



The 10th Pan African Conference on Illicit Financial Flows and Taxation

Tax Justice Amid Multiple Crises

28 – 29 September, Lusaka, Zambia

Concept Note

Introduction

After ten years of hosting the Pan-African Conference (PAC) on Illicit Financial Flows and Taxation, this year, Tax Justice Network Africa (TJNA) is excited to co-host its 10th PAC alongside the African Tax Administration Forum (ATAF).

Over the years, TJNA and ATAF have advocated for pro-poor tax policies and systems that curb leakages and optimise domestic resource mobilisation on the continent. The uncertainty of the current global economy has made this mission more critical than ever. As such, in light of the present context, the 2022 PAC will be held under the theme 'Tax Justice Amid Multiple Crises.' And in the spirit and tradition of the PAC, the two lead institutions will collaborate with other organisations to deliver a successful 10th PAC.

Background

Over the past few years, the world economy has been devastated by multiple crises. These have included the recent Covid-19 pandemic, the new and ongoing conflicts in Ukraine and other parts of the world, and the increasing adverse impacts of climate change, among others.

The Covid –19 pandemic saw 30 million people pushed into poverty and 22 million lost jobs.¹ Countries grappled to keep their citizens afloat as external financing dwindled and foreign direct investment declined. Following the worst of the crises, Africa began its path to a post-Covid-19 recovery, and Africa's gross domestic product grew by an estimated 6.9 per cent. However, just as African countries emerged from the pandemic, the region was confronted with another crisis as food, energy, and finance costs soared, triggered by the Ukraine conflict. Growth is subsequently expected to decelerate to 4.1 per cent in 2022 and remain there in 2023.² The Ukraine War could also further impoverish 1.8 million African citizens into extreme poverty in 2022.

All this has taken place against climate change, which has seen countries worldwide devastated by natural disasters, including flooding and heat waves. The African continent is predicted to lose between five and fifteen per cent of GDP annually due to this damage, given the continent's exposure to weather-related disasters and reliance on rain-fed agriculture.³ Despite this, the green transition also provides opportunities for the continent, considering the region's endowment of resources necessary to facilitate growth. If Africa can seize the opportunities offered by the transition to a greener economy and ensure fair and affordable access to energy.

As African countries work to mitigate these external circumstances, Africa's debt crisis continues to loom large. Africa's debt was a problem for African countries even before COVID-19. In the lead to the pandemic, African countries had been borrowing heavily from the global financial markets. Despite the strain, debt across the continent rose a further US\$45 billion or 8% in 2020. Public debt ratios are at their highest level over two decades, and many low-income countries are either in or close to debt

¹ African Development Bank (2022). Africa Economic Outlook.

² African Development Bank (2022). Africa Economic Outlook.

³ African Development Bank (2022). Africa Economic Outlook.



distress.⁴ Unfortunately, as debt levels have risen, these have corresponded with rising debt service costs, but countries have not necessarily improved their ability to finance such obligations. Even as the continent also seeks to address this, Africa also faces the challenge of rising inflation. Indeed, with rising inflationary pressures and output levels below pre-pandemic trends in most countries, central banks face a difficult balancing act between curbing inflation and supporting growth.⁵

The importance of domestic resource mobilisation

These crises have had a dual negative effect on African countries. Governments are confronted with the challenge of increased immediate expenditures to cushion their citizenry against the impact of these crises while navigating the shrinking fiscal space caused by the negative impact of the crises.

Tackling illicit financial flows and engaging in domestic resource mobilisation will be key to states' efforts to address these challenges. According to the African Tax Outlook, however, the continent's tax to GDP ratio is 14.84 per cent. This is significantly below the OECD average of 33.5%, indicating that African countries must do more to improve their domestic resource mobilisation efforts.⁶ Part of this is due to illicit financial flows estimated at USD 88.6 billion. This amounts to 3.7 per cent of Africa's GDP leaving the continent as illicit capital flight. It shows that these outflows are nearly as much as the combined total annual inflows of official development assistance, valued at \$48 billion, and yearly foreign direct investment, pegged at \$54 billion, received by African countries.⁷

Africa will need at least USD 432 billion to address the effects of Covid-19; as of today, the climate finance gap sits at up to \$127.2 billion annually till 2030;⁸ and the economic disruptions stemming from the Ukraine War are set to further increase Africa's financing gap. To address this, African governments similarly need to take a dual approach to improve their domestic resource mobilisation. At the national level, governments will need to address the issues that exist within their economies, and in addition to this, African countries will need to cooperate to address the global issues that hinder their domestic resource mobilisation efforts as well.

