



Combatting Illicit Financial Flows (IFFs)

#AUEUTracker Special Dialogue on the commitment to Sustainable Growth and building strategic capability to challenge all types of IFFs

Online (Zoom & Livestream) - Brussels, 5 July 2023

CONTEXT /

Since its launch, the Africa-Europe Foundation (AEF) has made its mission to identify and address issues of significance for the Africa-Europe collaboration through an open and frank dialogue between our two continents. The AEF is organising a series of high-level broadcast dialogues as part of its 'Commitment Tracking' programme aimed at capturing progress since the 6th EU-AU Summit of February 2022 and analysing the potential blockages to implementation and opportunities for partnership action.

For July 2023, AEF brings in focus the AU-EU commitment on “combatting illicit financial flows” as part of the broader theme on Sustainable Growth. The Summit Commitments can be grouped under seven themes related to the priority areas of cooperation, amongst them on promoting sustainable growth, and more specifically on combating Illicit Financial Flows (IFFs), addressing Domestic Tax Base Erosion and Profit Sharing, and cooperating on Tax Transparency.

The most recent meeting of the AEF High-Level Group of Personalities (Nairobi, April 2023) confirmed the importance of addressing the issue of Illicit Financial Flows as a shared agenda for the Africa-Europe Partnership and as a critical constraint for unlocking domestic resources to finance African development needs during the time of fiscal tightening and looming sovereign debt crisis. Prolonging current status quo can also come at high cost as the IFFs have the potential to severely impact economic stability and economic opportunities, for example by depleting foreign exchange reserves, creating unfair market competition, artificially inflating property prices, or diminishing tax intake. They can also promote further criminal behaviour, undermine the rule of law, and weaken public institutions' trustworthiness, ultimately undermining national political stability.

Illicit Financial Flows (IFFs) is the movement of money across borders that is illegal in its source (e.g. corruption, smuggling), its transfer (e.g. tax evasion), or its use (e.g. terrorist financing).

There is growing evidence of the severe impact of illicit financial flows on Africa. The UNECA High Level Panel (HLP) on IFFs pointed out that Africa has lost an estimate of \$1 trillion or more over the past 50 years to illicit financial flows. This figure is roughly equal to all of the official development assistance (ODA) received by Africa during the same period. According to the OECD (Tax Transparency in Africa 2021), more than USD 80 billion is estimated to escape the African continent each year in the form of illicit financial flows. The UN Conference on Trade and Development (UNCTAD) Economic Development in Africa Report 2020 estimates Africa's losses at about US\$88.6 billion in illicit capital flight every year – equivalent to 3.7 per cent of the continent's gross domestic product.

While Africa currently pays the price of inaction on IFFs, it's an issue it cannot tackle alone. Activities of IFFs involve both a source country and a destination country, sometimes a third – transit - country. Destination countries are mainly the locations that offer long-term security of assets – many of them are the EU member states. Thus, addressing this issue requires strong Africa-Europe collaboration.

With the growing awareness of the harmful effects of illicit financial flows as a major obstacle to Africa's development, as well as a recent shift in the public consciousness coming from the interest of mainstream media, there is an opportunity to act - taking concrete actions on IFFs through policy and enforcement. The 6th AU-EU Summit has re-affirmed its the commitment of combatting IFFs.

“We commit to combatting Illicit Financial Flows (IFF) and to addressing domestic tax base erosion, profit shifting (BEPS), and cooperate in tax transparency. In this regard, we agree to continue cooperating to develop and consolidate the strategic capability in the fight against different types of IFFs including money laundering, the financing of terrorism, and proliferation financing as well as those linked to fiscal governance systems and return of stolen funds and items from countries of origin.”

- The Final Declaration of the 6th AU-EU Summit, February 2022

Since December 2020 and the launch of the AU 7 million Euro programme (“Track it, stop it, get it!”) in response to the recommendations of the High-Level Panel on IFFs lead by Thabo Mbeki the AU and EU have sought to approach IFFs through a two-pronged tactic: the first focuses on strengthening the AU Commission and AU institutions in coordinating anti-IFFs activities and regulations, and the second focuses on piloting projects at nation and regional level aimed at specific aspects of IFFs, such as Anti-Money Laundering, Counter Financing of Terrorism and Transnational Organised Crime. Underlying principle guiding the High-Level Panel was the determination to ensure Africa's accelerated and sustained development, relying as much as possible on its own resources. Starting from assessing the volumes and sources of financial outflows from Africa, the Panel undertook case studies to gain concrete understanding of how the outflows occur across a sample of African countries. It culminated with the publishing of the Addis Ababa Action Agenda, which sets out concrete recommendations for tackling IFFs by the African States and partners.

