

# WORKSHOP REPORT

## HIGH LEVEL CONVENING ON ILLICIT FINANCIAL FLOWS IN GHANA

On the theme:

“Combating Illicit Financial Flows to Foster Sustainable Development Goals  
- Taking Stock and Strengthening Responses”



FORD  
FOUNDATION



TRUSTAFRICA



isodec  
Integrated Social Development Centre



## Acknowledgement

---

This High-Level Convening report was supported by Ford Foundation, through TrustAfrica, UNDP, and OSIWA. We are grateful to all participants; both local and international, representatives from government agencies, Tax Justice Network -Africa, Tax Justice Coalition- Ghana, media and other CSOs who were present and contributed their views on how to fight IFFs in Africa. The convening planning team needs to be commended.

We also acknowledge the Deputy Minister of Finance Hon. Kwaku Kwarteng and the Commissioner in charge of the Domestic Revenue Division of Ghana Revenue Authority for their presence and contributions during the convening.

# Contents

Acknowledgement .....	0
<b>1.0 INTRODUCTION .....</b>	<b>2</b>
1.1 Background .....	2
1.2 Objectives.....	2
1.3 Agenda for the Convening.....	3
1.4 Participants.....	3
<b>2.0 INTRODUCTORY REMARKS.....</b>	<b>4</b>
2.1 Welcome Address.....	4
2.2 Keynote Address.....	5
2.3 Chairman’s Remarks.....	6
<b>3.0 REMARKS BY PARTNERS.....</b>	<b>7</b>
3.1 Mr. Briggs Bomba – TrustAfrica.....	7
3.2 Ms. Eva Kouka – Ford Foundation.....	8
3.3 Mr. Ibrahim Bangura – Open Society Initiative West Africa (OSIWA) .....	8
<b>4.0 PAPER PRESENTATIONS .....</b>	<b>10</b>
4.1 Tax and Illicit Financial Flows: A Case in Ghana’s Petroleum Sector .....	10
4.2 Illicit Financial Flows in Services: The Case of Ghana .....	12
4.3 State of Implementation of the High-Level Panel on Illicit Financial Flows from Africa Report .....	15
4.4 Ghana’s Experience with Implementation of Transfer Pricing Monitoring .....	16
4.5 Using a Real-time model to monitor and recover-case of Ghana.....	16
<b>5.0 PAN-AFRICAN PERSPECTIVES .....</b>	<b>19</b>
5.1 Tax Justice Network, Africa.....	19
5.2 Liberia Country Perspective .....	21
5.3 Nigeria Country Perspective .....	22
5.4 African Organized Labor.....	23
5.5 Prof. Ademola Ariyo.....	24
<b>6.0 CONVENING COMMUNIQUE .....</b>	<b>26</b>
Annex I: AGENDA FOR THE CONVENING .....	29
Annex II: PARTICIPANTS LIST.....	32
Annex III: MEDIA REPORTS ON THE CONVENING .....	35
Annex IV: REPORT ON THE LAUNCH OF ‘STOP THE BLEEDING’ CAMPAIGN.....	37

# 1.0 INTRODUCTION

---

## 1.1 Background

Ghana is faced with huge development financing gaps, made worse by the fall in commodity prices over the past few years coupled with declining levels of official development assistance across Africa. Pressing challenges for the country include enormous infrastructure problems (electricity shortages, inadequate road infrastructure, etc.), poor service delivery (including healthcare and education) and insufficient financing for agriculture.

Conservative estimates put illicit financial flows (IFFs) from Ghana at \$14.6 billion for the 10 year period 2002 – 2012 (Baker et al, 2014), with current annual losses estimated at an average of \$702 million. Ghana’s extractive sector (mainly oil and gold) is particularly vulnerable to IFFs. Furthermore, the Mbeki panel identified Ghana’s cocoa exports as a rising sector for illicit financial flows via trade mispricing, accounting for 26% of all IFFs from cocoa (Hinne, 2015).

Addressing the challenge of IFFs will enable Ghana to optimise public revenues from its relatively new discoveries of oil and natural gas, as well as maximise returns from traditional sectors such as cocoa and gold. Accordingly, the country needs to strengthen measures to monitor and track IFFs and ensure greater financial transparency and accountability across critical sectors of the whole economy.

## 1.2 Objectives

As part of efforts to promote sustainable national development, the Integrated Social Development Centre (ISODEC), in collaboration with TrustAfrica, Ford Foundation, the Open Society Initiative for West Africa (OSIWA), Government of Ghana, and the United Nations Development Programme (UNDP), organized a High Level Convening on Illicit Financial Flows in Ghana, from 25-26<sup>th</sup> April, 2017 in Accra at the Golden Tulip Hotel.

The two-day Convening was held under the theme: “*Combating Illicit Financial Flows to Foster Sustainable Development Goals-Taking Stock and Strengthening Responses*”. The convening was to create space for dynamic multi-stakeholder engagement on illicit financial flows and tax evasion from West Africa with focus on Ghana, and specifically to:

- a. Develop an appreciation of the state of the problem of illicit financial flows in Ghana and West Africa;
- b. Gain perspectives of government and intergovernmental agencies ongoing responses to the problem of IFFs in Ghana;
- c. Assess the state of civil society engagement and advocacy efforts to stop IFFs in Ghana as well as the West Africa sub-region and at the continental level;
- d. Enhance the capacity of civil society and policymakers to more effectively respond to the challenge of IFFs in Ghana.

### 1.3 Agenda for the Convening

The Agenda for the Convening is given in Annex I.

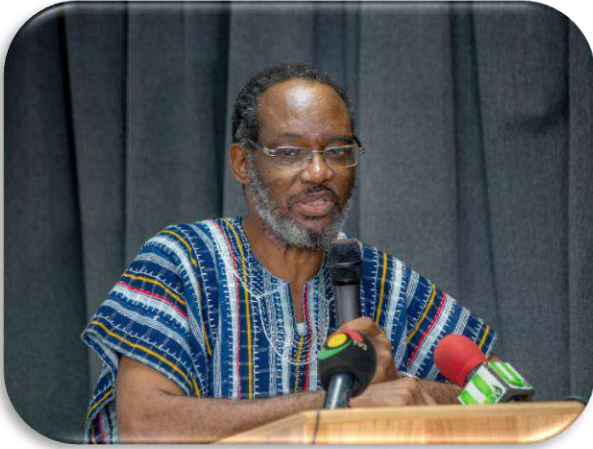
### 1.4 Participants

The Convening brought together about 60 participants from Government Agencies, Civil Society Organizations, Professional Associations, Media and other identifiable groups from Ghana, Nigeria, Liberia and Senegal. The full list of participants is presented in Annex II.

# 2.0 INTRODUCTORY REMARKS

## 2.1 Welcome Address

Mr. Bishop Akolgo, Executive Director of ISODEC



In his welcome address, Mr. Bishop Akolgo, Executive Director of ISODEC observed that money is in fact what we all need, yet money is what we are losing as a country. He added that, the objectives of this Convening are to find ways to pluck all the loopholes that will free-up resources, so that the country can deploy all these resources in achieving the Sustainable Development Goals (SDGs). Further, the Executive Director of ISODEC indicated that although countries must work with multinational companies, these multinational companies by nature are spread across borders, and

so countries are struggling as to how to manage all of them.

According to him, taxation is one area that poses problems for national authorities; companies will definitely do transfer pricing, which is not criminal. ‘The criminal aspect comes in when they manipulate to pay less taxes to our governments, depriving them of the much needed resources to provide essential services and create quality jobs so that we can have harmony in society. That is where we have the problem’

He indicated that ISODEC has looked at a few of the avenues for illicit financial flows (IFFs) in Ghana and this Convening seeks to brainstorm on the way forward. According to him, a formal campaign would be launched, dubbed **“STOP THE BLEEDING” Campaign to end Illicit Financial Flows from Africa** to pluck all the loopholes so that our governments can have enough money. He also mentioned that, when governments have enough money, they can have the peace of mind to sit with their own citizens to chart a way forward in terms of development priorities. When they do not have enough money, they will go out to Washington D.C., to Brussels etc. to look for Aid and investment with all sorts of rude and impossible conditionalities. In this case there will be little time for government and citizens to sit and jaw-jaw in their home countries to find their own solutions to their problems. He urged participants to be effectively involved in the discussions so that Ghana and her West African neighbours can find a formula to tame multinationals and make money stay where it belongs.



He continued that, to contribute to arresting the situation, ISODEC and partners have designed and are implementing interventions as follows:

### Our Specific IFF Agenda-CSOs Response

A three-step approach with Partners support:

- a. Improving knowledge and understanding of the scope, drivers and mechanisms of trade-related illicit flows, through policy research/analysis.
- b. Workshops/roundtables to discuss results of the studies and map follow-up strategies
- c. Practical steps forward based on workshop recommendations, and putting in place mechanisms for real-time monitoring of trade mis-pricing for commodities and Benchmark cost modeling for services.

### What We Have Done So Far

Five papers published by ISODEC on the Political Economy, Administration/institutional, Ghana IFF, General Trade mispricing, Transfer pricing in services and Transfer pricing in commodities with reference to Ghana's commodity trade. ISODEC has so far estimated the scale of trade mispricing in Ghana-EU and US trades during the 2000-2012 period:

- a. Underpriced amount in the EU/US import from Ghana (Ghana's export reported in EU/US).
- b. Overpriced amount in the EU/US export to Ghana (Ghana's import reported in EU/US).
- c. Identified commodities with a significant amount of mispricing.
- d. Identified sectors with significant amount of trade mispricing.
- e. Identified country/destinations of trade mis-priced items.
- f. Presented initial findings to the Ministry of Finance.
- g. Do a verbal brief and formal/written brief to then President John Mahama who in turn kindly wrote and authorised Government Agencies to provide data to ISODEC for the research.
- h. Practical testing of the system using actual import and customs clearance example.
- i. Analysis of Jubilee Cash-flow as example of Transfer Pricing in services.



## 2.2 Keynote Address

Hon. Kwaku Kwarteng, Deputy Minister of Finance

The Ghana's Deputy Minister of Finance, Hon. Kwaku Kwarteng (MP for Obuasi West) delivered the Keynote address. He noted that, according to Transparency International, Ghana loses \$2 trillion annually through money laundering with half of the flows coming from developing countries. He bemoaned the fact that, the structures for fighting such cross-border crimes or illicit financial flows are



weakest in developing countries who need resources the most to provide essential services to their citizens.

Hon. Kwaku Kwarteng affirmed that, government resolve to fight this challenge by putting in place structures that would allow government to protect and strengthen institutions towards domestic resource mobilisation. He listed among policy measures to be undertaken, the regular audit of corporate tax payers, who are the biggest culprits in this phenomenon, some legislative changes; recent amendments to the Companies Act to ensure full disclosure of beneficiary owners, the new Public Financial Management Act, 2016 (Act 921), Transfer Pricing Law passed in 2012 and the setting up of the Transfer Pricing Unit at the Ghana Revenue Authority.

In spite of the measures outlined, the Deputy Minister indicated that, more practical efforts are required to stop the plundering of resources. He lauded ISODEC and its partners for the initiative and hoped this engagement process would also look at the practical challenges for implementing the planned Beneficial Ownership Register. He also hoped government would be able to take lessons from this Conference for the purposes of advancing efforts to protect its revenues.

## 2.3 Chairman's Remarks

Mr. Kwasi Gyimah-Asante - Commissioner, Domestic Revenue-Ghana Revenue Authority

The Commissioner, in charge of the Domestic Revenue Division of Ghana Revenue Authority (GRA), Mr. Kwasi Gyimah-Asante chaired proceedings and indicated that over the past seven years, the Ghana Revenue Authority has gone through several reforms to improve its operational efficiency with the coming together of the Customs Division, Support Service Division and Domestic Tax Revenue Division.