As it stands, the current global tax system is unfavourable towards developing countries and, as such, requires reform. The current negotiations to fix the global system are being spearheaded by the OECD Inclusive Framework; however, they have fallen short of a solution that addresses the key tax issues facing Africa. At the 2020 Extraordinary Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration, the AU Briefing of the African finance ministers stated:

"...developed countries are not listening to the concerns of developing countries and have no intention of redressing the balance of taxing rights in any significant way. Africa must mobilise itself at a political level if it is to change the stance of developed countries and address these key tax issues."⁹

⁴ IMF (2020). Sub-Saharan Africa: A New Shock and Little Room to Maneuver.

⁵ IMF (2020). Sub-Saharan Africa: A New Shock and Little Room to Maneuver.

⁶ ATAF (2021). The African Tax Outlook.

⁷ UNCTAD (2020). Tackling Illicit Financial Flows for Sustainable Development in Africa.

⁸ African Development Bank (2022). Africa Economic Outlook.

⁹ ATAF (2020). AU Briefing, African finance ministers. Extraordinary Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration.



Even as African countries explore both domestic and global levels to raise domestic resources, it is important to note that one of the most important socio-economic effects of these crises has been an increase in inequality. For example, during Covid-19, the wealth of the world's ten richest men doubled, and the incomes of 99 per cent of the global population declined. This widened inequalities both within and between countries. As a result, as governments explore ways of increasing their domestic resource mobilisation efforts, governments must explore avenues that do not exacerbate inequality and shift the tax burden to the poor.

Main Objective

The main objective of this year's PAC conference is, therefore, to explore ways to mitigate the impact of global external shocks on the continent through tackling illicit financial flows and undertaking progressive domestic resource mobilisation.

Objectives

The 10th PAC will seek to:

1. Identify transformative actions and solutions for actors such as African governments, parliamentarians, civil society organisations, the private sector and other policy players that are key in mobilising domestic resources within the context
2. Create opportunities for growing partnerships and collaborations to raise domestic resources between the different actors.
3. Showcase the emergence of innovative policies and tools that effectively raise domestic resources in African countries.



Draft Agenda

CAT	Day 1 Wednesday, 28 September
8:00 am – 9:00 am	Registration
9:00 am – 10:30 am	<p align="center">Official Opening Ceremony</p> <p>Speaker: Isaac Mwaipopo, Executive Director, Centre for Trade Policy and Development Speaker: Alvin Mosioma, Executive Director, Tax Justice Network Africa Speaker: Mary Baine, Deputy Executive Secretary, African Tax Administration Forum Keynote Speaker: , Minister of Finance</p>
10:30 am – 11:00 am	Group Photo and Tea Break
11:00 am – 12:30pm	<p align="center">Session 1 Setting the scene Unpacking the Theme: Tax Justice Amid Multiple Crises</p> <p>This session will focus on understanding the conference's theme, 'Tax Justice Amid Multiple Crises.' It will set the stage for the conference by exploring the current global environment and the impact this has had on the African countries' ability to raise much-needed resources for their recovery fairly and equitably.</p> <p>Moderator: Crystal Simeoni, Executive Director, NAWI Collective</p> <p>Main speaker: Charles Abugre, Executive Director, IDEAs</p> <p>Panellist: Joseph Nonde, Commissioner Direct Taxes, Zambia Revenue Authority Panellist: Irene Ovonji-Odida, FACTI Panel member Panellist: Titus Gwemende, Division Director, Opportunity and Equity, Open Society Foundation</p>
12:30 pm – 1:00 pm	Question and Answer
1:00 pm – 2:00 pm	Lunch
2.00 pm – 3:00 pm	<p align="center">Session 2 IFF Recommendations and the International Financial Architecture</p> <p>This session will look at the various recommendations of the High-Level Panel on Illicit Financial Flows from Africa and the High-Level Panel on Financial Accountability, Transparency and Integrity (FACTI) High-Level that focused on how Africa should position itself within the international tax system. It will unpack the</p>



