

GHANA'S PRESENTATION ON MEASUREMENT OF ILLICIT FINANCIAL FLOWS . (PRESENTER:MAXWELL HLORGBEY)



1. Which agencies have expertise and data on IFFs in your country?

Agency	Data	Expertise
Ghana Statistical service	National Accounts Population and housing census Supply And Use Table(SUT) Incomes and prices Merchandised Trade Statistics Inflation	Statistical analysis Macroeconomic modeling skills
Financial intelligence centre	Bank transactions Drug and human trafficking	Investigation skills Business environment Some modest quantitative analysis skills
Bank of Ghana	Balance of payments (BOP) Money supply List banks and other financial institutions Government revenue accounts	Statistical analysis skills Macroeconomic modeling skills Research skills
Ghana Police	Drug and human trafficking	Investigation and prosecution
Economic and organized Crime	Fraud and economic crimes Drug and human trafficking	Investigation skills and prosecution
GRA	Taxable individuals Taxable businesses Tax returns of individuals Tax returns of businesses business turnover, profits number of employees; goods produced; minerals extracted Import and export data List of importers and exporters	Statistical analysis skills Commodity specialists Business environment

2. What national initiatives, inter-agency collaboration, plans and strategies to address IFFs have been developed and adopted? Kindly name a maximum of three initiatives.

- In 2014 a group of Civil Society Organizations (CSO's) led by the Integrated Social Development Centre (ISODEC), with the support of UNDP-Ghana and Trust Africa and Ford Foundation, approached the Government of Ghana with a proposal to conduct research on IFFs in Ghana. This was part of efforts at domestic resource mobilization for national development.
- Government then authorized ISODEC to take the lead role with the ministry of Finance providing non-financial support and using its convening power to convene other MDAs for the exercise. In order to build and sustain political and intellectual interests and momentum for the effort, the Ghana team, led by CSOs, adopted a three-prong approach:
 - 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 and
 - c) identification of 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 modelling for services.
- An inter-ministerial committee was set up, chaired by the Vice President of Ghana, who also chairs the Economic Management Team (EMT). Four technical committees were set up for collaboration and information sharing including one on Fiscal and Consumption which was to cater for IFFs.
- With this new initiative to pilot the measurement of IFFs, this committee's mandate could be expanded to deal with IFF or a sixth committee can be created devoted to data, methods and reporting on IFFs.

3. Based on current understanding, which IFFs are most relevant in your country? Which flows, industries, activities, and commodities are most affected?

➤ The flows most relevant to Ghana are: .

- mis-pricing of Import and export trade,
- Cost escalation in Extractive industry (petroleum and solid mineral) mining
- Foreign direct investment (inward and outward)
- Portfolio investment (assets and liabilities),
- Banking and finance
- Taxing the digital economy (e.g. E-commerce) and
- Estimating the shadow economy (size)

➤ The major industry and activities that are mostly affected are:

- Trade (import and export)
- Extractive industries or mining sector (cost of production, management fees, sales/prices of crude oil/gas and minerals)
- Banking, investment and Finance)

4. What are your expectations for the pilot project? (e.g., to estimate a particular IFF). Kindly name maximum three expectations.

- Our expectation is that at the end of the pilot, we would have gained in-depth knowledge/skills and expertise in the reduction, if not the elimination of IFFs as indicated in the next slide

We therefore expect, at least, three types of training:

- Trade Mispricing using both Partner country method and price filter method. -Analyse imports and exports for 2013 to 2020. Work towards real-time monitoring of imports and exports;
- Base Erosion and Profit-shifting by mapping Ghana's IFF vulnerability, intensity and exposure; - for 2020 year. Work towards geographical risks monitoring of trade, investment and banking
- Cost engineering and cost management of mining/petroleum activities and how to control costs and building benchmark costs. Work towards building practical skills of project management including building on previous training to produce a manual for interrogating mining and petroleum companies claims and carrying out periodic audit of their books and part of cost-control to reduce cost escalation and begin the process of benchmarking costs of production.

Expected Training areas

ISSUE	VARIABLES	DATA	METHOD	OUTPUT
1.Trade mispricing	Export over invoicing Import under invoicing	Trader Partner data- EUROSTAT and US Census Bureau DOTS/COMTRADE data National Transaction data	Partner country method (PCM) Price-Filter (PF)	Real-time monitoring model Recovered revenues Commodities, traders with high levels of suspicious transactions Countries of destination of suspicious transactions
2.Base erosion and profit-shifting	FDI Inward FDI Outward Banking Claims Banking Liabilities Portfolio Assets Portfolio Liabilities	Import and export data Costs of production FDI data Banking data Portfolio assets and liabilities	Trade partner secrecy index Trade partner corporate tax withholding index	Ghana IFF vulnerability, intensity and exposure risks profile and tool for geographical monitoring of IFFs
3.Base Erosion and Profit Shifting	Petroleum and mining Production Cost escalation Management fees Cost of loans, etc	Production inputs Labour costs Crude oil/gas prices Mineral prices	Cost engineering and cost management benchmarking	Cost benchmark Audit manual Cost engineering and cost management manual

END OF PRESENTATION

THANK YOU