

Tackling IFFs in all its forms is required in order to increase African countries' policy space, namely, their ability to implement relatively autonomous monetary and fiscal policies in the context of a very volatile global economic and financial system. The Consortium to Stem IFFs from Africa and the Coalition for Dialogue on Africa (CoDA) Technical Committee on Domestic Resource Mobilization, which provides technical support to the AU High Level Panel on IFFs from Africa (AU-HLP on IFFs), were established to that effect. Also, the United Nations has released the report of the High-Level Panel on International Financial Accountability, Transparency and Integrity (UN-FACTI Panel), which builds on the work of the AU HLP on Illicit Financial Flows to ensure the achievement of the AU 2063 Agenda and the 2030 Agenda.

Considering the cross-border and largely commercial nature of illicit financial flows, stemming illicit outflows requires win-win international cooperation. To this end, the First African Fiscal Policy Forum (AFPF) examined the efforts of the Organisation for Economic Cooperation and Development (OECD) led Inclusive Framework (IF) Two-Pillar Solution and Article 12B of the United Nations Committee of Experts on International Cooperation in Tax Matters to address challenges arising from the taxation of the digital economy and the re-allocation of taxing rights to source jurisdictions where sales take place and to disincentivize profit shifting to low tax jurisdictions. The provisional building blocks of the Two-Pillar Solution and the automatic withdrawal of unilateral tax policy measures such as Digital Services Taxes when the OECD-led multilateral convention enters into force remain a matter of concern for countries such as Nigeria, Kenya, Pakistan and Sri Lanka, which are yet to endorse the proposed solutions.

International efforts aimed at addressing IFFs are critical as many causes relate to global systems, requiring multilateral solutions. Countries where stolen assets are stashed must adopt a principle of returning frozen/seized assets in a timely manner, to victim countries irrespective of how highly placed are the beneficial owners of the ill-gotten assets. However, the fundamental responsibility of eliminating the sources rests with African governments. The measures taken by African countries to curtail and eliminate IFFs must be monitored and reviewed in a timely manner around the three main drivers of IFFs, namely the commercial, criminal and corrupt components. These measures could be leveraged with complementary efforts in terms of domestic resource mobilization.

Despite the numerous challenges they face, African governments have until now under-utilized the potentially important policy space that can be opened once it is acknowledged that economic projects that rely on real resources (land, labour, technology, equipment, etc.) available or developable locally are always financeable locally. As long as African countries promote a development strategy based on the mobilization of their real resources, they can increase their policy space while becoming less dependent on external financing. IFFs deprive African countries of the needed foreign means of payment but their existence does not negate the capacity of their governments to finance, using local resources in implementation of projects, provided there is better coordination among Ministries of Finance, central banks and accommodative domestic financial sectors.

Given the enormity of work done to stem IFFs, it becomes imperative to review the progress of implementation of the decisions of the African Union and United Nations for the purpose of improved coordination, fostering synergy as well as learning from countries that have negotiated and repatriated stolen funds. In view of current efforts to spur domestic resource mobilization in the continent, it is also important to re-orient discussions on how African countries' policy space could be increased through the promotion of economic projects that can be financed using local real resources.

Objectives of the Second African Fiscal Policy Forum (Part 1)

The 2nd AFPP (Part 1) will review and discuss emerging issues relating to IFFs, including how the aggressive activities of individuals and corporations continue to induce IFFs. It will also elaborate on complementary measures that can be adapted by African governments to increase their domestic policy space.

The specific objectives are:

- To examine the progress of the implementation of decisions made by the African Union and the United Nations on IFFs from Africa.
- To discuss recent measures and policies recommended by intergovernmental bodies for the purpose of improving international cooperation to address issues related to IFFs.
- Review how the aggressive activities of individuals and corporations continue to drive illicit outflows.
- Examine the policies, procedures and structures put in place by countries to successfully repatriate illicit assets consigned in foreign jurisdictions.
- To discuss how to build the capacity of African Union Member States and institutions, particularly in balanced contract negotiation and asset recovery.
- To initiate a conversation on how a development strategy based on the mobilization of local real resources can enhance African government's policy space and reduce the need for external financing.

Format and Structure of the Dialogue Series

The event will be conducted in a hybrid format. Participants will include high-level officials from Ministries of Finance, African Central Banks, tax administrators, anti-corruption agencies, financial intelligence authorities, African regional organisations including the Regional Economic Communities (RECs), representatives of the private sector, civil society actors, subject matter experts and other relevant organisations working on IFFs.

Expected Outputs

- Relevant and recent information shared on efforts and challenges in the implementation of recommendations and strategies to stem commercial IFFs from Africa.
- Greater awareness of IFFs related interventions and programmes of African countries to stimulate and accelerate Asset Recovery.
- State and non-State actors provided with necessary knowledge to promote coordination and cooperation at national, regional and global levels.

Date & Time: Thursday 1 December, 2022. 3h00pm (Addis Ababa)

Link: https://us02web.zoom.us/webinar/register/WN_XhNQArM7QrumP63czcuwHA

3h00 - 3h30 pm

Opening Session

Welcoming remarks

Statements by African and non-African Ministers of Finance, IFI Executive Director (EDS13), Governor of Central Bank, Ambassadors to the African Union and the United Nations

3h30 - 4h45 pm

Curbing Commercial IFFs: Towards a Fairer Tax Regime for Africa?

Presentation and Panel discussion

4h45 - 5h45 pm

Interventions to Stimulate and Accelerate Stolen Asset Recovery: Towards an Enhanced Cooperation?

Presentation and Panel discussion

5h45 - 6h00 pm

Wrap Up & Closing