The current set-up of GRA he noted has improved data sharing. GRA is concerned about issues of leakages and is fashioning out strategies to pluck these loopholes and has established the Transfer Pricing Unit and Petroleum Unit. Mr. Gyimah-Asante observed that, a collaborative effort is required between Banking institutions, Customs and Domestic Tax Revenue Divisions of the GRA as well as the Judiciary and all other stakeholders to effectively deal with illicit financial flows. He concluded by requesting that, the convening should come out with new ideas to tackle the problem of Illicit Financial Flows in Ghana as well as Africa.

## 3.0 Remarks by Partners

### 3.1 Mr. Briggs Bomba – TrustAfrica

Mr. Briggs Bomba indicated that, TrustAfrica is an African Foundation with its headquarters in Senegal, Dakar. He added that, TrustAfrica is an initiative that started ten years ago, with the sole purpose of supporting African responses to some of the most pressing developmental challenges that the continent is facing. According to him, illicit financial flows have been one of the tenacious developmental challenges confronting the continent.



Mr. Bomba indicated that, TrustAfrica was partnering the Convening due to the need to address the disparity that persists on the African continent. That is, the paradox of wealth and poverty. It is fully established that Africa is probably the richest continent on the planet in terms of mineral resources, agricultural lands, fisheries and water bodies, oil, minerals, counter posed to Africa also being the poorest continent in terms of the standards of living of Africans, he asserted. Mr. Bomba noted that African countries most often fared poorly on the Human Development Index (HDI). He added that the HDI tracks some of the most important indicators of social development, whether in terms of healthcare; the number of African children that are being delivered with qualified health professionals or those who have access to necessary immunisation, those who have access to primary healthcare, in addition to access to education and GDP per capita or incomes earned.

He wondered why Africa is so poor in spite of being rich. Mr. Bomba indicated that TrustAfrica holds the conviction that public revenues that accrue to the State are the most sustainable source of finance for development, among other sources such as; external loans, grants and investments. He emphasised the point that developed countries have had a solid source of public revenue to finance their development whereas Africa's performance in terms of public revenues is very weak.

Mr. Bomba noted that, much as citizens can complain that African governments are not doing enough to invest in healthcare, education, providing incomes for their citizens, the public revenues that governments collect from the operations of multinational corporations and other sources is very much limited and small compared to what developed countries are collecting. Adding that Ethiopia was collecting about \$13 per

head about two years ago and that was what the Ethiopian government had to deploy towards development annually.

He observed that, one of the reasons for low revenue mobilisation in Africa is as result of illicit financial flows. He therefore indicated that, TrustAfrica has come in to respond to the leakages which undermine Africa's prospects to achieve the Sustainable Development Goals.

Mr. Bomba concluded that, TrustAfrica has been operating in four main areas, these are; investing in research to bridge the knowledge gaps that impede our efforts to respond to illicit financial flows at the intercontinental and country levels, investing in Convenings or conferences to develop the capacity of civil society and researchers, strengthening the methodological approach in the study of IFFs ,and lastly, campaigning to raise the profile of illicit financial flows to demand policy changes in the fight against IFFs.

### 3.2 Ms Eva Kouka – Ford Foundation

Ms Kouka in her remarks indicated that, Ford Foundation welcomes this country level engagement as it follows from global, regional and sub-regional initiatives over the past few years by the United Nations, African Union and more recently ECOWAS to deal with the issues of illicit financial flows. Ms Kouka added that Ford Foundation would also support the government of Nigeria in June 2017 to come up with strategies to reverse IFFs.



### 3.3 Mr. Ibrahim Bangura – Open Society Initiative West Africa (OSIWA)

Mr. Ibrahim Bangura of the Open Society Initiative West Africa (OSIWA) noted that their organisation supports societies to be open, transparent and accountable as well as promote good governance. He indicated that, OSIWA over the past couple of years has been supporting governments and civil society organisations in the region especially Ghana in working to stem illicit financial flows. He also expressed OSIWA's delight to be part of this important convening because CSOs are actively involved in the initiative.



He recounted OSIWA's partnership with academic institutions such as the African School of Economics in Benin and the Political Economy Research Institute in the University of Boston Massachusetts, to drive insightful research opportunities for governments, revenue agencies and the Ministry of Finance.

Mr. Bangura indicated that, in 2015 for instance, OSIWA supported research on illicit financial flows. The research outcome he noted was insightful and had useful recommendations. He hoped some of the recommendations would form part of the discussions. He also added that, OSIWA has been engaged with the Thabo Mbeki Report, which is the continental initiative of the AU and the recommendations of the reports need to be deepened.

Mr. Bangura concluded that, the deliberations at the Convening will add value and advance the recommendations of the Mbeki Report and take it forward. He also suggested that, a concise roadmap should to be developed in the end to help reverse IFFs.

## 4.0 PAPER PRESENTATIONS

### 4.1 Tax and Illicit Financial Flows: A Case in Ghana's Petroleum Sector

Mr. Bernard Anaba, Policy Analyst – ISODEC

Mr. Bernard Anaba presented a case study conducted by ISODEC to interrogate the processes leading to the award of a contract for the construction of Ghana's Western Corridor Gas Infrastructure Project to Sinopec, as well as procurement issues related to the project. This, according to him, was with a view to identifying any possible breaches of due process, and whether or not these breaches have in any way contributed to revenue loss to the state. He stated that, the study also identified clearly the mechanisms used in transfer-pricing and makes specific recommendations for plucking these loopholes.

He stated that, the study was done because of the following reasons;

- To learn about the things that affect the financial health of Ghana and Africa.
- To learn from the case study of Ghana Gas Infrastructure Project and how our last frontiers of resources are being exploited to the detriment of our development needs.
- Spur up official action and sense of urgency in these matters.
- Help galvanise the fight against IFF in Africa.

Help in the mobilisation of domestic resources and take advantage of the era of self-reliance.

In terms of methodology, Mr. Bernard Anaba indicated that, the study applied literature review, process audit, which included functional analysis of institutions involved in the project, and key informant interviews as the main approach to unravel the incidence of transfer pricing in the Western Corridor Gas Infrastructure Project.

#### **The Western Corridor Gas Infrastructure Project (WCGIP)**

- i. The Western Corridor Gas Infrastructure Project (WCGIP) was in three (3) phases:
- ii. Early Phase - Construction of Offshore Gas Pipelines from the FPSO Kwame Nkrumah
- iii. Construction Phase - Complete Gas Processing Plant (GPP) with ancillaries.
- iv. Third Phase - Construction of Onshore pipelines from the GPP in Atuabo to Aboadze and an office complex



## **WAGIP Financing**

- i. Financed from a \$3bn Chinese Loan Facility (CBD loan approved by Parliament in 2011)
  - a. The Project described as a turn-key was worth a total of \$850m ; comprising:
  - b. \$750m Gas Infrastructure
  - c. \$100m Aerial Surveillance Equipment
  - d. Other local land acquisition costs funded by Government (approx. \$40m)
- ii. As a turnkey project, it means procurement was done by the contractor – SINOPEC
- iii. An Engineering Procurement Construction and Commissioning (EPCC) Contract was therefore signed between Ghana Gas and SINOPEC in November 2011
- iv. A total of US\$152,028,066 tax waver was agreed and later granted for this project

## **Initial concerns by CSOs**

- i. Inflated Cost- In Sept. 2013, Oil and Gas Platform raised Transfer Pricing Concerns.
- ii. That SINOPEC's quoted amount for the GPP was \$40million more than expected according to VRA sources
- iii. A 45km shallow pipelines cost \$1.6m/km more than those installed by GNPC in deeper waters.
- iv. SINOPEC's Project Director, Ms Yang Hua also controlled the SAF, a subsidiary of SINOPEC in Dubai that supplied the equipment
- v. Status of EPCC Contract was still a secret

## **Findings/Conclusions**

- i. There is no record of the EPCC contract ever making its way to Parliament.
- ii. Ghana granted a tax waver two (2) years after the GPP project had been concluded. The money was drawn down even before the waver could be granted by Parliament.
- iii. The GRA could not pick up the special interest case of SINOPEC and Ghana Gas until after 2013 (No tax file until 2014).
- iv. GRA may not have coordinated properly within its circles: the Customs Division should have been able to alert domestic tax division on material information about importations.
- v. Ministry of Finance did not follow due diligence; They were ready to grant tax wavers than ensuring that the Ghana saves money and EPCC contract approved by Parliament.
- vi. Parliament was lackadaisical in granting tax wavers without sighting the EPCC contract.
- vii. Ghana Gas says the project was a turn-key but our investigations suggest a kind of a service contract with SINOPEC, -the GRA said imports were done in the name of Ghana Gas. There seemed to be no clarity to the GRA about this project.
- viii. Ministry of Finance and Petroleum have breached the constitution by not seeking a parliamentary approval of a project that requires so (Act 181 (5) of the 1992 Constitution).
- ix. Finally, the GRA confirmed that they made some recoveries of overpricing worth in excess of GHS 10million but was that all that Ghana lost in executing this project?



## 4.2 Illicit Financial Flows in Services: The Case of Ghana

Mr. Bishop Akolgo, Executive Director – ISODEC

Mr. Bishop Akolgo, in his presentation indicated that, the back drop to the case study conducted is ISODEC's work on domestic resource mobilization, which used the fiscal diamond as organizing framework in its approach to government economic policy and budget. He mentioned that, there are four main ways of funding the national budget; taxation, borrowing & loans, grants and expenditure efficiency. He advised that, the grants given to Ghana should be as small as possible,



not more than 10% of GDP, and the loans should be used as a strategic intervention for funding critical infrastructure and public services. Enough Taxes should be collected; minimum of 25% of GDP to make the country to be financially health. He stated that, Ghana is faced with high revenue leakages due to illicit financial outflows with damaging implications, that includes;

- a. Lost tax revenues and foregone social and economic spending.
- b. Weakened institutions and State-citizen relationship.
- c. Heightened corruption and rent seeking.
- d. Greater inequality and policy distortions often arising from excessive dependence on external sources of finance and natural resources.

### Key issues

- a. Limited Thin Capitalisation Rules
- b. Non-subjectivity of Withholding Tax
- c. Limited Ring-Fencing and Cost-recovery provision
- d. Weak Provision on limitation of transfer-pricing mechanisms
- e. No list of accepted items of import (mining list) for tax purposes
- f. Lack of Standardisation in Fiscal terms in agreements
- g. Opaque rights assignment, i.e. open-door policy with many terms negotiable using discretion
- h. Weak monitoring of Technical/Consultancy (TA) and technology transfer Agreements (TTAs)
- i. Lack of comparable costs and benchmark costing
- j. Poor monitoring of IOCs solid minerals and oil sales contracts
- k. Little backward, forward, fiscal and R&D linkages with National Economy

## **Tax Base Erosion Techniques**

- a. All base erosion techniques typically involve tax haven subsidiaries.
- b. “Finance subsidiaries” to facilitate intercompany loans.
- c. “Intangibles holding companies” to facilitate intercompany royalty payments.
- d. “Service companies” through which intragroup service charges are routed.
- e. “Supply chain hubs” which purchase, resell inventory in intragroup transactions with “entrepreneurial profit” captured in the tax haven.

## **What has been the Nation’s Response?**

**Countries have responded differently to the above tactics of multinational companies and their local allies in two main ways:**

### **Two Options:**

- i. Option 1- Shift Tax Mix away from profit taxes towards less pricing-manipulation taxes like production-based taxes, i.e. royalties
- ii. Option 2 - Introduce or strengthen arm’s length transfer pricing regulations and implementation capacity.

Ghana opted for the later with promulgation of Transfer Pricing section 70 of Act 592 in 2012.

- Transfer Pricing Enforcement Not Sufficient for Control.
- Problem involves more than determination whether pricing is “arm’s-length”; many of the transactions involved are inherently artificial and should not be recognized regardless of pricing used.
- Even where mispricing is part of the problem, factual inquiries required to enforce arm’s-length pricing unrealistic for even well-resourced tax administrations
- Recent OECD BEPS analysis acknowledges that remedies should extend beyond transfer pricing rules.

