

GLOBAL FORUM ON
**TRANSPARENCY AND EXCHANGE OF
INFORMATION FOR TAX PURPOSES**



Tax Transparency in Africa 2020

Africa Initiative Progress Report: 2019



African Union



AFRICAN TAX
ADMINISTRATION FORUM
FORUM SUR
L'ADMINISTRATION
FISCALE AFRICAINE



OECD

BETTER POLICIES FOR BETTER LIVES

The Africa Initiative

Given the high levels of illicit financial flows from African countries and recognising the potential of tax transparency and exchange of information to raise resources for development, African members of the Global Forum on Transparency and Exchange of Information for Tax Purposes attending its plenary meeting on 28 October 2014 in Berlin decided to create an African focused programme: the Africa Initiative. The objective was to unlock the potential of tax transparency and exchange of information for Africa by ensuring that African countries are equipped to exploit the improvements in global transparency to better tackle tax evasion.

Focusing on Africa enables the identification of specific approaches and the provision of tailored support to address the specific needs and priorities of African countries to grow their capacity in exchange of information. The Africa Initiative work fits into broader agendas, as tax transparency is an opportunity to stem illicit financial flows and increase domestic resource mobilisation, which are central to the African Union Agenda 2063 and the Sustainable Development Goals.

The Africa Initiative was launched as a partnership between the Global Forum, its African members and a number of regional and international organisations and development partners: African Tax Administration Forum, *Cercle de Réflexion et d'Echange des Dirigeants des Administrations Fiscales*, World Bank Group, France (Ministry of Europe and Foreign Affairs) and the United Kingdom (Department for International Development).

Initially set up for a period of three years (2015-2017), the Africa Initiative was renewed for a second phase (2018-2020) in November 2017 at the Global Forum plenary meeting held in Yaoundé, Cameroon. With encouraging first results, additional development partners joined the Africa Initiative: the African Union Commission, the African Development Bank Group, the European Union, Norway (Norwegian Agency for Development Cooperation), Switzerland (State Secretariat for Economic Affairs) and the West African Tax Administration Forum.

The Africa Initiative is open to all African countries and currently has 32 African member jurisdictions. It is supported by 11 partners and donors. The Africa Initiative members meet every year to take stock of the progress made and reflect on the remaining challenges.

An ambitious work programme was agreed to develop and consolidate a culture of transparency and exchange of information on request in African countries, and to progress towards the implementation of automatic exchange of information.

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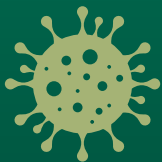
MEMBERS OF THE AFRICA INITIATIVE

Benin, Botswana, Burkina Faso, Cameroon, Cabo Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Gabon, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Togo, Tunisia, Uganda

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PARTNERS AND DONORS OF THE AFRICA INITIATIVE

African Development Bank, African Forum on Tax Administration, African Union Commission, *Cercle de réflexion et d'échange des dirigeants des administrations fiscales*, European Union, France (Ministry of Europe and Foreign Affairs), Norway (Norwegian Agency for Cooperation and Development), Switzerland (State Secretariat for Economic Affairs), United Kingdom (Department for International Development), West African Tax Administration Forum, World Bank Group



THIS REPORT WAS FINALISED AT A TIME WHEN THE COVID-19 WAS NOT YET A PANDEMIC.

The Global Forum Secretariat and its partners realise how critical the situation is for many countries, including those in Africa, which are struggling to control the spread of the virus and protect their populations. The measures implemented have a major impact on the functioning of administrations and on the economic activity of the affected countries. In these difficult times, the authors remain committed to pursue the objectives of the Africa Initiative by addressing specific needs of the tax administrations and ministries of finance of African countries. Aware that tax transparency plays a critical role in the fight against illicit financial flows as demonstrated in this report, and it will undoubtedly be one of the levers for the restoration of public finances in the affected States, technical support under the Africa Initiative continues in virtual forms to best prepare for the return to a normal situation, which we hope to see in the very near future. Finally, the current context recalls the urgency of the fight against illicit financial flows and the need to improve domestic resource mobilisation in Africa.

Preface

At the heart of addressing development challenges in Africa, the African Union Agenda 2063, The Africa We Want – the long-term vision for Africa’s transformation for 50 years – recognises that strengthening domestic resource mobilisation and reversing all forms of illicit financial flows from the continent are indispensable for realising the aspirations of the African populations of achieving an integrated, prosperous and peaceful Africa.



Africa wishes to put an end to the policy of the outstretched hand and to take charge of its own destiny by changing the paradigm for the financing of its own development. Africa needs adequate, predictable, sustainable and integrated financing mechanism to support its development. The vision of H.E. Nana Akufo-Addo, President of Ghana – “Ghana Beyond Aid” – should inspire all Member States to reach a continental vision of an “Africa Beyond Aid”.

To achieve this, Africa needs innovative mechanisms for financing, including tax revenue (currently around 17.2% over its GDP in most countries, lower than that of Latin American countries (22.8%) and OECD countries (34.2%) (OECD/ATAF/AUC (2019), Revenue Statistics in Africa 2019). This is too low to finance the basic social services that are required to reduce poverty on the continent.

Also, African countries must endeavour to fight against corruption and illicit financial flows.

Illicit financial flows continue to drain large amounts of financial resources from the continent, with a severe and negative impact on the fulfilment of the African development agenda. The resultant effect is the non-recovery and non-repatriation of African assets consigned to foreign jurisdictions. In an effort to intensify the fight against corruption and stem illicit financial flows from Africa, the African Union adopted the recommendations of the Report of the High-Level Panel on Illicit Financial Flows and the Nouakchott Declaration on the African Anti-Corruption Year (Assembly/AU /Decl.1(XXXI)) in the context of the 2018 African Union theme “Winning the Fight Against Corruption

