consultations on the dimension, magnitude and causes and consequences in various countries previously. The network of think tanks as well as NEPAD, AUC, and ECA could be mobilised by the consortium in many respects to help both with the knowledge generation and thinking that is involved.
- e. Since South Africa has more indigenous companies which have become multinationals operating outside its borders, it is vital that the consortium not only deals with non-

African companies in terms of their area of operation. As Africans, what are we doing within our own borders to deal with some of these issues? In relation to the issue of the supervision of private sector activities, are there any differences between the non-African multinationals and the South African multinationals in terms of their BEPs use of secrecy jurisdictions? In response to this, it is agreed that there needs to be a strategy for the continent. This could be begun with SADC or other regions. There is still a concern about financial exclusion. This could affect South African companies which operate in other African countries. South African companies would still have to prove to the regulators back home that they are applying high standards in other countries.

- f. The Treasury was also asked to briefly inform the Consortium on how far it has moved in the South African extractive industry in terms of accounting for the revenue that South Africa may have lost to illicit outflows. Regarding this, it is not just the tax collection side which matters but also the customs collection. In what methodology they use and how they attribute value, customs authorities can play a role. It is expected that the valuation is less of a problem but more of the transfer pricing arrangements for intellectual property that is claimed by companies.

Session 5: Discussion on the Strategic Pillars of the Project on the Implementation of the Panel's Recommendations

Presentation 1 by Barrister Akere Muna, Founder and former President of Transparency International, Cameroon and Member of the High Level Panel on IFFs

39. Barrister Muna introduced the strategic pillars of the IFF Project. He began by recalling the essence of the consortium - working collaboratively in the context of a "Big-Tent" all-inclusive approach to ensure effective implementation of the HLP recommendations. Following the stakeholders workshop held in June 2015 in Addis Ababa by ECA and AUC to discuss the way forward on the implementation of the HLP recommendations, it became apparent that a framework which would facilitate the implementation of the recommendations of the HLP, was required, particularly within the context of the decisions of the Governments, to combat and significantly reduce IFFs from Africa. The Panel accordingly asked its secretariat based in ECA to design a project with the belief that much of the benefit and thus success in implementing the recommendations the HLP rests on the level of commitment, skills and knowledge of various stakeholders directly or indirectly engaged in process.

40. In giving more detail to the structure of the project, Barrister Muna highlighted that the recommendations of the HLP are numerous (38 recommendations) and are clustered into themes that make up the strategic pillars under which the project is framed to guide all stakeholders across the three sources of IFFs – Commercial, Criminal and Corruption. The following four pillars constitute the blocks of an IFF reduction/eradication "engine" which, working in tandem, are essential to effectively combat IFFs.

- a. **Transparency:** The problem of IFFs is an issue of transparency, spanning from the existence of financial secrecy jurisdictions and/or tax havens, to transparency in cross-

border transactions, declaration of beneficial ownership, automatic exchange of information in financial account information and transparency in natural resource contract negotiations. An Anti-IFF movement cannot be successful unless all transparency challenges are addressed in governments (African and non-African), businesses, financial and non-financial institutions.

- b. **Coherence:** As noted in the recommendations by the High Level Panel commercial activities are the largest contributor to IFFs followed by organized crime, then public sector activities and corrupt practices. There are multiple, diverse stakeholders, interest groups, organizations and government agencies participating in concurrent initiatives. As a result, any implementation strategy should be holistic in tackling all the complex facets of IFFs. Given the various stakeholders and actors involved in the area of IFFs (governments, civil society, private sector, ECA, AfDB, African Union Commission (AUC), Development Partners (DPs), etc.), it is important that the activities that would be pursued by key players towards the implementation of the recommendations be coordinated within a systematic and coherent framework within and outside the continent. It is also important that all the stakeholders are literally on the same page on the way forward, as doing so will help focus activities, avoid duplication and accelerate the implementation of the recommendations of the HLP.
- c. **Fully integrated IFFs capacity development:** To effectively address IFFs, the issue of weakened capacities cannot be overstressed. Thus the need for an integrated capacity development approach that covers policy and regulation; appropriate institutional architecture; people/skills development, administrative and IT infrastructure, access to data and maintaining strong database.
- d. **Legislative architecture at national, regional and global levels:** A basic starting point for a country to deal with a case involving IFFs is having the necessary legislation on operations of MNCs and investment promotion as well as regulation of financial and non-financial institutions in place which is not always the case for many African countries. There have been many instances where an MNC won a case for lack of appropriate national legislation. Harmonization of legislation in the context of regional integration programmes is also vital and will provide the necessary legal framework for Africa's engagement with the rest of the world.