### **Possible Areas for Transfer Pricing**

- a. The largest intercompany transaction in this industry involves the purchase and sale of crude oil, natural gas and various refined products from upstream producers to the midstream and downstream sector and end users.
- b. Services are typically embedded in every aspect of the O&G industry and are, therefore, arguably the second largest source of related party transactions after tangible commodity transactions. Intercompany services transactions in this industry are dominated by the provision of engineering and technical services to the upstream sector.
- c. To understand the nature of intercompany services in the upstream segment of this industry, it is important to know that the commercial venture of exploring and producing hydrocarbons is typically carried out by multiple unrelated parties, each of whom has a financial interest in the

property. The obligations of each party are governed by a number of contractual relationships, such as a joint operating agreement (JOA) and production sharing contract (PSC).

- d. Historically, E&P companies and other industry participants have sold hydrocarbons to related parties based on well-established indices, such as NYMEX prices, and treated these indices as comparable uncontrolled prices for transfer pricing purposes. This intercompany pricing practice has recently come under scrutiny by taxing authorities including some US state revenue authorities.

### **Services**

- a. There is a plethora of intercompany services that are provided within the oil and gas industry. These services range from the provision of engineering and technical services to and on behalf of a related party, to management, administrative, and other operations related services provided by the corporate headquarters of industry participants.
- b. As a result of uncertainty between what is classified as beneficial activity and what is not, tax authorities are increasingly challenging deductions on expenses arising from intercompany services, demanding additional evidence (such as phone/travel receipts, time sheets, task deliverables, etc.) of actual services or increasing the mark-up on outbound services transactions.

### **Intangible property**

- a. The distinction between the provision of a service and the provision of a service bundled with an intangible is somewhat nebulous, especially in the O&G industry. To break this conundrum, it is important to consider whether there is anything proprietary associated with the service, whether the recipient is obligated to employ the results of such services, and if a manual or any other device that "has substantial value independent of the services of any individual" accompanies the services.
- b. Industry participants and transfer pricing professionals are generally familiar with charges between related and unrelated parties for intangibles such as patents, trademarks, technology and know-how. Often, intangible property that is utilized in the related party context (such as patented manufacturing processes) can be licensed for a royalty payment that is benchmarked with either internal or external Comparable Uncontrolled Transactions (CUT).

## 4.3 State of Implementation of the High-Level Panel on Illicit Financial Flows from Africa Report

Ms. Souad Aden-Osman, Coordinator-IFF Secretariat, UNECA

The High Level Panel (HLP) on Illicit Financial Flows from Africa was inaugurated on 5<sup>th</sup> February 2012 in Johannesburg, South Africa and was chaired by H.E. Thabo Mbeki, former President of the Republic of South Africa.

### Panel's Mandate was to:

- Determine the nature and patterns of illicit financial outflows from Africa;
- Establish the level of illicit financial outflows from the continent;
- Assess the complex and long-term implications of IFFs for development;
- Raise awareness among African governments, citizens and international development partners and
- Propose policies and mobilize support for practices that would reverse such illicit financial outflows.



In line with mandates of the Special Declaration, several actions have been taken thus far including:

- Chair and Panel Regional and Global Advocacy
- Input to outcomes of the Third International Conference on Financing for Development (FfD3)
- Stop the Bleeding Campaign
- Sub-regional Consultations
- Consortium of Stakeholders and IFF Working Group
- Anti-IFF Project:

The Anti-IFF project hopes to achieve its goal of stemming IFFs from Africa through a combination of three outcomes:

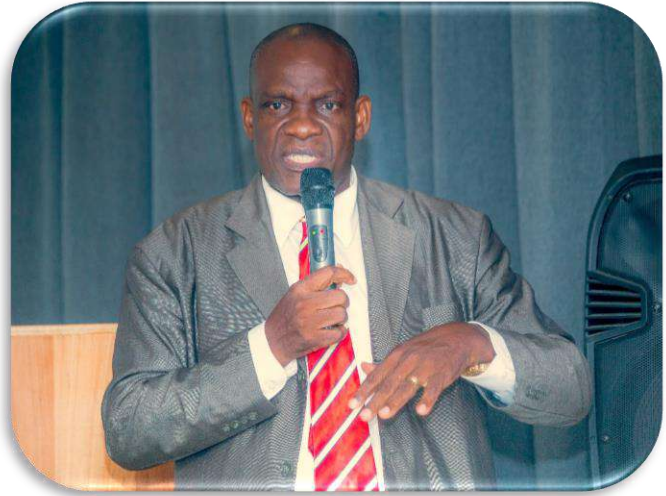
- Greater regional collaboration;
- Improved institutional landscape nationally and regionally to stem IFFs;
- Increased uptake of decisions at national, regional and global levels

## 4.4 Ghana's Experience with Implementation of Transfer Pricing Monitoring

Mr. Francis Asinyo, Head of Transfer Pricing Unit-GRA

Mr. Asinyo's presentation highlighted the processes of transfer pricing as follows:

- i. Ghana enacted the Transfer Pricing Regulation in 2012 (L.I. 2188).
- ii. In addition to the law, the country has the Transfer Pricing Return Form-where multinationals are bound to file with the Transfer Pricing Unit. Attached to the form is a Completion Note which clarifies what is expected from the tax payer.
- iii. The Practice Note is also posted on the GRA's website. The practice note aids transfer pricing computations.
- iv.
- v. Transfer Pricing Unit does Collaborative Audit with the mainstream Tax Audit Unit and the Petroleum Tax Audit Unit. This involves requirements of contemporaneous documentation, among others.
- vi. The Transfer Pricing policy looks at the reward system; how much a firm qualifies to attract because the performance of a certain activity.
- vii. The Transfer Pricing Unit has come out with a position paper on intangibles; management and technical service fees, trademarks, etc.



## 4.5 Using a Real-time model to monitor and recover-case of Ghana

Prof. Simon Pak, Penstate University, USA, for ISODEC Expert Panel

Prof. Simon J. Pak presented a paper on Real – Time Monitoring of Illicit Financial Flows through Trade Mispricing which summarises the key issues using partner data of European and American governments of trade mispricing in commodities, his analysis was done in 2014.

His presentation illustrated a price-filter method which monitored trade prices in real-time and detects suspicious cargo with abnormal prices. His presentation was based on Ghana's transaction data based on gold and cocoa from 2010-2014. The results of the analysis of the Ghana transaction data is as follows;

Export Record Analysis (2010-2014)		
	Gold bullion (HS: 7108120000)	Cocoa beans (HS: 1801001100)
<b>Number of all records</b>	5,917	10,451
<b>Number of undervalued records</b>	528	3,085
<b>Number of overvalued records</b>	443	4,113
<b>Total Export Amount (FOB USD)</b>	\$3,831,792,420	\$12,089,871,854
<b>Amount Undervalued</b>	\$310,418,941	\$337,788,872
<b>Amount Overvalued</b>	\$20,756,914	\$3,902,428,788

He also estimated the sale of trade mispricing on relation to under-priced amount and over-priced amount then he identified import and export transactions with a significant amount of mispricing. His presentation also highlighted the following;

**A. How to Detect Abnormal Pricing?**

**1. An Ideal Approach: Arm's length price**

- a. Not available for many commodities

**2. An Alternative Statistical Approach**

- a. Determine the benchmark upper and lower bounds of prices
  - i. Based on statistical Analysis of historical prices for each commodity
  - ii. category by country
  - iii. Or estimates by commodity specialists in Customs
- b. Transactions with prices outside the benchmark prices
  - i. Higher probability of being abnormal than the population

**B. Implementation of Real-time monitoring**

- a. Steps necessary in implementing a real-time monitoring/screening trade mispricing based on the statistical price-filter matrix:
  - i. Update the price filter matrix regularly
    - a. Market Price data
    - b. Statistical Price data
  - ii. Set up the computerized screening of prices at each port for all inbound/outbound cargo.
  - iii. Employ commodity specialists to audit trade documents and the physical inspection of flagged cargo.



**C. Limitations of the Inter-quartile Method**

- Clerical/Recording errors
- Heterogeneous products
- Prices may have been set in advance under long-term supply contracts
- Grouped data – within group dispersion
- Transactions in large quantity with declared prices lower than arm's length Prices only by a small margin
- Volatile market price movement within a 12-month period

**D. The Model Applied to Ghana's Merchandise trade, reveal: EU/US Undervalued Import from Ghana:**

- Undervalued Import by year
- Undervalued Import by country
- Undervalued Import by Commodity

## 5.0 PAN-AFRICAN PERSPECTIVES

### 5.1 Tax Justice Network, Africa

Mr. Kwesi Obeng

Mr. Kwesi Obeng observed that, when the Mbeki Report was launched there was energy around it to fight IFFs. According to him, the past few years has seen some considerable disinterest or deceleration on the IFFs across Africa among the continent's leaders and at country level.

He noted that stakeholders have a responsibility to bring back the energy in order to get the desired results. He recalled that, President Thabo Mbeki made this statement at the launch of the "Stop the Bleeding Campaign" in Addis Ababa; 'the only voice that African governments listen to is

pressure from below. Hence, the need to build the pressure from the bottom-up to get the sort of interest, energy and acceleration required to stop IFFs'.

He noted that with the collapse of commodity prices; particularly minerals, African governments have become jittery and are willing to water down terms for companies; granting concessions which he believes are completely unnecessary. He cited the new contract between the Ghanaian government and AngloGold Ashanti, signed in March 2016 which effectively watered down the fiscal terms due mainly to the decline in gold prices, pressure from the company and government's own worsening fiscal position and debt distress.

Mr. Obeng underscored that, resource-rich countries run the risk of acceleration of IFFs should commodity prices rebound in the near term because the fiscal terms continued to be lowered. He noted that Africa lost out on the commodity price boom between 2002-2007 and 2009-2014 because the continent was unprepared for the boom at the expense of the multinationals.

He observed that, the continent has failed to learn the right lessons over the period and believes the time is right for policy makers to put in measures to deal with IFFs now that commodity prices are low, in order to benefit when the prices rebound. He stated that, this is the time to build pressure on government from below per the Mbeki Report to seal the loopholes that allow companies to siphon resources needed to develop our countries.

He also indicated that the International Monetary Fund (IMF) has cautioned African governments to be weary of signing double tax agreements. Mr. Obeng questioned the rationale for Ghana to have signed a double tax treaty with Mauritius and the Czech Republic in view of the near no trade relationship that



exist between these countries and Ghana. He believes these countries are simply positioning themselves to be tax havens and to take advantage of investors looking for alternative routes to hide resources.

#### **Some Initiatives to Build the Required Interest to Fight IFFs**

- **The African Media Training** – He noted that the Tax Justice Network, Africa collaborates with the University of Cape Town to bring some of the seasoned journalists to build their capacity and also help them to generate the interest as professionals to churn-out stories that would interest; IFFs stories on the continent that would hunger and anger the needed responses for action. He indicated their preparedness to build the capacities of journalists in Ghana and beyond on IFFs in this regard. This he believes is necessary in building the pressure up from below.
- **Injection of IFFs in key continental groupings** – He observed that, the 2017 declaration of the Alternative Mining Indaba (AMI) has a whole session on IFFs and lauded the progress made in this regard. Although he reckons that the Alternative **Mining Indaba** has gained root in Southern, Eastern and Central Africa relative to West Africa. He added that, apart from the Pan-African Mining Indaba, the Alternative **Mining Indaba** (AMI), there is has the National Mining Indaba, where national level policy makers interact with communities and other stakeholders to discuss the extractive sector. Mr. Obeng believes this is an area that can generate some energy to put pressure on African governments and public officials to think carefully about their policy decisions. He added that, the Alternative Mining Indaba (AMI) also has the Provincial Mining Indaba which in the Ghanaian case would be the District level Mining Indaba. He urged stakeholders in Ghana and the West Africa sub-region to adopt the Alternative Mining Indaba (AMI) concept to generate the required pressure to effect policy changes.
- **Pan-African Conference** – Mr. Obeng indicated that, the Pan-African Conference is an initiative to try and build pressure not only from below but also from the middle. Adding that, they try to bring senior officials together and stakeholders from bottom-up to begin to refine ideas about how to keep or sustain the IFFs agenda on the table of African leaders and other key stakeholders. Noting that, the multinationals will do whatever it takes to get the IFFs off the agenda.
- **The “Stop the Bleeding” Campaign** – The Tax Justice Network, Africa is also trying to encourage the national level launches of the Stop the Bleeding Campaign. Such national level campaigns are focusing on some incentives that erode the country’s tax base. A 2015 Tax Justice Network, Africa study revealed that Ghana loses about \$ 2.1 billion dollars in corporate tax incentives compared to Nigeria’s \$ 2.9 billion dollars.
- **Engaging Tertiary Students** – According to Mr. Obeng, the tertiary students in particular is a constituent that should be looked at in efforts aimed at reversing IFFs. He indicated the Tax Justice Network, Africa’s willingness to support such initiatives in Ghana.