	<p>current discussions on the reform of the global tax system, understand the implications they will have on African countries, and explore possible collective action.</p> <p>Moderator: Mustapha Ndajiwo, African Centre for Tax Governance</p> <p>Main Speaker: Mary Baine, African Tax Administration Forum</p> <p>Panellist: Dr. Patrick N’Dzana Olomo, African Union</p> <p>Panelist: Allan Mukungu, UNECA</p> <p>Panellist: Luckystar Miyandazi, United Nations Development Programme (Virtual)</p> <p>Panellist: Stefano Prato, Civil Society for Financing for Development</p>		
3:00 pm – 3:15 pm	Tea Break		
	Breakaway Sessions		
3:15 pm – 4:15 pm	<p>Room 1: African Tax Administration Forum</p> <p>Maximising customs efficiencies to minimising IFFs</p>	<p>Room 2: NAWI Collective / For Equality / Artglo / Action Aid</p> <p>Harnessing massroots voice and action for public service delivery</p>	<p>Room 3: Third World Network</p> <p>Rethinking the interconnections of illicit financial flows</p>
	Break		
4:30 pm – 5:30 pm	<p>Room 1: Transparency International / Stop the Bleeding</p> <p>Activating the levers for reforms on Illicit financial flows in Africa</p>	<p>Room 2: United Nations Conference on Trade and Development and United Nations Economic Commission for Africa</p> <p>Statistical Measurement of IFFs – estimation process and lessons learned</p>	<p>Room 3: African Forum on Debt and Development</p> <p>Launch of the AFRODAD Public Debt Tool Kit</p>

EAT	Day 2 Thursday, 29 September
8:30 am – 9:00 am	Registration
9:00 am – 10:00 am	<p style="text-align: center;">Session 3</p> <p style="text-align: center;">Innovative Progressive Domestic Resource Mobilisation Strategies</p> <p>This session will look at the innovative ways African countries have raised resources and curbed illicit financial flows over the past few years in light of the constraints they have faced over the past few years. It will highlight case studies and seek to draw lessons that could be extended to other countries in the region.</p>



	<p>Moderator: Rodgers Kidiya, Tax Justice Network Africa</p> <p>Panellist: Sam Shivute, Commissioner General, Namibian Revenue Authority Virtual</p> <p>Panellist: Thulani Shongwe, African Tax Administration Forum</p> <p>Panellist: Gladys Ganda, Member of Parliament, Malawi Virtual</p> <p>Panellist: Lyla Latif, Committee on Fiscal Studies, University of Nairobi</p>		
10:00 am – 11:00 am	Questions and Answer		
11:00 am – 11:30 am	Break		
11:30pm – 12:30pm	Breakaway Sessions		
	<p>Room 1: Global Alliance for Tax Justice</p> <p>Shaky Pillars won't hold – why developing countries in the Global South should reject the OECD tax deal</p>	<p>Room 2: Southern African Resource Watch</p> <p>Leveraging on regional integration to address the Multiple Crises - Opportunities, Lessons & Challenges from Zambia, and DRC's collaboration on manufacturing on lithium batteries</p>	<p>Room 3: African Tax Administration Forum</p> <p>Automatic exchanges for domestic resource mobilisation</p>
12:30pm – 1:30 pm	Lunch		
1:30 pm – 3:00pm	<p style="text-align: center;">Session 4</p> <p style="text-align: center;">Domestic Resource Mobilisation Within the Context of Climate Change</p> <p>This session will focus specifically on the climate change crisis. Given the challenges and opportunities that this crisis presents, panellists will identify ways that African countries can position themselves to mitigate against and adapt to the negative impacts of the crisis while leveraging their natural resources in their domestic resource mobilisation efforts.</p> <p>Moderator: Eneya Maseko, Zambia Extractive Industries Transparency Initiative</p> <p>Panelist: Viola Tarus, International Institute for Sustainable Development Virtual</p> <p>Panelist: Fred Kabanda, African Development Bank Virtual</p> <p>Panelist: Veronica Zano, Oxfam</p> <p>Panellist: Darlington Muyambwa, Southern Africa Resource Watch</p>		
3:00 pm – 4:00pm	Closing Ceremony		
	Lazarus Amukeshe, Namibia		



	<p>Hon. Chanda Katotobwe, Member of Parliament, National Assembly of Zambia TBC</p> <p>Mary Baine, African Tax Administration Forum Alvin Mosioma, Tax Justice Network Africa</p>
<p>6:00 pm – 10:00 pm Cocktail Event TJNA @ 15</p>	
<p>END OF PAC 2022</p>	