41. In closing, Barrister Muna introduced the Head of the IFF Secretariat, Dr Adam Elhiraika to provide further details on the draft project document prepared by the secretariat.

Presentation 2 by Dr. Adam Elhiraika, Director of the Macroeconomic Policy Division of ECA and Head of IFF Secretariat

42. Dr. Adam Elhiraika presented the project and its strategic pillars. He outlined the project based on:

- a. **Project Rationale:**
 - i. Africa's priorities including the sustainable development goals and the AU Agenda 2063. This development requires increased focus on structural

transformation and inclusive growth. Rapid scale-up of investment in physical, financial and social infrastructure which are important preconditions for boosting intra-African trade and attracting further FDIs.

- ii. Such strategies span from expanding the tax base, formalizing the informal sector for taxation and domestic savings, securitizing remittances, harnessing insurance and pension funds, increasing intra-Africa trade and production, public private partnerships especially for infrastructure financing, natural resource management (focused on domestic beneficiation and value addition) as well as savings from stemming illicit financial flows.
- iii. Tackling IFFs by implementing the HLP recommendations creates several advantages to enhancing DRM including mitigating external sources of volatility through ODA and FDI flows. It is clear that African countries have demonstrated a renewed commitment to make use of domestic resource mobilization strategies to reclaim full ownership of their development process. Existing results demonstrate that Africa has the resource base to support its development agenda. (Although the tax base is very narrow in many African countries, the region presently generates more than US\$520 billion from domestic taxes).
- iv. In addition, remittances from the diaspora are steadily increasing from US\$40 billion in 2012 and a further US\$10 billion annually through securitization. The continent earned more than US\$168 billion annually from minerals and mineral fuels. On the other hand, Africa lost between US\$854 billion and US\$1.8 trillion to illicit financial flows from 1970 to 2008. This amount has been noted to be roughly equivalent to all of the official development assistance received by Africa during the same period.

It is in this context that Illicit Financial Flows (IFFs) present a huge loss of savings which would otherwise have been used for transforming African economies and ensuring a sustainable development path.

- v. To this end, ECA is proposing this 5-year Project Document on the implementation of the recommendations of the High Level Panel (HLP) on Illicit Financial Flows (IFFs) from Africa that would serve as a coherent framework for stakeholders working on various components to reverse IFFs by acting both on the specificities in the countries, the regional and global levels. The project document draws its context and justification (including from the developmental and governance impacts of IFFs outlined in the report of the HLP) and its proposed strategy and implementation framework from the findings and recommendations therein. The project will be implemented through an IFF unit that is expected to grow into a Centre on Financial Transparency.

b. Description of the project:

- i. The project intends to support the implementation and follow-up of the recommendations of the High Level Panel (HLP) on Illicit Financial Flows (IFFs). The project aims to achieve this goal through a combination of three outcomes; **greater regional collaboration; improved institutional landscape nationally and regionally to stem IFFs; and increased uptake of decisions at national, regional and global levels.**
- ii. Some of the more immediate outputs are aimed at:
 - establishing transparency and accountability of private sector towards African law enforcement and regulatory agencies;
 - successfully implementing multi-level advocacy campaigns;
 - elaborating regional and national governance frameworks on asset recovery;
 - implementing a compendium of model legislation to address all aspects of IFFs; and,
 - putting in place normative frameworks necessary to stem IFFs at national, regional and global levels.
- iii. As such, the recommendations of the HLP are clustered into four themes that make up the strategic pillars under which the project is framed and guide the intervention of all stakeholders across the three sources of IFFs. The pillars constitute the blocks of an IFF reduction/eradication “engine” that, working in tandem, are essential to effectively combat IFFs. The pillars are **transparency, coherence, fully integrated IFFs capacity development and legislative architecture** to stem IFFs at national, regional and global levels.

c. Project Beneficiaries:

- i. The direct beneficiaries of the project are African governments/Member States; African Law Enforcement and Regulatory Agencies (revenue, customs, transfer pricing units, financial intelligence units, judiciary, prosecutors, criminal investigators, mining departments, parliamentarians, parliament executives, ethics and anti-corruption commissions, central banks).
- ii. For each beneficiary, the project document details:
 - Capacity assets and gaps,
 - Desired future outcome
 - Stakeholder influence
 - Broad set of actions for desired future outcome.