**Countries provided country perspectives to the issue of illicit financial flows as follows:**

## 5.2 Liberia Country Perspective

Mr. Harold Aidoo, Institute for Research and Democratic Development

Mr. Harold Aidoo of the Institute for Research and Democratic Development noted that in 2003, an agreement was signed to bring an end to the fully-fledged civilian conflict in his country. This he added paved way for the Liberian elections in 2005. This, according to him, ushered in a new democratic dispensation, which was sworn into office in 2006. Mr. Aidoo noted that, the new government had inherited a collapsed State and was therefore in dire need of resources to deliver on their promises. The government had to rely on its natural resources like rubber, timber, iron ore etc. even as the UN Security Council had imposed sanctions on Liberia's timber and diamond at the time.



Mr. Aidoo observed that, illicit financial flows were draining resources and inhibiting Liberia's ability and capacity as a State within Africa to grow and develop. He added that, countries that are heavily dependent on exports are highly susceptible to illicit financial flows and Liberia is not an exception. Mr. Aidoo emphasized that factors driving illicit financial flows in Liberia include; abusive and aggressive transfer pricing which is currently been perpetuated by many multi-national companies that are extracting iron ore, timber and more recently gold.

He also highlighted weak capacity among government, ministries and agencies that are supposed to regulate the extractive sectors as additional factors driving IFFs in Liberia. The aforementioned challenges, he observed increase the level of vulnerability and the high rate of illicit financial flows in Liberia.

Mr. Aidoo stated that, the Liberian government's own approach to get access to quick funds has led to the granting of many concessions. Adding that, the country also granted excess tax reliefs and incentives to attract multi-national companies to lure them to invest in Liberia to create employment. According to him, ten years down the line, these underlying assumptions have proved to be faulty. He bemoaned the fact that, the Liberian government has not conducted any independent assessment to determine whether these tax exemptions have yielded the expected returns over the period.

He also stated that, the Ebola outbreak greatly unsettled the Liberian economy, a result of which the government granted more incentives to multi-nationals to motivate them to continue their operations in the country. Mr. Aidoo indicated that, as part of government reforms to address issues within the extractive sector, a national bureau of concession has been set up while the Liberia Revenue Authority has also been established to regulate activities in the extractive sector. According to him, government

has also drafted a transfer pricing law which is still at the legislative stage and consultations are on-going with policy makers and CSOs in this regard.

He indicated that, the IFFs phenomenon is not well-known in Liberia as compared to Ghana and just a few CSOs know about IFFs and its implications to a country. There is still limited knowledge and information within the policy and civil society space about IFFs, he added.

Mr. Aidoo underscored the need for capacity building to increase the knowledge on IFFs and how to address it within civil society and the broader policy space. He hoped that Liberia could learn from other African countries and Ghana could be a role model for Liberia to learn vital lessons in addressing issues concerning IFFs.

### 5.3 Nigeria Country Perspective

Mr. Austin Omyi Aigbe, Centre for Democracy & Development (CDD)-Nigeria

On his part, Mr. Austin Omyi Aigbe of the Centre for Democracy and Development indicated that, CDD Nigeria is a non-profit organization that focuses on research, advocacy and capacity building. He observed that Nigeria has too many strong men and weak institutions and stressed that illicit financial flows is worse than HIV AIDS and Ebola. He explained that such resources could instead be used to cater for the public health needs of the citizens.



He recalled that in 2009, when President Barack Obama visited Ghana, he made a profound statement that ‘we should not think about building strong men but rather build strong institutions’. Mr. Aigbe noted that there are adequate laws and institutions, only that people undermine these processes. He added that, until institutions are stronger than individuals, these developmental challenges will persist.

Mr. Aigbe indicated that, CDD Nigeria had a project supported by TrustAfrica with the goal to reduce the phenomenal growth of illicit financial flows in Nigeria through the development of the body of knowledge on IFFs. According to Mr. Aigbe, there was a “pitfall” with the Mbeki report. He indicated that, a lot of funds have been illicitly taken away from the country, stacked in foreign accounts but that was not addressed by the report.

He believed therefore that, the focus of all stakeholders now should be to fashion out ways to compel the global community; the Swiss bank, et.al to mandatorily repatriate these illicit funds to their countries of origin to finance critical developmental needs.

Mr. Aigbe indicated that there have been citizens and media engagements to create awareness on IFFs. He added that, in Nigeria, the social media especially twitter is used to engage citizens on a lot of issues. He added that the last elections in was won through twitter. Therefore, CDD Nigeria has taken advantage of this to get a lot of people on twitter to talk about IFFs and its effects.

He concluded that, there is so much money in Nigeria, provided all the loopholes and leakages in the system can be blocked, then the country will have funds to finance its development. He added that, to bring change we need to keep on talking about IFFs and build strong relationships.

## 5.4 African Organized Labour

Mr. Daniel Oberko (Public Service International-PSI)

Mr. Daniel Oberko of the Public Service International (PSI) indicated that PSI is a labour organization in about 42 countries with 20 million members across the globe. According to Mr. Oberko, the Mbeki Report served as one of the spring board upon which the tax justice campaign was launched among trade unions in Africa. He noted that, trade unions focused on creating awareness, educate and launch campaigns as part of their approaches.

He revealed that, CSOs had better knowledge on IFFs compared with trade unions. Mr. Oberko noted that, PSI organized an awareness creation programme in Nigeria last year to create awareness among trade unions and it was during this awareness creation that the trade union tax justice platform was established. He also noted that, similar awareness creation campaigns have also been held in South Africa and Benin. Mr. Oberko observed that, there is a challenge of effective collaboration between trade unions and CSOs and he called for a conscious effort for trade unions to collaborate with civil society organisations in order to be more impactful.

Mr. Oberko also indicated that, a tax justice campaign will be launched in Nigeria this year. According to him, awareness creation on IFFs is not across board, there is still a lot of gaps, hence the need for trade unions to be ready to work with CSOs in every country to bridge this gap. Mr. Oberko hopes that these collaborations will be effective to push this agenda.

He then noted that, efforts are underway for similar campaigns to be held in Ghana and South Africa. Adding that, the focus of trade unions has been on multi-national companies as well as with Public-Private Partnership (PPP) agreements. He observed that, Governments all over go in for PPPs because of inadequate funds to finance development, although citizens continue to pay taxes. He asserted that, if





the government collects what is due from multi-national companies (these firms paying their fair share), then we could build a strong public sector.

Mr. Oberko also bemoaned the level of privatization of education. He challenged all stakeholders to ensure that basic and universal education is not privatized and not limited to only those who can afford.

He indicated that PSI is also looking at establishing a Pan-African group on tax justice and one for West Africa. This he believes will bring together a number of experts who will serve as advocates and negotiators as far as pushing the Africa agenda is concerned.

He concluded that, there will be youth training in Nigeria, where a number of activists, trade unions and youth will be given training in tax justice. Citizens, according to him, will acquire free basic knowledge and understanding in tax justice.

## 5.5 Prof. Ademola Ariyo

Facilitator, High Level Convening on Illicit Financial Flows

Prof. Ademola Ariyo urged Civil Society Organizations (CSOs) to be proactive and not reactive. He stressed the fact that Public-Private Partnerships (PPPs) are becoming major frontiers for illicit financial flows that should start engaging the attention of CSOs and other stakeholders. So that together, we can find best ways to deal with the ills of PPPs as soon as possible.

In addition, Prof. Ademola Ariyo observed that certain practices also give rise to illicit financial flows and that anything less than open contracting exposes a nation to the risk of IFFs, particularly for bulk projects and finance contract. These practices he believes should be given the needed consideration in the strategies to deal with the IFFs.

He urged CSOs to collaborate more effectively to achieve the desired results. He also noted that the fragmentation on the civil society front, only plays to the advantage of governments. Prof. Ademola Ariyo advised CSOs to focus on the causes of problems (the fundamentals) and suggest ways to deal with the identified problems rather than dwell on the symptoms. He added that, there should also be role delineation as well at the international, continental, sub continental and national level.

Prof. Ademola Ariyo also appealed to the media, to get involved in the collective fight against IFFs, in his view no nation has developed on a sustainable basis without an honest, vibrant and informed media; adding that it is a joint responsibility of all stakeholders.



## 6.0 CONVENING COMMUNIQUE

### COMMUNIQUE, ADOPTED BY THE HIGH-LEVEL CONVENING ON ILLICIT FINANCIAL FLOWS-THE CASE OF GHANA 24<sup>TH</sup> TO 26<sup>TH</sup> APRIL, 2017

We, representatives of Ghanaian Civil Society, joined in solidarity, by partners from ECOWAS and other sister African countries, meeting in Accra-Ghana, from 24th to 26 April, 2017;

**Aware** of the mandate of the state and obligations of our government to ensure the achievement of inclusive, sustainable and equitable economic prosperity and wellbeing of its citizens, full national sovereignty over our natural resources, and the processes of transformative development;

And upholding the indispensable role of civil society in all processes of governance;

**Having** deliberated on the challenge of illicit financial flows in Ghana, and in dialogue with the Ministry of Finance, Ghana Revenue Authority, Bank of Ghana, Petroleum Commission, and economic and financial media; as well as UNDP and United Nations Economic Commission of Africa (UNECA);

And having examined the findings of two Ghana case studies that highlight the weaknesses in policies, laws, regulatory and institutional arrangements that facilitate tax leakages and illicit financial outflows, as well as perspectives from ECOWAS member countries and from within other parts of the continent;

**Taking cognizance** of ongoing efforts to respond to the challenge of illicit financial flows, as expressed by the High Level Panel on IFFs from Africa, under the chairmanship of former President Thabo Mbeki of South Africa, adopted by African Heads of State in January, 2015 and highlighted in the Financing For Development (FFD3) Addis Ababa Action Agenda, and the Sustainable Development Goals;

And cognizant, at the national level, of ongoing efforts to strengthen our tax administration through the amalgamation of various revenue agencies into the Ghana Revenue Authority, the development of transfer pricing regulations in Ghana, and the establishment of a full-fledged Transfer Pricing Unit in 2012, and various capacity building initiatives undertaken to prepare its staff to effectively combat the incidence of transfer mispricing;

**Encouraged** by the expressed commitment and efforts by African governments, under the auspices of the AU to fight illicit financial flows;

**Concerned** about the fact that, in spite of the commitments huge amounts of potential tax revenue continue to be lost through high levels of illicit financial flows especially from the extractives sectors, as well as through commodity trading;

**Concerned again**, about the decelerating momentum at the AU and national government levels to take concrete measures to: combat, track, stop, and return illicit financial outflows from Africa;

**Taking due notice** of the lack of a clear national development strategy, including a fundamental re-orientation of the natural resource sectors and the national taxation regime to ensure maximum domestic resource mobilization and economic justice;

**Motivated** by our civic responsibility to hold out national governments accountable to their obligation to mobilise adequate domestic resources to finance the sustainable Development Goals (SDGs) and to reduce extreme poverty among our citizens;

Hereby recommend as follows:

