

**COMMUNIQUE ISSUED AT THE END OF A TWO-DAY CONSULTATIVE
ROUNDTABLE ON ‘MENDING THE LEAKAGES: AFRICA’S BATTLE
AGAINST ILLICIT FINANCIAL FLOWS.’**

TrustAfrica, Centre for Democracy and Development (CDD) and Third World Network-Africa, with financial support from Ford Foundation, held a two-day Consultative Roundtable on ‘Mending the Leakages: Africa’s Battle against Illicit Financial Flows,’ at Sheraton Hotel Abuja, Nigeria from 25-26 March, 2014. The primary objective of the roundtable was to expand and deepen knowledge on the issue of illicit financial flows and their role in inhibiting Africa’s growth.

The roundtable was attended by policy makers within governments and multi-lateral institutions, including the United Nations Development Programme (UNDP), researchers, civil society organizations and social movements, security sector, the diplomatic corp and media. Essentially, it provided opportunities for participants to critically interrogate the problem of IFFs in Africa with its attendant consequences, official and unofficial interventions so far, opportunities and limitations of combating the scourge and the way forward.

The roundtable featured presentations of thought-provoking papers on various, but closely related aspects of IFFs from national, regional and international comparative perspective. **Conscious** of the immense and prevalence of illicit financial flows (IFFs) in Africa and its excruciating effects on human development and security, participants made a numbers of submissions:

Identified notable snapshots of IFFs as corruption; criminal activities such as smuggling and drug trafficking; and commercial tax evasion.

Noted that IFFs have been and remain deadly sources of leakages in Africa through which an inestimable amount of revenues has been lost;

Observed that IFFs have had and continue to have negative impacts on development, including weakening of the state and its institutions, poor service delivery, lack of transparency and accountability, corruption, poverty and the accentuation of multilayer governance deficit;

Affirmed the contribution of both internal and external factors to the problem of IFFs in Africa: International fiscal regime and double taxation, transfer mispricing and tax

havens, national tax regimes and abuses of tax incentives and the role of private sector in domestic resource mobilization;

Established that heavy dependence on primary commodity has made Africa easily susceptible to unfavourable terms of trade and the shocks of financialisation;

Recognised that the dynamics of the global system of capital formation and utilization remains heavily tilted against Africa;

Explored the contradictions of international aid flows, including the form and character of debt servicing, as a form of IFFs from Africa;

Observed that the recent rise in the phenomenon of land grabbing should be seen as part and parcel of the problem of IFFs confronting Africa;

Further observed that the role of private finance in development assistance in Africa has been contradictory, with some positive and negative implications for the development process, especially in the area of facilitating IFFs;

Agreed that close, but deadly links between the extraction of natural resources and IFFs exist in Africa;

Identified notable problems of IFFs in Africa to include lack of mining policies in the region, the dominance of concessional instead of full production contracts, institutional and capacity gaps in the formulation and execution of contracts, poor regulatory and control systems;

Noted that the lack of African participation in most of the mineral value-chains has contributed the increased externalisation of revenues from the sector into the developed regions without the creation of a national savings account;

Acknowledged that while legal and regulatory frameworks exist at national, regional and international levels against IFFs, including anti-money laundering and anti-terrorism acts, they have not been sufficient in addressing the problem of IFFs in Africa;

Agreed that the level of understanding of the problem, especially the negative implications of the problem, seems limited among the population;

Submitted that poor institutional development and low state capacity in policy formulation and implementation on IFFs have also been a major part of the problem;

Recognised that the lack of political will and endemic corruption on the part of political leaders as a problem of IFFs in Africa;

Noted that, notwithstanding the afore-stated problems of IFFs in Africa, there are new opportunities to explore in combating IFFs in the continent, including CSOs' engagement with the problem, media interest in reporting and exposing IFFs, and proliferation of legal frameworks against IFFs;

Based on these observations, participants at the roundtable resolved to:

Advocate for the need by African governments to restructure the production process, strengthen the capacity to formulate and implement regulatory frameworks, build state capacity and competence and promote mechanisms for collective regional response;

Call for the building for an effective movement that will drive the agenda for policy reforms meant to ensure improved accountability in the worst affected sectors

Strengthen the research community to generate and expand the frontiers of knowledge on the problem as well as dissemination and effective management of such knowledge;

Urge for civil society empowerment in terms of access to relevant information/data to enhance constructive intervention of the sector in the campaign against illicit financial flows in Africa;

Advocate for collective regional frameworks of response and a development of a multi-stakeholder platform for managing natural resources;

Emphasize the need to pay more attention to research and documentation on IFFs, especially against the background of findings by National Coalition on Extractive (NACE) in Sierra Leone and the need to replicate such studies in other countries;

Urge the civil society groups to work more closely with national and regional parliamentary bodies on laws, regulations and policies that influence IFFs;

Recommend that the human rights dimensions and implications of IFFs on various sectors and constituencies need to be stressed by both the government and the civil society;

Call on governments in Africa to forge effective and practical collaborations with academics in their citadel of knowledge to get issues of IFFs into the academic curriculum and develop tools of engagements with the subject;

Agreed that there is a need to engage at least 3-5 good African leaders and same number of Ministers of Finance to articulate Africa's position on these issues at global forums;

Emphasize the centrality of the use of technology, including e-governance tools and twitter, exploiting the close link between the youth and technology as media through which accountability and transparency in governance and corporate business processes can be promoted thereby addressing the problem of IFFs;

Appeal to African governments to exploit the opportunities for South-South collaboration because IFFs affect the entire global south. This can lead to the establishment of an interregional platform/think-tank on IFFs for Africa, Asia and Latin America;

Urge the need to mainstream the security sector into our discourses on IFFs and expansion of the discourses to include those in MNCs who facilitate most of the issues involved in IFFs;

Further urge for connections between academic research and civil society on IFFs;

Encourage the civil society groups to identify high political voices that can be leveraged to move the agenda forward.