- iii. Other Stakeholders (Partners in the project) include: African (IGOs) Institutions, Regional Economic Communities, Non-African governments, International organizations and Civil Society Organizations.

d. Project Strategy

- i. In terms of existing initiatives at regional level, the project will need to take into account:
 - APRM: prospective
 - AU: Convention on preventing and combating corruption
 - AfDB: African Legal Support Facility, Policy Research and a role to play on recovery of frozen assets
 - GIABA: Inter-Governmental Action Group against Money Laundering in West Africa
 - ATAF: BEPS committee
- ii. Global Initiatives: Essential contribution of development partners is also evident from the ongoing work in this area at the global level, particularly under the auspices of the G8, G20 and the OECD.
- iii. It is important to highlight progress since the launch of the report of the HLP to ensure continuity and follow-up of activities as well as leverage on existing country, regional and global initiatives for the success of the project.

e. Governance Structure:

- i. The IFF Consortium which is a coalition of the willing.
- ii. IFF working group: The IFF working group (IWG) will be the technical arm representing AUC, ECA, AfDB and ACBF providing the overall policy guidance on the implementation of the recommendations in line with the Special Declaration on IFFs. This will promote ownership, strengthened engagement and coherence among the leading Pan-African institutions given specific mandates by the AU Special Declaration to support implementation of the recommendations of the Panel.

f. Monitoring & Evaluation (M&E):

- i. Monitoring and evaluation is integrated as one of the four IFF work streams. A simple M&E framework will be developed to this end. It is foreseen that the purpose and scope of the framework would be to measure progress in programme and budget delivery against targets (based on the results matrix and the detailed matrix of implementation work plan). It will also capture recommendations for improvement, lessons learned and ensure their application through re-planning.

- ii. Monitoring mechanisms will be embedded in trainings and workshops through pre and post-test as well as meeting evaluations.
 - Actors and institutions provided with advisory services and knowledge products will be asked to fill a feedback form.
 - The IFFs from Africa Observatory will also have a feedback query in order to track its usefulness among users and collect information that would enable to better serve their needs.
- iii. Two main methods of evaluation are foreseen for the duration of the project. A mid-term review with the review teams comprising representatives of the Consortium, donors, the IFF working group, and external experts. A project-end evaluation in line with the results framework will be undertaken by external experts. The project will also undertake internal annual evaluation to track its progress.

43. **Issues arising:**

- a) Based on the presentation and the discussions, it should be clarified in the work ahead of the Consortium how exactly this project is going to stop the bleeding through IFFs including addressing the issues of tax havens. Clear work plans for the members of the Consortium need to be developed. This will provide coherence and would ensure so that the consortium is not pulling in different directions. It was suggested that two external actors which have shown tremendous goodwill towards this process – OECD and the US Government should continue deepening its collaborative work with the Consortium. It would also be important to engage the World Bank, IMF and other relevant institutions in the process. This could include the group, which organized the London Anti-corruption summit. The US Treasury and OECD reaffirmed their commitment to remain engaged and continue their collaboration with the HLP and the Consortium.
- b) An important aspect of the South African Treasury’s presentation is the rapid pace at which global processes regarding IFFs are developing. It is important to feed that into the national and regional level actions in Africa through the Consortium’s proposed big tent approach.
- c) **Two issues were raised regarding the Implementation framework. Firstly, the impact of the current work of South on transfer pricing and lessons learned for other African countries. Secondly more due attention in the project document should be given to the area of public accountability and transparency.**
- d) **Importance of leadership** – There will be an ongoing role of the Chair and the Panel in engaging African leaders at the highest level to ensure that the implementation of all the recommendations so that in its work, the consortium does not run into obstacles at the political level.

