



## **AFRICA INITIATIVE – SUMMARY NOTE**

### **Introduction**

Each day the problem of illicit financial flows from countries across Africa is hitting the headlines. The numbers vary but they are significant and tax evasion is a major part of this. The scale of the problem across Africa is well-known. Nevertheless, we rarely hear about solutions available to African Governments and Ministers of Finance who want to do the right thing and align with international efforts in favour of global transparency in the fight against tax evasion.

There are also a number of persistent myths surrounding exchange of information (EOI) which ensure that EOI networks are less extensive than they could be and EOI instruments are used less intensively than might otherwise be the case. These myths include the presumption that EOI is costly and complex when the reality is that requesting information as part of an ongoing investigation is a straightforward exercise. Similarly, the myth persists that there are still secrecy jurisdictions and this acts as a deterrent to countries that would otherwise make requests. In fact, secrecy for tax purposes has been sliced away over the last five years through the work of the Global Forum and the most significant barrier to greater EOI now is a lack of requests that would allow developing countries to collect more tax.

The Global Forum on Transparency and Exchange of Information is the world's largest tax organisation made up of 123 jurisdictions and countries. It is the world leader on transparency and exchange of information and has now taken on the role of monitoring the implementation of automatic exchange of information. Therefore, it is well-placed to team up with local African leadership to deliver a programme focused on tackling international tax evasion and building a legacy of greater EOI capacity across the continent.

### **Experience to date**

- The benefits of exchange of information remain relatively unknown and are under-utilised across the African continent.
- There are 17 African countries that are members of the Global Forum, representing just under a third of the continent. This number could be significantly increased as a result of this initiative.
- A challenge remains in unlocking the true potential of exchange of information for tax purposes at the domestic level and in engaging with relevant leaders in African countries on the benefits that exchange of information can bring. This means reaching an audience beyond those directly engaged in EOI by shifting attention upwards to engage with relevant leaders in African countries on the benefits that exchange of information can bring and downwards to help auditors and investigators pursue tax evasion effectively. The whole chain needs to be engaged.



## Outline

- The Africa Initiative is a joint effort of ATAF, CREDAF, the Global Forum, the OECD, the World Bank and individual African members of the Global Forum.
- The Africa Initiative will be steered by an Africa Taskforce comprising of representatives drawn from these bodies and countries.
- The Africa Initiative will be championed by an individual “Patron” who will be instrumental in promoting the initiative with African leaders. A number of potential candidates have been identified to be approached as patrons but have not yet been approached.

## Objectives

The initiative will span a period of 3 years with a focus on raising awareness predominantly in the first year (2015), moving gradually to the tools that are needed to build effective EOI systems in the second and third year (2016 and 2017). Separate funding will be sought from donor governments to finance the initiative’s activities. Participants in the Taskforce will also be encouraged to support the raising of the required funds.

The initiative is designed to address the following objectives:

- 1. Raising-awareness:** the need to raise awareness across Africa of the domestic and international benefits of the Global Forum’s standards as well as effective EOI (both on request and automatic) representing a front line tool in the fight against tax evasion, tax avoidance and illicit financial flows;
- 2. Building political buy-in:** the need to ensure that the compelling messages about the benefits of effective EOI are being delivered to the right individuals at the right level of seniority who have the ability to unlock its true potential in their home country;
- 3. Increasing membership:** the need to increase the number of African countries who are members of the Global Forum to ensure that countries engaged in or developing capacity on EOI have a seat at the table and a voice in the ongoing international debate;
- 4. Building capacity:** the need to build the capacity of tax administrations on EOI and tackle the persistent myths surrounding EOI;
- 5. Creating a legacy:** the need to leave behind a legacy of sustainable change on EOI in African tax administrations.