

**Statement by H.E. Ambassador Mustafa Osman Ismail Elamin  
Permanent Representative of Sudan,  
On behalf of the African Group,**

**Agenda item 2 (c) *Plugging Financial Leakages and Mobilizing Domestic and  
International Resources***

**65<sup>th</sup> Session of the Trade and Development Board  
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**Mr. President,  
Excellences,  
Distinguished Colleagues  
Ladies and Gentlemen,**

Permit me to deliver this statement on behalf of the African Group. We thank the Deputy Secretary-General of UNCTAD, **Madame. Durant** for her remarks and commend the Secretariat for choosing this very important topic on the High-Level segment of the 65<sup>th</sup> Session of the Trade and Development Board.

2. To achieve the 2030 Sustainable Development Goals, countries no doubt, have to commit enormous resources. It has been estimated that the world will need trillions of dollars for this purpose. Closing the significant investment gap is particularly in Africa where resource mobilization, both domestic and international is so important.

3. The African Group believes that one of the most important channel for international resource mobilization for most of the developing world is a **development-friendly system of international trade** that provides increased access by developing countries to export markets. An increase in external demands can reinforce a domestic profit and investment nexus. In addition higher export earnings are an important source of additional tax payments and other public revenue.

4. To achieve the SDG 2030 in Africa, a substantial resource transfer from the developing world in the form of Official Development Assistance (ODA), debt relief, Foreign Direct Investment (FDI) are not only necessary but essential.

**Mr. President,**

5. The African Group is deeply concerned about Illicit Financial Flows (IFFs) from the developing countries, especially from Africa. Illicit Financial Flows consist of such nefarious activities like abusive transfer pricing, trade misinvoicing, base erosion and profit shifting, aggressive tax avoidance, tax evasion, illegal export of foreign exchange, tax avoidance, corruption, etc. The African Union High level Panel on Illicit Financial Flows from Africa estimated that over the last 50 years, Africa has lost in excess of \$1 trillion in illicit financial flows (IFFs). This sum is roughly equivalent to all of the Official Development Assistance received by Africa during the same timeframe. The AU High Level Panel also estimated that Africa is losing more than \$50 /80 billion annually in IFFs. This is a very conservative figure. On Trade misinvoicing alone, an UNCTAD publication, (UNCTAD/SUC/2016/2, 2016) estimated that oil trade between Nigeria and the Netherlands **'has generated cumulative trade misinvoicing amounting to US\$44.6 billion over the 1996-2014 period'**.

6. To us in the African Group, financial leakages occurring in any society is a grave phenomenon that deprives that society of the capacity to meet its social and economic responsibilities and targets. Indeed, the inter-linkages between IFFs and underdevelopment in developing countries and especially Africa is quite obvious now. Thus, addressing the twin issues of Illicit Financial Flows (IFFs) and Assets Recovery is crucial to harnessing domestic resources of finance for sustainable development.

7. A major enabler or pull factor for IFFs from Africa is the existence of financial secrecy jurisdictions and/or tax havens. It behooves on the international community to moderate, if not eradicate, the activities of these jurisdictions.

**Mr. President,**

8. Apart from the magnitude of the financial losses, illicit flows has a damaging impact on development. Where the financial resources necessary for basic social services like health care, basic education and provision of infrastructure have been siphoned to offshore secret bank accounts, the result cannot but be epidemics, mass migration, insurgency and political instability.

9. The African Group calls on all like-minded countries to sustain the IFF issue on global agenda through substantially building on the United Nations resolution on **“Promotion of International Cooperation to Curb and Recover Illicit Financial Flows”** adopted at the 72nd Session of the United Nations General Assembly (UNGA).

10. In conclusion, Mr. President, the African Group once again commends UNCTAD for organizing this important Panel discussion on IFF and looks forward to its recommendations and flow up.

**What is legal tax avoidance and illicit flows?**

**How to close the windows by global policies do you think asset recovery UNODC could be one of the solutions?**

11. I thank you, Mr. President.