1. Government must develop, announce, and implement a proactive programme to track, stop, and return illicit financial flows to the country;
2. To address the challenge posed by data scarcity, tax authorities within the various sub-regions should work towards the creation of a common database, that will eventually lead to the establishment of a continent-wide database on trade in goods and services;
3. The Government of Ghana should give fresh impetus to Ghana's public sector reform programme, to focus on institutional collaboration and automatic exchange of information among related entities;
4. In the particular case of Ghana Revenue Authority, the government should consider the introduction of an intra-net information system to facilitate information sharing among the various divisions of the Authority;
5. Customs must revamp its data to enable meaningful usage by a wide range of users for research;
6. Urgent steps should be taken to resuscitate the Multi-Agency Mineral Revenue Task Force, and expand its mandate to include the petroleum sector and relevant petroleum sector agencies such as the Petroleum Unit of GRA, and the Petroleum Commission;
7. To give better effect to the exercise of parliamentary oversight, Parliament is encouraged to re-visit the circumstances that undermined its own processes, and to call for a thorough investigation into why the Engineering, Procurement, Construction, and Commissioning (EPCC) contract governing the Western Corridor Gas Infrastructure Project never made its way to parliament;
8. Strengthen the Financial Intelligence Centre and EOCO to conduct or collaborate with other institutions to undertake researches into the IFF phenomenon in Ghana;
9. Strengthen Ghana's interest in petroleum operations with the addition of the Petroleum Commission in the Joint Management Committee (JMC) of petroleum operations;
10. Design, implement and monitor a real-time customs and trade system in commodities and benchmark costing in Petroleum;
11. Shift Taxation of minerals away from profit-based, towards a production-based tax system, like increasing the royalty rate;
12. Government should reverse its apparent commitment to extend double taxation agreements, reinstitute the international financial services centre project, which will convert Ghana into a tax haven and encourage even more illicit financial flows;
13. Government must also prioritise ending of the regressive tax regimes that have been operating in Ghana for the last 30 years, and the mortgage of natural resources to transnational companies;

At the continental level, we are demanding increased intensity and re-acceleration of the IFF Agenda by African leaders through a continental Plan of Action. One interim measure is for African governments to

leverage their constitutional authority to sanction banks and other financial players that facilitate and hold on to illicit funds. Also, African governments must insist on the immediate and unconditional repatriation of illicitly acquired and held frozen assets to African jurisdictions even as legal proceedings are ongoing.

We are calling for Africa's effective participation and leadership in international norm- setting in relation to taxation and regulation of TNCs and the location of these processes in democratic multi-lateral arenas under the auspices of the United Nations.

In furtherance of our civic responsibility and in the exercise of our rights as citizens, we affirm our support for the African civil society Stop the Bleeding campaign to combat IFFs and commit to mobilise Ghanaian and ECOWAS citizens to this end.

***Done in Accra, Ghana, on this day of 26<sup>th</sup> April, 2017***

# Annex I: AGENDA FOR THE CONVENING

## High Level Convening on Illicit Financial Flows in Ghana “Combatting Illicit Financial Flows to Foster Sustainable Development Goals - Taking Stock and Strengthening Responses”

Venue: Golden Tulip Hotel, Accra, Ghana

### Objectives

1. Develop an appreciation on the state of the problem of illicit financial flows in Ghana and the West Africa region;
2. Gain perspective on government and intergovernmental agencies ongoing responses to the problem of IFFs in Ghana;
3. Assess the state of civil society engagement and advocacy efforts to stop IFFs in Ghana as well as the West Africa sub-region and at the continental level;
4. Enhance the capacity of civil society and policymakers to more effectively respond to the challenge of IFFs in Ghana.

### AGENDA

Date: 25-26 April 2017

24 APRIL 2017			
SESSION	TOPIC	TIME	SPEAKERS
<i>Media soiree</i>	Media Soiree On Illicit Financial Flows	17:30-19:30	Dr. Steve Manteaw, ISODEC
25 APRIL 2017			
<b>Arrival &amp; Registration 08:00-8:30</b>			
<b>MC : Winston Amoah (3FM)</b>			
<b>Facilitator: Prof. Ademola Ariyo (CPPC)</b>			
<b>Official Session</b>	<b>Opening</b> Introductions  Opening Remarks (Organisers)	09:00 - 10:00	Bishop Akolgo, ISODEC  Briggs Bomba, TrustAfrica  Eva Kouka, Ford Foundation  Radhika Lal/ Kordzo Sedegah, UNDP

			Ibrahim Bangura, OSIWA
	Chairman's Remarks	10:00 – 11:30	Kwasi Gyimah-Asante, Commissioner Domestic Revenue, Ghana Revenue Authority(GRA)
	Keynote Address		Hon. Kwaku Kwarteng, Deputy Finance Minister of Ghana
	<b>Group Photo</b>		
<b>TEA BREAK 11:30-12:00</b>			
<b>Session 1:</b>  <i>Understanding the state of the problem of IFFs in Ghana: Case studies on transfer pricing</i>	Transfer Pricing in Ghana's Oil & Gas Sectors	12:00-13:15	Bernard Anaba, ISODEC
	Illicit Financial Flows in Services: The Case of Ghana's Petroleum Sector		Bishop Akolgo, ISODEC
<b>LUNCH 13:15-14:15</b>			
<b>Session 2</b>  <i>Assessing the official response</i>	Ghana's Experience with implementation of transfer pricing monitoring	14:15 – 15:15	Kwasi Gyimah-Asante, Commissioner Domestic Revenue, Ghana Revenue Authority(GRA)
	Discussant		Prof Ademola Ariyo, Centre for Public –Private Cooperation, Nigeria
<b>TEA BREAK 15:15 -15:30</b>			
<b>Session 3</b> <i>Media And IFFs</i>	Investigative reporting on Illicit Financial Flows in Africa: Insights from Nigeria	15:30-16:30	Nicholas Ibekwe, Premium Times, Nigeria



<b>Session 4</b> <i>Practical Approach and method to check TP</i>	Using a Real-time model to monitor and recover-case of Ghana	16:30-17:15	Prof .Simon Pak, Penstate University, USA (by video conference)
<b>NETWORKING COCKTAIL: 18:30-20:00</b>			
<b>26 APRIL 2017</b>			
<b>Facilitator: Dr. Steve Manteaw</b>			
<b>SESSION</b>	<b>TOPIC</b>	<b>TIME</b>	<b>SPEAKERS</b>
<b>Session 5</b> <i>Sub-regional and continental approaches</i>	State of implementation of the High-Level Panel on Illicit Financial Flows From Africa Report	09:00 – 10:00	Ms Souad Aden-Osman, UNECA
<b>TEA BREAK 10:00-10:15</b>			
<b>Session 6</b> <i>Strengthening ongoing efforts to combat Illicit Financial Flows</i>	Pan African Perspective Liberia African organized labour perspective Liberia country perspective Nigeria country perspective	10:15-11:15	Kwesi Obeng, TJN-A  Joel Odigie, ITUC-A Harold Aidoo, IREDD Austin Omony Aigbe, CDD
<b>Session 7</b> <i>Strengthening responses to combating IFFs</i>	Ghana - National Stop the Bleeding Campaign planning session	11:15-12:30	Kwesi Obeng Tax Justice Network (Facilitator)
<b>Session 8</b> <i>Press conference</i>	Launch of CSOs led Campaign to combat illicit financial flows from Ghana  <b>Press Conference</b> Accra IFF Declaration Solidarity Statements – CSOs rep from ECOWAS sub-region	12:30-13:15	Facilitator
<b>LUNCH AND DEPARTURE 13:15</b>			
<b>ENDS</b>			

## Annex II: PARTICIPANTS LIST

### Local Participants

No.	Name	Institution	Email Address	Telephone No.
1.	Edmund Mingle	IFEJ	<a href="mailto:edmingle@yahoo.com">edmingle@yahoo.com</a>	0244850490
2.	Vincent Yankey	Petroleum Commission	<a href="mailto:vincent.yankey@petrocom.gov.gh">vincent.yankey@petrocom.gov.gh</a>	0244941895
3.	Kennedy A. Achakoma	TUC GH.	<a href="mailto:apibiik@yahoo.com">apibiik@yahoo.com</a>	0209852360
4.	Frederick Asiamah	Business Day Ghana	<a href="mailto:proasiamah@yahoo.com">proasiamah@yahoo.com</a>	0243957991
5.	Steve Manteaw	ISODEC	<a href="mailto:manteawsteve@yahoo.com">manteawsteve@yahoo.com</a>	0208171563
6.	Margaret Brew-Ward	ActionAid	<a href="mailto:margaret.brew-ward@actionaid.org">margaret.brew-ward@actionaid.org</a>	0208171563
7.	Gyekye Tandoh	TWN Africa	<a href="mailto:gtanohetwn@price.org">gtanohetwn@price.org</a>	0244537409
8.	Samuel Sackey	GRA	<a href="mailto:samuelquaquesackey@yahoo.com">samuelquaquesackey@yahoo.com</a>	0244812392
9.	Vitus A. Azeem	Tax Justice Coalition	<a href="mailto:vitusazeem@yahoo.com">vitusazeem@yahoo.com</a>	0244233512
10.	Solomon Wollie Wollimon	Stimulz	<a href="mailto:wollie.wollimo@gmail.com">wollie.wollimo@gmail.com</a>	0209995110
11.	Emmanuel K. Dogbevi	Ghana Business News	<a href="mailto:edogbevie@gmail.com">edogbevie@gmail.com</a>	0244699845
12.	Benjamin Boakye	ACEP	<a href="mailto:benboayge@acepghana.com">benboayge@acepghana.com</a>	0245002880
13.	Gabriel Sosu	ISODEC	<a href="mailto:gsosu2010@yahoo.com">gsosu2010@yahoo.com</a>	0208131913
14.	Evelyn Addor	CSPOG	<a href="mailto:enyaddor@gmail.com">enyaddor@gmail.com</a>	0246474228
15.	Sixtus Don Ullo	Citi FM	<a href="mailto:sixtus.ullo@gmail.com">sixtus.ullo@gmail.com</a>	02446742348
16.	Daniel Oberko	PSI	<a href="mailto:daniel.oberko@world-psi.org">daniel.oberko@world-psi.org</a>	0554076230
17.	Samuel M. Chekseche	Ministry of Finance	<a href="mailto:samuelmcdordchekseche@yahoo.com">samuelmcdordchekseche@yahoo.com</a>	0501290099
18.	Wilham Nutakor	FIC	<a href="mailto:wnatorkor@yahoo.com">wnatorkor@yahoo.com</a>	0244223212

No.	Name	Institution	Email Address	Telephone No.
19.	Robert Marbell	ISODEC	<a href="mailto:rmarbell2014@yahoo.com">rmarbell2014@yahoo.com</a>	0244295579
20.	George Akeliwira	Institute for Fiscal Policy	<a href="mailto:georgeakeliwira@gmail.com">georgeakeliwira@gmail.com</a>	0240248235
21.	Mawunyo Yakor-Dagbah	Ghana Federation of Disability Org.	<a href="mailto:mawunyoyakordagbah@gmail.com">mawunyoyakordagbah@gmail.com</a>	0246064209
22.	Bernard Anaba	ISODEC	<a href="mailto:benabgh@gmail.com">benabgh@gmail.com</a>	0244584565
23.	Bishop Akolgo	ISODEC	<a href="mailto:bakolgo2000@gmail.com">bakolgo2000@gmail.com</a>	0243329320
24.	Martha O. Baah	ISODEC	<a href="mailto:martha.baah@gmail.com">martha.baah@gmail.com</a>	0204640265
25.	Kwaku Kwarteng	Ministry of Finance	<a href="mailto:efienefie@yahoo.com">efienefie@yahoo.com</a>	0244838735
26.	Philomena Johnson	PWYP Ghana	<a href="mailto:maaphilo831@gmail.com">maaphilo831@gmail.com</a>	0244830831
27.	Francis K. Ashinyo	GRA/TPU	<a href="mailto:ashfranko@yahoo.com">ashfranko@yahoo.com</a>	0277410702
28.	Kwesi Gyimah - Asante	GRA	<a href="mailto:kgyimahasante@yahoo.com">kgyimahasante@yahoo.com</a>	0244324400
29.	Anku Morkporkpor	GNA	<a href="mailto:markporkpora@gmail.com">markporkpora@gmail.com</a>	0249582113
30.	Habiba Mohammed	IFP	<a href="mailto:habiba.mohammed71@yahoo.com">habiba.mohammed71@yahoo.com</a>	0242847107
31.	Frinjuah Manasseh	ISODEC	<a href="mailto:jkfrinjuah@yahoo.com">jkfrinjuah@yahoo.com</a>	024483417
32.	Charlotte Kpogli	Institute for Fiscal Policy	<a href="mailto:callorta@yahoo.com">callorta@yahoo.com</a>	0246789188