- e) **Role of OECD** – The OECD identified at least three issues where it may provide the interface with global processes.
- i. Process to rid the world of tax havens is the Global Forum on Transparency, which deals with the issue of information exchange. An integral part in this process is the importance of Whole of Government Approach. OECD has begun the Oslo dialogue which is about how the Whole of Government strategies can be developed taking tax as starting point and reaching out to anti-money laundering among others.
 - ii. Also regarding the issue of the OECD members being destination countries. Many of the destination countries are not OECD countries including tax havens, secrecy jurisdictions. There could be structured dialogue between the consortium and the OECD about the relative responsibilities for addressing this problem. An old process which ECA and the ECD have been engaged with for many years is the Mutual Review. It was a way of structuring policy dialogue on a particular set of issues. Would be worth considering whether that is something that could be developed.
- f) **The Global Forum on Transparency and Exchange of Information:** the global forum even if hosted by OECD is a self-funding organization and the membership is broader than the OECD. 134 members including 21 countries across Africa.
- g) One of the important priorities in the big tent approach is information sharing. It is hoped that members of the consortium will share information and avail their capacities to the Panel for research and studies that can feed into the annual report that will go to the AU Assembly. Additionally, each member's responsibilities can be worked out as the consortium goes ahead.
- h) **Resources and Financing** – The issue of financing is something that should also be work streamed by the consortium. The work going forward will require sizeable and predictable resources as well as costed activities to ensure effective implementation on the ground including the domestication of the SDGs. Central to the process is the adequate funding of the secretariat and the effective coordination between the offices of all members of the consortium.
- i) Ownership at the national level is central to addressing the implementation risks of the Consortium's work. In this context, APRM has an important role to play with regards to M&E and in developing a toolkit based on the four pillars of the work plan to show how countries are progressing in terms of implementation.
- j) It was agreed that ECA as the Secretariat should develop the TOR and work plan of the Consortium and share them with all members to solicit their feedback.

- k) A question was asked on whether membership within the consortium is also open to all of the African countries? It was clarified that South Africa was proposed because of the work that it has done. This should not become a member states Consortium.
- l) It was agreed that with regards to the work plan, members of the consortium should send a summary of their ongoing work to the Secretariat.

AOB

- 44. None was raised.

Closing

- 45. In his closing remarks, H.E. Thabo Mbeki Former President of the Republic of South Africa and Chair of the High Level Panel on IFFs from Africa underlined that the Panel will be presenting its first report to the AU Assembly in July 2016, at the summit in Kigali, Rwanda. He explained that it will be a brief report. However, the subsequent reports need to speak to the progress on the various elements regarding the implementations of the recommendations of the HLP report. The AU Assembly must be able to say that it is a second peer review system. The Chair highlighted that the Panel has to act as a very strong pressure point on all of the member states of the African Union to act on this matter. With regards to the Panel's advocacy work, the Chair underlines that there was great enthusiasm and openness in the reception of the Panel in all of the countries visited from the Heads of States to the state institutions. The point has been made that there would need to be some good cooperation between the Panel and the members of the Consortium in terms of the preparation of that report. If by the next report, there has been no progress, it would mean that the Consortium would have failed to help those countries to produce the sort of movement that is required. The Chair proposes to send a questionnaire to the African member states and proposed that the Secretariat should circulate the questionnaire and agree on clear division of labour, priority areas for implementation by the member states as well as indicators for the progress made. The Consortium should also agree on the modalities for collaboration with international organizations.



1st Meeting of the Consortium to Stem Illicit Financial Flows from Africa

Draft Programme of Work

13-14 June, 2016

Committee Room 2 (Sandton Convention Centre), Johannesburg, South Africa

Monday, June 13th, 2016

- 09h30-10h00** Registration of participants
- 10h00-10h30** **Welcoming Remarks** by the Chair, H.E. Mr. Thabo Mbeki, former President of South Africa and Chair of the AUC/ECA High Level Panel on Illicit Financial Flows
- 10h30-11h30** **Session 1: Mobilizing collaboration in implementing the recommendations of the Panel:**
- Dr. Anthony Maruping, Commissioner for Economic Affairs at the African Union Commission
 - Dr. Abdalla Hamdok, Deputy Executive Secretary and Chief Economist of ECA
- Discussions and exchange of views**
- 11h30 -11h45** **Coffee break**
- 1145h00-13h00** **Session 2: Outcomes of the Regional Workshops on the Implementation of the High Level Panel Recommendations** by Dr. Adam Elhiraika, Director of the Macroeconomic Policy Division of ECA
- Discussions and exchange of views**
- 13h00-14h00** **Lunch**
- 14h00-15h30** **Session 3: Issues Raised and Outcomes of Global Advocacy on IFFs from Africa by Panel Members**
- Visit to the United States, by Dr. Raymond Baker, President, Global Financial Integrity

- Visit to Europe by Ambassador Olusegun Apata, Chairman of the Board of Directors of Coca-Cola Hellenic Bottlers in Nigeria

Discussions and exchange of views

15h30 -15h45

Coffee break

15h45-17h00

Session 3 Continued

Cocktail Reception

Tuesday, June 14th, 2016

09h00-10h30

Session 4: Open discussion on activities and best practices by Consortium Members

