CoDA Technical Committee on Domestic Resource Mobilization

Presentation at the First African Fiscal Policy Forum, 16 December 2021

H.E. Dr Hakim Ben Hammouda
Chair, CoDA Technical Committee on Domestic Resource Mobilization
Introduction to the CoDA Technical Committee on Domestic Resource Mobilization

• Inaugurated on 5 May 2021 to boost the capacity of African governments to adopt and implement efficient fiscal policies as the basis for better resource mobilization

• Assists CoDA in provide a clear and convincing African voice to ensure, among others, that the international tax regime is more transparent and fairer to Africa
Objectives of CODA Technical Committee on Domestic Resource Mobilization

• Oversee the development and dissemination of technical and policy papers developed to support advice to governments on fiscal policy and domestic resource mobilization

• Engaging African governments, the African Union, and the international community through diplomatic advocacy and policy dialogues in pursuit of its objectives

• Providing guidance to the Secretariat of the High-Level Panel on Illicit Financial Flows from Africa with the aim of commissioning relevant research papers to effectively influence policies and decision-making

• Supporting diplomatic and media campaigns for intergovernmental processes including by the African Union in support of resource mobilization efforts of Member States
Membership of the Technical Committee

• **Chair:** H.E. Dr Hakim Ben Hammouda, Former Finance Minister of Tunisia

• **Alternate Chair:** Dr Adeyemi Dipeolu, Special Advisor to the President of Nigeria on Economic Matters

• **Other members**
  - H.E. Dr Maxwell Mkwezalamba
  - Prof. Jomo Kwame Sundaram
  - Mr Bouna Sylla
  - Ms Souad Aden Osman, representing CoDA Secretariat
  - Prof. Sylvain Boko, representing CoDA Secretariat

16.12.21
Activities of CODA Technical Committee on Domestic Resource Mobilization in 2021

- National assessments of efforts by African countries to curtail IFFs
- Publications
  - Financing Post-COVID Relief, Recovery and Reform in Africa: Examining the Impacts of SDR Channeling from High-Income Countries
  - Would the Global Minimum Tax Help or Hurt Africa: Examining the Implications for Africa
  - Fiscal Policy and Domestic Resource Mobilization in Africa in the face of the COVID-19 Pandemic
Activities of CODA Technical Committee on Domestic Resource Mobilization in 2021

Position Papers
• A Proposal for the Reallocation of Unused SDRs of Higher-Income Countries to Support Africa’s Post-COVID Relief, Recovery and Reform Efforts
• An Urgent Call for Debt Relief for Africa in the Face of COVID-19
• Africa Common Position on the Global Minimum Corporate Tax

Webinars and Policy Dialogues
• Africa’s Debt Relief and Revenue Mobilization, 3 June 2021
The discussions focused on two paper presentations:
1. Financing Post-COVID Relief, Recovery and Reform in Africa: Examining the Impacts of SDR Channeling from High-income Countries
2. Would the Global Minimum Tax Help or Hurt Africa: Examining the Implications for Africa
The OECD/G20 and Inclusive Framework on BEPS Proposal

- **Pillar One**: to provide taxing rights to market jurisdictions on part of the residual profits earned by multinational enterprise groups with an annual global turnover exceeding €20 billion and 10 percent profitability
- **Pillar Two**: Global minimum tax rate to ensure global business income is subject to an agreed minimum rate of income tax
The UN FACTI Panel Recommendations

• The proposal of Article 12B of the United Nations Model Tax Convention, as agreed by the United Nations Tax Committee at its 22nd Session

• 14 recommendations to reform, redesign and revitalize the global architecture, so it can effectively foster financial integrity for sustainable development

• More inclusive, more relevant to the needs of global south countries

• Has considered recommendations from some of these countries
Africa’s role in the G20/International Finance Proposals

• African leaders not involved in the processes: negotiations were conducted at the steering group stage with only 4 African countries (South Africa, Nigeria, Ivory Coast & Senegal) involved

• Only Nigeria and South Africa were actively engaged in the negotiation

• Most African countries did not participate in the negotiations, yet they signed

• Two African countries (Nigeria and Kenya) did not endorse the G20/international finance proposals
Implications for African Countries and Recommendations for Next Steps

• The current international tax framework being considered will have a negative impact on the future of Africa’s revenue
• African countries will find it difficult to meet the SDGs
• We need coordinated political approach to protect Africa’s interest in the global processes
• Global processes to curb IFFs should be inclusive and consider the peculiarities of African countries
• African countries that have endorsed the inclusive framework deal should review their decisions and pursue a fairer deal