#### International Participants

No.	Name	Institution	Email Address	Telephone No.
33	Austin Omonyi Aigbe	CDD, Nigeria	<a href="mailto:aaigbe@cdduestafrica.org">aaigbe@cdduestafrica.org</a>	+2348039239377
34	Eva Kouka	Ford Foundation	<a href="mailto:e.kouka@fordfoundation.org">e.kouka@fordfoundation.org</a>	+16465731088
35	Souad Aden - Osman	UNECA	<a href="mailto:sadenosman@uneca.com">sadenosman@uneca.com</a>	+2519112167110
36	Temba Rwambiwa	Journalist	<a href="mailto:trwambiwa@gmail.com">trwambiwa@gmail.com</a>	+263774420138
37	Kwesi Obeng	TJN-A	<a href="mailto:kobey@taxnwafrica.net">kobey@taxnwafrica.net</a>	+254726804400

No.	Name	Institution	Email Address	Telephone No.
38	Nicholas Ibekwe	Premium Times	<a href="mailto:nichlas@premiumtimes.com">nichlas@premiumtimes.com</a>	+2348137073830
39	Prof. Ademola Ariyo	CPPC- Nigeria	<a href="mailto:Ademola_ariyo@yahoo.com">Ademola_ariyo@yahoo.com</a>	+2348034399045
40	Ibrahim Ansa Bangura	OSIWA	<a href="mailto:i.bongura@osiwa.org">i.bongura@osiwa.org</a>	+221778199436
41	Harold M. Aidoo	IREDD	<a href="mailto:afriwareha@gmail.com">afriwareha@gmail.com</a>	+231806323021
42	Gladys Madara	TRUST AFRICA	<a href="mailto:madara@trustafrica.org">madara@trustafrica.org</a>	+263772907713
43	Briggs Bomba	TRUST AFRICA	<a href="mailto:bomba@trustafrica.org">bomba@trustafrica.org</a>	+2633774501628

### Media Participants

	Name	Organization	Email Address	Telephone No.
44	Abdul Musowir Abubaker	TV Africa	<a href="mailto:musowir1975@yahoo.com">musowir1975@yahoo.com</a>	0275775323
45	Paul Egbenya	TV Africa	<a href="mailto:egbenya@gmail.com">egbenya@gmail.com</a>	0244569157
46	Kwodjo Acquar	TV Africa	-	-
47	Eben Agyekum-Boateng	TV3	<a href="mailto:p2yppyaw@gmail.com">p2yppyaw@gmail.com</a>	0503896814
48	Stanley Blewu	TV 3	<a href="mailto:stanleyniblewu@yahoo.com">stanleyniblewu@yahoo.com</a>	0263376779
49	Kwame Ansah	TV3	-	0246413088
50	Paul Asante	Onua Fm	<a href="mailto:paulasante106@gmail.com">paulasante106@gmail.com</a>	0244440046
51	Mohammed Suleman	Public Agenda	<a href="mailto:suleman720@yahoo.com">suleman720@yahoo.com</a>	0244443222
52	Domekpor Godfred	UTV	<a href="mailto:bencary@yahoo.com">bencary@yahoo.com</a>	0243851308
53	Bernard Ato Arthur	UTV	<a href="mailto:benscary@yahoo.com">benscary@yahoo.com</a>	0243851308
54	Fred Dzakpata	Starr FM	<a href="mailto:freduakwaku@gmail.com">freduakwaku@gmail.com</a>	0247123705
55	Eric Otiwa	Top FM	<a href="mailto:sofoaadwoa@gmail.com">sofoaadwoa@gmail.com</a>	0277376185
56	Nana Yaw Frempong	Joy FM	<a href="mailto:fremnay@gmail.com">fremnay@gmail.com</a>	0243135428
57	Linda Mensah	Kasapa FM	<a href="mailto:mensas1052000@yahoo.com">mensas1052000@yahoo.com</a>	0265101914

## Annex III: MEDIA REPORTS ON THE CONVENING

---

The following presents the on-line media coverage of the Convening:

<http://thebftonline.com/business/economy/24099/ghana-losing-billions-to-illicit-financial-flows-isodec.html>

<http://3news.com/ghana-loses-340m-annually-through-illicit-financial-flows/>

<https://www.modernghana.com/news/772160/illicit-financial-flows-costing-ghana-us340m-annually.html>

<http://www.ghananewsagency.org/economics/government-asked-to-develop-proactive-programmes-to-stop-illicit-financial-flows-116209>

<https://www.ghanabusinessnews.com/2017/04/25/ghana-can-finance-its-own-development-if-illicit-financial-flows-are-stopped-isodec/>

<https://www.newsghana.com.gh/africa-lose-41-3-billion-through-illicit-financial-outflows-isodec/>

<http://africafeeds.com/2017/04/25/experts-meet-in-ghana-over-illicit-financial-flows/>

<http://citifmonline.com/2017/04/27/probe-tax-waivers-granted-chinese-company-csos-to-parliament/>

<http://www.goldstreetbusiness.com/index.php/news/item/592-illicit-financial-flow-threatens-ghana-s-sdg-s-agenda-dr-manteaw>

<http://www.modernghana.com/news/771712/isodec-ecowas-reps-issue-13-approaches-to-tackle-illicit-fi.html>

<http://www.modernghana.com/news/771475/illicit-financial-outflow-bleeding-ghana-to-huge-financial-l.html>





# Report

## Launch of the Stop the Bleeding Campaign

At Golden Tulip Hotel Accra

May 25, 2017



# Annex IV: REPORT ON THE LAUNCH OF 'STOP THE BLEEDING' CAMPAIGN

**HELD AT GOLDEN TULIP HOTEL, ON MAY 25, 2017**

## **INTRODUCTION**

The launch commenced at 10:38 am with self-introduction of all the participants including representatives from the media. After which Mr. Bernard Anaba welcomed participants on behalf of the Executive Director of Integrated Social Development Centre (ISODEC) -the welcome address is given in Annex I.

The facilitator for the launch, Dr. Steve Manteaw indicated that, the economy depends heavily on colonial masters hence the failure to achieve all the Millennium Development Goals by 2015. According to him, Ghana needs to mobilise resources to achieve the seventeen (17) goals; therefore the need to launch the campaign for effective domestic revenue mobilisation. He cited the case of Ghana Gas and SINOPEC transactions and indicated that GRA was able to retrieve ₵15 million from unpaid taxes from SINOPEC. According to him Ghana-Gas infrastructure project could have been constructed with small cost if not because of over-pricing. He mentioned that it is the responsibility of every citizen to join the fight against illicit financial flows (IFFs) in Ghana.

Mrs. Martha Baah was invited to introduce the chairperson for the event. In his response, the chairman; Mr. Abdullah Ali- Nakyea mentioned that he was at Abuja, Nigeria three weeks earlier to attend a national conference on IFFs, according to him, the next one will be held in Ghana in July 2017. He indicated that there could not have been a best time for the launch of the campaign other than the May 25, 2017 since there are a lot of issues of IFFs happening on the African continent at the time. He also advised the media to take up the issues seriously. According to him, a report published in February 2015 by ACEP indicated that, Ghana lost \$1.4 billion yearly within the period of 2002 to 2011.

He continued that, when one bleeds heavily, one dies hence we must stop the bleeding before Ghana dies in order for us to survive. He concluded that, Ghana has a lot of laws but the problem is implementation, so laws must be enforced effectively. He advised that, culprits must be named, punished and monies recovered.

## **PRESENTATION OF SPEECH**

By Tax Justice Coalition Chairman- Vitus Azeem

The facilitator then invited the chairman of Tax Justice Coalition Ghana, Mr. Vitus Azeem to read a statement on behalf of the coalition (the coalition statement is given in Annex II).

## **DISCUSSIONS**

There was time for discussions and contributions after the statement was made by the chairman of the Tax Justice Coalition, Ghana. During this section, the facilitator mentioned that, the 2014 EITI report highlighted a number of problems and one of them was the issue of capital gains. According to him, the report revealed that, companies in Ghana have been changing hands every now and then but there is always no evidence of capital gain with the GRA. He noted that, they maintain the same names when companies changed hands or ownership. The recommendation from the report according to him is that, there is the need for institutional collaboration. Dr. Steve Manteaw also stated that, citizens and especially the media must take up the issues to promote the “stopping of the bleeding”. He then asked participants to seek clarification if any or make contributions. He continued by citing an example of transfer mis-pricing in Zambia where Zambia lost \$300 million and the Zambian Revenue Authority conducted an audit of the Glico company which revealed many irregularities.

A participant and a member of Tax Justice Coalition, Mr. Louis Acheampong from Social Support Foundation requested for the next steps after the launch in terms of engaging with the leadership of the State. Another participant Fidelis Issah from GSAM asked if it is possible for GRA to retrieve monies from capital gains.

In responding to the above issues, the facilitator noted that investigations are not concluded yet and chances are that, much more will be recovered. He also indicated that, collaboration was an issue at GRA but much better now. The Chairman also stated that, GRA still have six years to go back to look into capital gains. According to the chairman, transfer of ownership leading to capital gain happens mostly in financial institutions, insurance companies, fuel stations, and telecommunication. He then advised the media to pull out any information on capital gains and make it public.

Rikke Sig Hawen , the coordinator for CSOs platform for SDGs advised that, the media should not be seen separate from CSOs since the media is part of CSOs hence they much be seen as partners to join the campaign. She concluded by indicating that, journalist who report around the issues of Illicit Financial Flows could also be identified and trained to do the tracking and the reporting. Awal Almed Kariama a representative from RISE Ghana and a member of Tax Justice Coalition Ghana advised that, the illegal loopholes in the laws must be checked.

## **SOLIDARITY MESSAGES**

Kordzo Sedegah, UNDP

The facilitator requested from the representative of United Nations Development Programme (UNDP) to make comments on behalf of UNDP. Mr. Kordzo Sedegah indicated that, UNDP is happy to partner with ISODEC and its other partners to fight IFFs in Ghana as well as Africa. According to him, UNDP does this because every country must be able to attain all the 17 goals of the Sustainable Development Goals (SDGs) and resource mobilisation is important in achieving them, hence we must not allow our revenue to be jeopardised with so as to promote development.

Mr. Kordzo Sedegah also noted that, it is not about lip-saying “stop the bleeding” but we need to inject into the campaign to stop the bleeding. He cited the case of Kenya where every shop including the very small ones all have a teller machine which is used to generate the price of a good together with the VAT component but in Ghana there are always two types of receipts in both the bigger and smaller shops, the VAT receipt and the other one without VAT component, customers will be asked if he or she wants a VAT receipt and if the person requests for the VAT receipt then he or she will be charged to pay more for the product or service. This according to him is a very bad practice that must be looked at. He asked the participants to challenge the status quo and advised that it is not enough to come together and say we have launched the “stop the bleeding” campaign but we must go out there as campaigners to make an impact.

He added that, weak institutions are also an issue but to him, institutions are weak because they are run by weak people. He then concluded that, attitude must be changed to make institutions effective.

The facilitator also added that, Africans must stop looking up to other people to take issues up for them but we must take issues up by ourselves. Fidelis Issah also advised that we should start the campaign from our individual homes that is from the family since individuals have bigger roles to play.