10h30-11h00

Coffee break

11h00-12h30

Session 5: Discussion on the Strategic Pillars of the Project on the Implementation of the Panel's Recommendations

- Barrister Akere Muna, Founder and former President of Transparency International (TI) Cameroon and Member of the High Level Panel on IFFs
- Dr. Adam Elhiraika, Director of the Macroeconomic Policy Division of ECA

Discussions and exchange of views

12h30 -13h00

Closing remarks by H.E. Mr. Thabo Mbeki, former President of South Africa and Chair of the AUC/ECA High Level Panel on Illicit Financial Flows

13h00-14h00

Lunch

List of Participants Sub regional Workshop on Curbing Illicit Financial Flow from Africa November 10-11 Accra, Ghana

1. H.E. Mr Thabo Mbeki
Chair of the High Level Panel on Illicit Financial Flows
Thabo Mbeki Foundation
South Africa
2. Dr. Abdalla Hamdok
Deputy Executive Secretary
Economic Commission for Africa
Addis Ababa, Ethiopia
3. H.E. Dr. Anthony Mothae Maruping
Commissioner for Economic Affairs
African Union Commission
Email: MaboteM@africa-union.org
Addis Ababa, Ethiopia
4. Barrister Akere Muna
Member of HLP
Email: munalaw@yahoo.co.uk
jh_ebongom@yahoo.com
Yaoundé, Cameroon
5. Ambassador Olusegun Apatá
Member of HLP
Email: segunapata@yahoo.com
USA
6. Mr. Raymond W. Baker
Member of HLP and President
Global Financial Integrity
Tel +1 202.293.0740
Email rbaker@gfintegrity.org
Washington DC, USA
7. Mr. Adam Elhiraika
Head of Secretariat of HLP and Director
Macroeconomic Policy Division
Economic Commission of Africa
Email: aelhiraika@uneca.org
Addis Ababa, Ethiopia
8. Ms. Aida Opoku-Mensah
Director
Capacity Development Division
Economic Commission of Africa
Email: aida@uneca.org
Addis Ababa, Ethiopia
9. Mr. David Luke
Coordinator
African Trade Policy Centre (ATPC)
Economic Commission for Africa
Email: dluke@uneca.org
Addis Ababa, Ethiopia
10. Mr. Kojo Busia
Coordinator
African Minerals Development Centre (AMDC), Economic Commission for Africa
Email: kbusia@uneca.org
Addis Ababa, Ethiopia
11. Mr. Marlon Lezama
Chief, Partnerships and Resource Mobilization
Strategic Planning and Operational Quality Division, Economic Commission for Africa
Email: mlezama@uneca.org
Addis Ababa, Ethiopia
12. Dr Ibrahim Hassane Maiyaki
Chief Executive Officer (CEO)
New Partnership for Africa's Development (NEPAD)
Email: ibrahimassanem@nepad.org
Midrand, South Africa
13. Prof. Tandeka C. Nkiwane
Special Advisor to the CEO
New Partnership for Africa's Development (NEPAD)
Email: TandekaN@nepad.org
Midrand, South Africa
14. Prof. Edward Maloka
Chief Executive Officer (CEO)
African Peer Review Mechanism (APRM)
Email: liziwe.selena@aprm-au.org
Midrand, South Africa
15. Mr. Jean-Yves Adou
Head of Knowledge Management
African Peer Review Mechanism (APRM)
Email: JeanYves.Adou@aprm-au.org
Midrand, South Africa
16. Prof. Emmanuel Nnadozie

