

Concept Note
**Conference on improving Domestic Resource Mobilization (DRM) and stemming Illicit
Financial Flows (IFFs)**
12 to 15th March 2019, Nairobi, Kenya

Introduction

The Justice and Ecology Office (JEO) of the Jesuit Conference of Africa and Madagascar (JCAM), Jesuit Hakimani Centre and Jesuitenmission of Germany, in cooperation with Academics Stand against Poverty (ASAP) and Global Financial Integrity (GFI) propose a Conference focusing on avenues for stemming Illicit Financial Flows (IFF) and for enhancing Domestic Resource Mobilisation (DRM) in Africa. This conference will provide a forum for tax experts, academicians, representatives of Civil Society Organizations (CSOs) and political bodies from Africa and beyond to articulate problems of revenue leaks and propose solutions towards increasing DRM and curbing IFFs.

The conference emerges out of a six year-long research of three Jesuit institutions in Germany, Kenya and Zambia on “Tax Justice & Poverty” (www.tax-justice-and-poverty.org). One of the characteristics of this research is it points out the importance of Catholic social ethics for an adequate analysis of the issues and implications. Therefore, the popularisation of our technical work with the aim of eliciting people power around the issue of IFFs will be of importance and a crucial focus outcome of the Conference. Noting that most conferences and efforts around tax justice end up in academic and conference halls, this conference is part of a process endeavouring to bring the technical analysis to bear on the daily lives of Africans and ensure that results are finally couched in language and vocabulary of the common folk, thus mobilizing them to get involved and demand for reform and justice.

The Conference will seek to provide a platform for multiple stakeholders and policy actors drawn from governments, CSOs, research and academia and other relevant players to deliberate on the issue of DRM and of IFFs and the role of international cooperation. The Conference will provide an opportunity to take stock of the success so far and challenges facing African and other governments in their efforts to honour their commitments to increase DRM and stem IFFs within the framework of the Sustainable Development Goals.

Background

Taxation plays an important role for the mobilisation of public domestic revenues important for public spending or for redistributing incomes and for challenging inequalities. Tax revenues play an important role in funding collective public goods, e.g. social protection benefits and public services such as healthcare and education. Tax systems can also enhance democratic governance by making governments more accountable to tax-paying citizens. The issue needs to be placed in the context of IFFs, of which aggressive tax avoidance, tax evasion, tax fraud are only components, besides other forms of criminal flows (e.g. money laundering) and economic (e.g. trade misinvoicing). Multinational corporations, in particular, profit from declining corporate tax rates and tax incentives, and exploit existing loopholes in and between national legislations through tax planning. In the last few years, initiatives to address some of these problems have been developed and are underway. But critics say these reforms are not going deep enough for they leave untouched the root causes of rising illicit flows in all its many forms.

Despite the importance of tax for financing sustainable development and redistributing wealth, many countries face challenges in their efforts to increase their tax revenues. The reasons on the domestic level include tax administrations' capacity problems, and the undercutting of tax revenues when numerous tax incentives and exemptions are given to corporations and wealthy individuals due to tax competition between states. On the international level, the capacity of states to pursue such policies is seriously undermined by the ability of elites and multinational companies to hide or otherwise remove their income from the tax net via Tax Havens and loopholes between legal systems of states; through broader patterns of corruption; and by their lobbying against policies implementing the Principle of Ability to Pay, e.g. via direct taxation of income, profits and capital gains or explicit instruments to reduce wealth inequality such as Inheritance and Gift Taxation.

The Addis Ababa Action Agenda (AAAA) identified the improvement of DRM and curtailment of IFFs as a critical priority and, regarding the latter, outlines a range of actions including a commitment to redouble efforts to substantially reduce IFFs by 2030, as well as eliminate Tax Havens that create incentives for IFFs and for the transfer abroad of stolen assets. But: In addition to the international aspects, IFFs are also a domestic issue, e.g. via the tax evasion of private and corporate wealth holder, trickery with VAT, customs duties evasion, money laundering etc. But whether internationally or nationally, key problems are transparency related, e.g. options with which to hide ultimate beneficial asset ownership.

Finding solutions

Against this background, this conference brings together representatives of the diverse groups mentioned above to exchange views on the most effective ways forward to elicit policy change, public education and mobilization.

This Conference will focus on the development of adequate and institutionalised international cooperation mechanisms for improving DRM as well as for stemming IFFs that go beyond pronouncements toward actionable commitment on the following:

- Increasing transparency and accountability.
- Improving international legal cooperation.
- Improving national and international administrative cooperation.
- Assistance to developing countries should be part of Official Developmental Aid.

Ongoing contribution

This Conference will feed into ongoing efforts to increase DRM and stemming IFFs by several stakeholders, ranging from top organizations like the Consortium to Stem IFFs to grassroots organisations and efforts. These will include the staging of two follow-up conferences in the Southern anglophone and Western francophone parts of Africa in 2020 along with advocacy campaigns against IFFs with the aim of spreading conference outcomes and integrating them in local and regional contexts and to raise awareness locally in order to mobilize support for change in those parts of the continent.

Convenors contact details

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