## **LAUNCH OF THE “STOP THE BLEEDING” CAMPAIGN**

Mr. Abdallah Ali-Nakyea

The facilitator then invited the chairman to launch the ‘Stop the Bleeding’ campaign, outdoor the campaign’s social media accounts and then give his closing remarks. The chairman, Mr. Abdallah Ali-Nakyea, started by citing an example of him purchasing furniture from a big shop and was given an ordinary receipt, he then requested for a VAT receipt and the shop attendant informed him that, the VAT receipt will attract more cost. He also indicated that the capacity of the media must be built to take the issue up massively.

According to him; Uganda losses 1/8 of its total national revenue every year through IFFs and also stated that Kenya as well as Tanzania loss \$16 million yearly also through IFFs and Ghana losses 6.6% of its GDP every year but needs only 3.8% of GDP to cater for infrastructure, and 0.6% of GDP was needed for social

services (2015 National Budget). He continued that, occupy Ghana published an issue of Switzerland importing gold worth \$2 billion from Ghana but mineral commission recorded that they only sold \$1.8 billion worth of gold to all its customers in that particular year, which according to the report is not even equal to the value of \$2 billion Switzerland paid for the gold bought from Ghana, the question according to him, is; what about the other countries who also bought gold from Ghana that year?

He continued that Mozambique also losses \$ 5.6 billion every year also through IFFs. The impact of IFFs according to him is greatly on development in Africa. He then launched the campaign with support from Mr. Kordzo Sedegah UNDP representative, Mr. Vitus A. Azeem (Tax Justice Coalition), Mr Bernard Anaba (ISODEC) and DR. Steve Manteaw (ISODEC).

The facilitator then closed the event by giving the vote of thanks and advising all participants to run along with the campaign.

## **Annex Ia: WELCOME ADDRESS-ISODEC**

Mr. Chairman, Honourable Member of Parliament and representative of the African Parliamentary network on Illicit Financial Flows and Tax, Members of the Media Ladies and Gentlemen, On behalf of the Executive Director of ISODEC, the Tax Justice Coalition-Ghana and the entire staff of ISODEC; I welcome you all to this launch.

As we celebrate the AU day, the Global Witness Now, UK published in the Guardian Newspaper UK, and the Honest Account just yesterday that, Africa is a net creditor to the rest of the world by more than \$40 billion a year. Last week, we were told by a state official of the Ministry of Lands and Natural resources, published in the Daily graphic how \$7bn worth of gold has was smuggled out of this country through galamsey activities. We read how a former President of the Gambia got away with \$50m. We read and listen in the radio how \$4m was shared amongst some officials in the name of procuring listening equipment, and yet, ironically all these appear normal to most of us, in the midst of the rampant poverty surrounding us.

So today, ladies and gentlemen, it must not be a day (AU day) to seat back and feel restful but a day to take stock on our continent, redirect our energies, in fact our anger, if we have any to save it.

ISODEC since its formation about 30 years ago strived for social justice in education, health, water, gender equality, natural resources governance and many others. But increasing, the conditions of the people we fight for don't get any better. While we can cite other reasons for this, we have also identified that our continent and countries are leaking baskets of useful resources, resources that can revitalise our economies and eradicate poverty.

We are told by the Thabo Mbeki led High Level Panel Report, that our continent loses about \$50bn each year, but it never tickles us one bit! We are told Africa loses more than any other continent in terms of GDP, the amount resources lost to IFFs, but we don't understand it. We are told Ghana loses close to \$2bn each year through Illicit Financial Flows, but we continue to do the same things that make us lose that much. Why must it be so?

I must say, while we are asking these questions, we continue to aid outsiders to take away our wealth in exchange for pittance! Through our contracting processes, through our trade deals, through the non-collaborative attitudes of our duty bearers, and through our deliberate actions to defraud our people and end up facilitating the flight of useful resources from our continent and countries.

But we have an obligation as a country and continent under the Sustainable Development Goals to account for how we have been able to safeguard domestic resources to advance development and eradicate poverty by 2030. And for that, we cannot be resting on the issues of IFFs.

It is for this reason that, ISODEC is supporting the Tax Justice Coalition Ghana, in collaboration with the Tax Justice Network-Africa, Ford Foundation, Trust Africa, OSIWA and the UNDP to launch this campaign, to "Stop the Bleeding" of our dear continent.

We have no doubt that if we unite to stop the bleeding, we will be able to overcome this scourge and help give our countries a new leash of life, for the millions who are desperate out there because our continent is failing to stand up for them! Once again on behalf of my Executive Director and the Tax Justice Coalition, Ghana, I thank you all for coming and I wish you all a fruitful launch, this morning.

Thank you.

**Annex II: ADDRESS BY VITUS A. AZEEM, CHAIR OF THE TAX JUSTICE COALITION, GHANA AND EXECUTIVE DIRECTOR OF THE CENTRE FOR BUDGET ADVOCACY- GHANA.**

Mr. Chair, Invited Guest, Our Friends from the Media, Ladies and Gentlemen, it is a great pleasure to address you on this important day of our dear Continent Africa. We are gathered here not for the happiest of reasons but because of the most unfortunate happenings in our dear continent, Illicit Financial Flows. We are gathered here to launch the 'Stop the Bleeding' Campaign in Ghana. I commend all of you highly for honouring this invitation, which is also the day of the African Union, to support this Campaign.

Mr. Chairman, the Tax Justice Coalition, Ghana which was formed in 2011, has a mission to promote equity, transparency and accountability in the enactment and implementation of tax laws in Ghana for national development and poverty reduction through advocacy, networking and effective partnership. Our objectives are to:

- Advocate equitable and just tax policies;
- Collaborate with Tax Justice Network – Africa and other stakeholders on tax justice campaigns;
- Build the capacity and create opportunities for members and stakeholders to analyse and monitor the implementation of tax-related policies.

As a result, the Tax Justice Coalition together with its partner organisations in Ghana are leading this campaign in Ghana, joining hands with a wider continental agenda to rid Africa of IFFs.

Mr. Chair, the African Union is not only a political union but a development one that oversees the well-being of the people of this continent. The union has a number of development initiatives such as the African Mining Vision, the Agenda 2063 and many others which are expected to catalyse the continent's development to lead us out of the poverty that surrounds us!

It is out of this concern that, in 2011, the 4th Joint African Union Commission/United Nations Economic Commission for Africa (AUC/ECA) Conference of African Ministers of Finance, Planning and Economic Development commissioned the study into illicit flows in Africa. This Conference mandated the ECA to establish the High Level Panel on Illicit Financial Flows to undertake the study in Africa. Underlying this decision was the determination to ensure Africa's accelerated and sustained development, relying as much as possible on its own resources. This was occasioned by the race to achieve the Millennium Development Goals (MDGs), informed by a dire concern that many of our countries would fail to meet the Millennium Development Goals during the target period ending in 2015.

The report presented by the Panel at the 24<sup>th</sup> AU Summit in Addis Ababa and adopted by African leaders in 2015 highlights very grievous findings that our continent cannot pretend about. While we are encouraged by the expressed commitment and efforts by African governments, under the auspices of the AU to fight illicit financial flows, we are, nevertheless, concerned about the fact that, in spite of the commitments, huge amounts of potential tax revenue continue to be lost through high levels of illicit financial flows especially from the extractives sectors as well as through commodity trading, as reported by a myriad of studies.

Mr. Chairman, the African continent is in a dire state. The findings of the HLP led by the former South African President Thabo Mbeki, echoes civil society voices from across the continent about illicit financial



flows as a serious threat to inclusive development in Africa and calling for urgent practical policy action to stop the haemorrhage.

One of the most notable findings of the HLP process is that, illicit outflows from Africa are large and increasing at an alarming rate of 20.2% per year (according to Global Financial Integrity (GFI) calculations for the period 2002 – 2011). The report observed that the dependence of African economies on natural resources extraction makes them particularly vulnerable to IFFs and singling out the issue of weak national and regional capacities as a major obstacle in efforts to curb illicit outflows.

Defined as “*money that is illegally earned, transferred or used*”, conservative estimates are that Africa loses as much as \$50 billion dollars each year. Corruption (e.g. bribery of state officials and theft of state assets) and outright criminal activity (e.g. drug trafficking and human trafficking) makes up 5% and 30% respectively, corporate commercial activity particularly stands out as the biggest culprit – accounting for as much as 65% of all illicit outflows. The main mechanism through which corporations are bleeding the continent is through **trade mis-invoicing** – the practice of misrepresenting the price or quantity of imports or exports in order to hide or accumulate money in other jurisdictions. This way, companies, especially multinationals evade taxes, avoid customs duties, transfer kickbacks and launder money. According to the GFI, trade mis-invoicing accounted for 68.8% of all illicit outflows from Sub-Saharan Africa between 2003 and 2012. Economic Commission on Africa (ECA) estimates show that between 2001 and 2010 African countries lost up to \$407 billion from trade mis-pricing alone.

Mr. Chairman, a joint report by the African Development Bank (AfDB) and GFI, *Illicit Financial Flows and the Problem of Net Resource Transfers from Africa: 1980 – 2009*, puts the total illicit outflows from the continent at as much as \$1.4 trillion for the 3 decades. Also, a report published earlier this month states that Africa is a net creditor to the rest of the world to the tune of \$41 billion each year. The movement of capital using illicit means undermines the continent’s ability to mobilize domestic resources to address pressing challenges of growing inequality, poverty, healthcare, education, infrastructure, and other vital development priorities. These levels of Illicit Financial Flows are particularly a cause of concern given the magnitude of developmental needs across the continent and the paradox of rising numbers of people living in poverty across the continent despite the ‘Africa Rising’ narrative. According to UN estimates, as quoted by the HLP, the number of people living on less than \$1.25 a day in Africa has increased from 219 million in 1990 to 414 million in 2010 as population growth outpaces the rate of poverty reduction. The new discoveries and exploitation of Africa’s natural resources although a very positive development are also cause of concern, given the historically established systematic manner in which revenues from the extractives have been illicitly externalized in the past.

Further, by undermining domestic resource mobilization, illicit outflows create dependence on outside resources thereby undermining national sovereignty and creating vulnerability to unfair conditionalities tied to development assistance, foreign loans, and aid. The dependency on various forms of foreign capital ranging from official development assistance, public and private equity loans and philanthropic support in Africa is not sustainable, especially given the fact that it has become highly unpredictable in terms of sequencing and also amounts committed. It often results in additional crippling capital outflows from the continent. For instance, according to Health Poverty Action, \$21 billion leaves the continent annually in debt repayments for mostly loans contracted under unfavourable conditions.

Mr. Chairman, we recognize that illicit financial flows are a mere symptom of a much bigger structural problem of unjust economic and power relations between Africa and the developed world that has historically impoverished Africa and enriched the West. If one looks at structural causes, it becomes clear that illicit financial flows are more than a matter of transparency in the limited sense of corporates disclosing what they pay to the state by way of taxes, royalties and other fees and the state declaring these payments in national accounts. Actually, the bigger disclosure should be what is not paid, and is illicitly siphoned out of the country. Similarly, the disproportionate power that corporates hold when it comes to the valuation systems, especially with regards to Africa's natural resources, must come under scrutiny. In a ground-breaking study on the South African diamond mining sector, Bracking and Sharife (2014) reveal evidence of an international trading system in need of immediate reforms- the Government Diamond Valuator, instead of issuing independent assessments, simply echoes `the valuations that De Beers puts forth. Their empirical studies put the "lost value" due to undervaluing of exports and over valuation of imports at over \$3.3 billion for the period 2004 to 2012. The weaknesses in the existing valuation system requires a more nuanced call for "tax justice" and must be accompanied by a bold challenge to the existing disproportionate power relations between corporates and African governments

Mr. Chairman, the Thabo Mbeki panel makes it clear that ending illicit financial flows is ultimately a political issue. Since 2013 there has been a notable emergence of concerted advocacy efforts from various civil society based groups across the continent rallying against the issue of illicit movement of resources out of Africa. Indeed, today, illicit financial flows occupy a very important place in terms of advocacy actions for Africa's development road map. For instance, Agenda 2063 and ongoing processes such as the Financing for Development and the post 2015 Sustainable Development Agenda prioritize tackling illicit financial flows. However, there is yet no coherent continental framework for tackling the menace.