Bringing IFFs in focus represents a strategic opportunity for Africa and Europe to implement their joint commitments and to contribute to strengthen public revenues at this critical time for socio-economic development across our societies.

PROGRAMME /

The #AUEUTracker Special Dialogue series is a key part of AEF's toolkit to support the overall tracking of the implementation of commitments at the level of the AU-EU Partnership. Through the series, AEF brings into focus each one of the main conclusions of the 6th EU-AU Summit, with the joint commitment on combatting illicit financial flows the focus of July 2023.

The Special Dialogue will be broadcast from Town Hall Europe in Brussels and run online, engaging networks and partners operating across Africa and Europe and internationally.

Key questions to be addressed:

- What have we learnt from previous initiatives on IFFs? What are the blockages and opportunities to implementing in full the recommendations of the High-Level Panel on IFFs (Commissioned by the AU/ECA Conference of Ministers)? Potential quick wins given the renewed political focus on IFFs?
- How can we reinforce 'combatting Illicit Financial Flows (IFFs) as a key focus of a strengthened Africa-Europe Partnership? What are our benchmarks for tracking progress on the commitments on combating IFFs agreed at the 6th EU-AU Summit of February 2022?
- In anticipation of the new Team Europe Initiation (flagship programme) - the EUR 240 million initiative on IFFs and Transnational Organised Crime – what are EU plans on tackling the IFFs? What domestic actions can, and should, EU take to accelerate progress in this area?
- What strategies and modalities exist to ensure not only increased national revenues from curbing IFFs, but also increased transparency and accountability? Is there a role foundations and new public-private partnerships in ensuring funds can be leveraged for public good and partnership priorities at the nexus of climate, economic development and health?

SPEAKERS /

An outline of the proposed agenda and key contributors:

Chair of the Special Dialogue:

- Mo Ibrahim, Co-Founder of the AEF

Key contributors:

- Adeyemi Dipeolu, Former Special Adviser to the President for Economic Matters in the Office of the Vice-President Osinbajo of the Federal Republic of Nigeria and former member of the Technical Committee and Head of the Secretariat of the High-Level Panel on Illicit Financial Flows
- Alex Cobham, Chief Executive of the Tax Justice Network and former researcher

- on IFFs at the Centre for Global Development
- Briggs Bomba, Programme Director at TrustAfrica
- David McNair, Executive Director at ONE Campaign
- Matthew Collin, Senior Economist at the EU Tax Observatory and non-resident Fellow at the Centre for Global Development
- Patrick Ndzana Olomo, Acting Head of Division, for Economic Policy, African Union Commission
- Willard Mapulanga, Programme Officer - Sustainable Finance at the African Climate Foundation
- Allana Kembabazi, Programs Manager at the Initiative for Social and Economic Rights (ISER)

Experts and practitioners will also take part from the main partners affiliated to AEF's programming, among them the European Investment Bank and African Development Bank.

MODERATOR/

- Tamsin Rose, Senior Facilitator at the Africa-Europe Foundation

FORMAT /

#AUEUTracker Special Dialogue brings together changemakers and policymakers. Previous dialogues have convened a host of diverse voices from city mayors, youth representatives, EU and AU Commissioners, as well as civil society and business leaders to open up and deepen the space for discussion on the future of a strengthened Africa-Europe partnership.

- Duration of max 90 minutes. The language of the debate is English.
- The launch is managed from the state-of-the-art broadcast studio at TownHall Europe (Brussels office of the Africa-Europe Foundation). Present at the broadcast studio will be the chief moderator, programme management team and technical support experts.
- The audience consists of a targeted and well-balanced core group of senior participants from a tailored list of the Africa-Europe Foundation's exclusive network of African and European senior stakeholders, partners, members of youth networks and civil society.
- The remaining audience will be composed by a diverse group of individuals from EU and African institutions, governments, international organisations,

policymakers, business and trade associations, academia, social partners, and the international press.

- The event will be live streamed on our website and social media.