- Executive Secretary
African Capacity Building Foundation
(ACBF)
Email: m.kadurira@acbf-pact.org
Harare, Zimbabwe
17. Dr. Roger Atindehou
Manager, Operations, Eastern and Southern
Africa Department
African Capacity Building Foundation
(ACBF)
Email: r.atindehou@acbf-pact.org
Harare, Zimbabwe
18. Dr. Folasade Ayonrinde
Senior Program Officer
African Capacity Building Foundation
(ACBF)
Tel +263779733678
Email: f.ayorinde@acbf-pact.org
Harare, Zimbabwe
19. Mr. Logan Wort
Executive Secretary
African Tax Administration Forum (ATAF)
Email: lwort@ataftax.org
Pretoria, South Africa
20. Mr. Thulani Shongwe
Head of Multilateral Cooperation
African Tax Administration Forum
Pretoria, South Africa
Email: tshongwe@ataftax.org
21. Mr. Alvin Mosioma
Executive Director
Tax Justice Network – Africa (TJN-A)
Tel. +254708398386
Mobile: +254722571614
Email: mosioma@taxjusticeafrica.net
Nairobi, Kenya
22. Mr. Lebogang Motlana
Director, Regional Service Centre for Africa
United Nations Development Programme
(Regional Office)
Email: lebogang.motlana@undp.org
Addis Ababa, Ethiopia
23. Ms. Mojanku Gumbi
Senior Advisor to the President
Thabo Mbeki Foundation
Email: mojanku@gmail.com
South Africa
24. Mr. Momolu Gray
Economic Governance Program Manager
Open Society Initiative for West Africa
(OSIWA)
Email: mgray@osiwa.org
Monrovia, Liberia
25. Hon Khanyisile Litchfield Tshabalala
Chairperson
African Parliamentary Network on Illicit
Financial Flows and Tax (APNIFFT)
Email: khanyisilelt@gmail.com
Johannesburg, South Africa
26. Mr. Ben Dickinson
Head of Tax & Development Programme
Organisation for Economic Co-operation and
Development (OECD)
Email: Ben.Dickinson@oecd.org
Paris, France
27. Mr. Ervice Tchouata
Tax Policy Analyst
Organisation for Economic Co-operation and
Development (OECD)
Email: Ervice.TCHOUATA@oecd.org
Paris, France
28. Mr. Eric Meyer
Deputy Assistant Secretary
United States Treasury
Washington DC, USA
29. Mr. City Serobe
Director
Hogan Lovells
Tel. +27826041422
Email: city.serobe@hoganlovells.com
South Africa
30. Mr. Michiel Els
Partner
Hogan Lovells
Mobile: +27832567712
Email: michiel.els@hoganlovells.com
South Africa
31. Ms. Crystal Simeoni
Programme Officer
International Tax
Tax Justice Network- Africa
Mobile: +254721557776
Email: csimeoni@taxjusticeafrica.net
Nairobi, Kenya

32. Ms. Joan Stott
Senior PFM Specialist
Collaborative Africa Budget Reform
Initiative (CABRI)
Email: joan.stott@cabri-sbo.org
South Africa
33. Mr Maqungo Sivuyile
Phillip Morris International (PMI)
Email: Sivuyile.Maqungo@pmi.com
Pretoria, South Africa
34. Mr Welile Nhlapo
Phillip Morris International (PMI)
Email: nhlapow@gmail.com
Pretoria, South Africa
35. Lesetja Kganyago
Governor
South African Reserve Bank
South Africa
36. Mr Charles Akong
African Minerals Development Centre
(AMDC)
Economic Commission for Africa
Email: cakong@uneca.org
Addis Ababa, Ethiopia
37. Ms. Donna Muwonge
Programme Management Officer
Strategic Planning and Operational Quality
Division (SPOQD)
Economic Commission for Africa (ECA)
Tel: +251-11-544-5753
Email: dmuwonge@uneca.org
Addis Ababa, Ethiopia
38. Mr William Davies
African Trade Policy Centre (ATPC)
Economic Commission for Africa
Tel: +251- (0)11- 544 3253
Email: wdavis@uneca.org
Addis Ababa, Ethiopia
39. Ms Uzumma Erume
Economic Affairs Officer
Macroeconomic Policy Division (MPD)
Economic Commission for Africa
Tel: +251)-11544 – 5024
Email: uerume@uneca.org
Addis Ababa, Ethiopia
40. Ms. Mercy Wambui
Communications Section
Economic Commission for Africa (ECA)
Tel: +251-115-443652
Mob. +251-921-014767
Email: mwambui@uneca.org
Addis Ababa, Ethiopia
41. Mr. Gamal Ibrahim
Chief, Finance and Private Sector Section
Macroeconomic Policy Division (MPD)
Economic Commission for Africa (ECA)
Tel: +251-11-5443259
Mob. +251-911216740
Email: Gelbrahim@uneca.org
Addis Ababa, Ethiopia
42. Ms. Souad Aden-Osman
Senior Programme Management Officer
Office of the Deputy Executive Secretary and
Chief Economist
Economic Commission for Africa (ECA)
Tel: +251-11-5443607
Mob. +251-911216740
Email: saden-osman@uneca.org
Addis Ababa, Ethiopia
43. Mr. Oladipo Edmond Johnson
Consultant
Capacity Development Division
United Nations Economic Commission for
Africa
Addis Ababa, Ethiopia
Phone +251-11 544 32 77
E-mail: OJohnson@uneca.org