A particular challenge is that some of the responses from the continent have borrowed, sometimes uncritically, concepts and solutions from mostly the Global North-driven processes such as G8, G20 and Organization for Economic Cooperation and Development (OECD) initiatives without factoring in the specificities of the African context.

The emerging global consensus around illicit flows is positive and indeed creates an important hook and rallying point to discussing Africa's development challenge especially the domestic resource mobilization component. However, it is equally important to recognize some of the contradictions and limitations of the present discourse and put forward coherent policy solutions that effectively respond to the specific African context.

Another real challenge is the role of the African nation state as the custodian and steward of Africa's resources. This is particularly important in the context of the political economy of economic deregulation and the rise of finance capital (financialisation) by which power has effectively shifted from the state to a rigged market that works for the interest of a few and prioritize corporate interests over citizens. In essence, we have to interrogate the new reality of the African state in terms of its potential conviction and capacity to effectively preside over the national economic domain in the interest of its people, more so in contexts where capture of state power has actually perpetuated comprador forms of accumulation on the part of state elites.

Mr. Chairman, given the historical and structural issues which make not only illicit financial flows but also resource transfers, in general, a particular development problem for Africa; it follows that the quest for solutions to this problem in the African context must be anchored in distinct African demands deriving from the African specificities of this problem. Thus, while embracing what works from the proposals put on the table so far by groups such as the OECD, it is imperative to realize that these responses are largely based on a particular experience of the problem by Western and Global North economies. The proposed solutions, therefore, will not adequately respond to the specific ways that the challenge of illicit flows and its attendant root causes manifest in the African context. Therefore, a crucial task for African CSOs and partners is to properly problematize illicit financial flows in the African context and develop distinctly African policy responses.

We, therefore, join hands with other organisations and individuals in the country, sub-region and the entire continent, today, the AU Day, to campaign against IFFs. We also call on the Government and all its organs to:

1. Address the challenge posed by data scarcity and support tax authorities within the various sub-regions to work towards the creation of a common database, that will eventually lead to the establishment of a continent-wide database on trade in goods and services and shared by all countries in the continent;
2. Give fresh impetus to Ghana's public sector reform programme to focus on institutional collaboration and automatic exchange of information among related entities;
3. Revamp the Customs database to enable meaningful usage by a wide range of users and researchers;
4. Take urgent steps to resuscitate the Multi-Agency Mineral Revenue Task Force and expand its mandate to include the petroleum sector and relevant petroleum sector agencies such as the Petroleum Unit of GRA, and the Petroleum Commission to effectively execute its mandate;
5. Give better effect to the exercise of parliamentary oversight, to curb circumstances that undermine its own processes and to properly scrutinise and vet contracts in the interest of the citizens and stop the bleeding of state;
6. Strengthen the Financial Intelligence Centre and EOCO to conduct or collaborate with other institutions to undertake researches into the IFF phenomenon in Ghana and produce recommendations for appropriate action;
7. Strengthen government's interest in petroleum operations with the addition of Petroleum Commission in the Joint Management Committee (JMC) to reinforce government interest.
8. Design, implement and monitor a real-time customs and trade system in commodities and Benchmark Costing in Petroleum;
9. Shift the taxation of minerals away from a profit-based system towards a production-based tax system, like increasing the royalty rate so as to enable the country earn more revenues from the sector.

### Annex IIIa: PARTICIPANTS LIST

No.	Name	Institution	Email Address	Telephone No.
33.	Mawunyo Yakor-Dagbah	GFD	<a href="mailto:mawunoyakordagbah@gmail.com">mawunoyakordagbah@gmail.com</a>	0246064209
34.	Habiba Mohammed	IFP	<a href="mailto:Habiba.mohammed71@yahoo.com">Habiba.mohammed71@yahoo.com</a>	0242847107
35.	Heartwill Sambah	ISODEC	<a href="mailto:heartwillsambah@yahoo.com">heartwillsambah@yahoo.com</a>	0207793058
36.	Martha O. Baah	ISODEC	<a href="mailto:Martha.baah@gmail.com">Martha.baah@gmail.com</a>	0204640265
37.	Bernard Anaba	ISODEC	<a href="mailto:benabgh@gmail.com">benabgh@gmail.com</a>	0244584565
38.	George Akeliwira	IFP	<a href="mailto:georgeakeliwira@gmail.com">georgeakeliwira@gmail.com</a>	0240248235
39.	Eben Ankrah	SOG	<a href="mailto:Eben.ankrah@yahoo.com">Eben.ankrah@yahoo.com</a>	0201824642
40.	Lord Koranteng Hamah	WCN	<a href="mailto:lordhamah@hotmail.com">lordhamah@hotmail.com</a>	0206036424
41.	Gilbert Osei Owusu	CRIDEC	<a href="mailto:Ashwaysso3@gmail.com">Ashwaysso3@gmail.com</a>	0243144983
42.	Steve Manteaw	ISODEC	<a href="mailto:manteawsteve@yahoo.co.uk">manteawsteve@yahoo.co.uk</a>	0244273006
43.	Gabriel Sosu	CSPOG	<a href="mailto:Gsosu2010@yahoo.com">Gsosu2010@yahoo.com</a>	02081311913
44.	Rikke Sig Hawen	COSPSDG	<a href="mailto:csoplatformsdg@gmail.com">csoplatformsdg@gmail.com</a>	0545705454
45.	Ben Nii Adelo	SYND	<a href="mailto:flyteastface@gmail.com">flyteastface@gmail.com</a>	0260704666
46.	Abdallah Ali – Nakyea	Ali- Nakyea & Associates	<a href="mailto:abdallah@alinakyea.com">abdallah@alinakyea.com</a>	0244235144
47.	Fidelis Issah	GSAM	<a href="mailto:wezenamo@yahoo.com">wezenamo@yahoo.com</a>	0207204419
48.	Priscilla Tigoie	HFFG	<a href="mailto:ptigoie@hffg.org">ptigoie@hffg.org</a>	02457366821
49.	Cecilia Senoo	HFFG	<a href="mailto:Csenoo@hffg.org">Csenoo@hffg.org</a>	-
50.	Pascal Kudiabor	SEND-Ghana	<a href="mailto:paskudiabore@gmail.com">paskudiabore@gmail.com</a>	0244704058
51.	Selasi Amemator	GSAM	<a href="mailto:selasiamemator@gmail.com">selasiamemator@gmail.com</a>	0502262948
52.	Charlotte Kpogli	IFP	<a href="mailto:callorta@yahoo.com">callorta@yahoo.com</a>	0246789188
53.	Frinjuah Manasseh	PWYP	<a href="mailto:jkfrinjuih@yahoo.com">jkfrinjuih@yahoo.com</a>	0244834177

No.	Name	Institution	Email Address	Telephone No.
54.	Raphael Godlove Ahenu	GLOMEF	<a href="mailto:info@glomefghana.org">info@glomefghana.org</a>	0208028666
55.	Awal Almed Kariama	RISE-Ghana	<a href="mailto:Riseghana06@gmail.com">Riseghana06@gmail.com</a>	0266195156 /0248498703
56.	Kennedy A. Achakoma	TUC (GH)	<a href="mailto:apibiik@yahoo.com">apibiik@yahoo.com</a>	0209852360
57.	Vitus A. Azeem	CBA Ghana	<a href="mailto:vituzazeem@yahoo.com">vituzazeem@yahoo.com</a>	0244322512
58.	Kordzo Sedegah	UNDP	<a href="mailto:Kordzo.sedegah@undp.org">Kordzo.sedegah@undp.org</a>	0244271847
59.	Margaret Brew-Ward	ActionAid	<a href="mailto:Margaret.brew.ward@actionaid.org">Margaret.brew.ward@actionaid.org</a>	0208171563
60.	Eric Bright Davis	Mineral commission	<a href="mailto:davisericbright@yahoo.com">davisericbright@yahoo.com</a>	0244259730/ 0201392029
61.	Christopher Dapeah	Resource Link Foundation	<a href="mailto:chrisdapaah@gmail.com">chrisdapaah@gmail.com</a>	0244547417
62.	Louis Acheampong	Social support foundation	<a href="mailto:ssfghana@gmail.com">ssfghana@gmail.com</a>	0244605165
63.	Dorcas A. Lomotey	Tax Justice Coalition	<a href="mailto:nadorcas@yahoo.com">nadorcas@yahoo.com</a>	0244588312
64.	Veronica Bagrviel	Student , UDS	<a href="mailto:Biggybag27@gmail.com">Biggybag27@gmail.com</a>	0502841333
<b>Media</b>				
65.	Inusa Musah	Chronicle	<a href="mailto:inusamusah@gmail.com">inusamusah@gmail.com</a>	0244439595
66.	Ibrahem Obeg Mensah	Radio XYZ	<a href="mailto:obengmensahibrahem@yahoo.com">obengmensahibrahem@yahoo.com</a>	0202016596
67.	Anku Morkporkpor	GNA	<a href="mailto:morkporkpora@gmail.com">morkporkpora@gmail.com</a>	0249582113
68.	Wisdom Jonny - Nuekpe	Goldstreet Business	<a href="mailto:wisdomjonny@yahoo.com">wisdomjonny@yahoo.com</a>	0207269276
69.	Eben Agyekum – Boateng	TV 3	<a href="mailto:pzyppyaw@gmail.com">pzyppyaw@gmail.com</a>	0503896814
70.	Philip Katsuku	TV 3	-	0206560321
71.	Peter Asare	TV 3	-	0246560496
72.	Francis Quasie	Ghana Business News	<a href="mailto:fquasie@gmail.com">fquasie@gmail.com</a>	0277325244
73.	Paul Asante	Onua FM	<a href="mailto:Paulasante106@gmail.com">Paulasante106@gmail.com</a>	0244440046

No.	Name	Institution	Email Address	Telephone No.
74.	Abdul Musoivir Abubakar	TV Africa	<a href="mailto:Musoivir1975@yahoo.com">Musoivir1975@yahoo.com</a>	0275775323
75.	Kwame Ahya	TV Africa	-	-
76.	Alex Aboagye	TV Africa	-	-
77.	Jemome Kutsinu	Ghanaian Times	<a href="mailto:jemomektsinu@gmail.com">jemomektsinu@gmail.com</a>	0242338679
78.	Adefarakan Damildla Emmanuel	Ghanaian Observer	<a href="mailto:Mitto.ad@gmail.com">Mitto.ad@gmail.com</a>	0576199061
79.	Bernard Dadzie	Daily Searchlight	<a href="mailto:Bernardk.dadzie@yahoo.com">Bernardk.dadzie@yahoo.com</a>	0278018412
80.	Adu Karanteng	The New Crusading Guide	<a href="mailto:korantegadu@gmail.com">korantegadu@gmail.com</a>	0208456817
81.	Frederick Asiamah	Business Day	<a href="mailto:profasiamah@yahoo.com">profasiamah@yahoo.com</a>	0243957991
82.	John Elliot Haga	The Finder	<a href="mailto:Paakwesi202@gmail.com">Paakwesi202@gmail.com</a>	0266836399
83.	Grace Asare	3 FM	<a href="mailto:graceasare37@gmail.com">graceasare37@gmail.com</a>	0541273673
84.	Sixtus Dong Illo	Citi FM	<a href="mailto:Sixtus.ullo@gmail.com">Sixtus.ullo@gmail.com</a>	0246742348
85.	Abubakan S. Aganfa	Modern Ghana	<a href="mailto:jarfemma@gmail.com">jarfemma@gmail.com</a>	0247414780
86.	Fred Dzakpata	Starr FM	<a href="mailto:freduakwaku@gmail.com">freduakwaku@gmail.com</a>	2047123705
87.	Bernard Ato Arthur	UTV Ghana	<a href="mailto:benscary@yahoo.com">benscary@yahoo.com</a>	0243851308
88.	Godfred Domekpor	UTV Ghana	-	-
89.	Kojo Frinpong	UTV Ghana	-	-







STOP THE  
BLOOD

CAMPAIN TO END ILL  
FINANCIAL FLOW  
FROM AFRICA