



TAX JUSTICE  
NETWORK  
AFRICA

# Anti-IFFs Policy Tracker

## IFF Measurement Task Force Webinar

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**01****What is the Policy Tracker?**

The Policy Tracker is a tool that is used to monitor the implementation of policies to curb tax-related illicit financial flows (IFFs) out of the African continent

## 02

## Framework of the Policy Tracker

The Policy Tracker is anchored in the recommendations to tackle tax based IFFs in Africa issued by existing high-level reports adopted at regional and international levels

The report of the 2015 High-Level Panel on Illicit Financial Flows from Africa report;

the 2020 FACTI Panel report;

the 2020 UNECA Institutional architecture to address illicit financial flows from Africa report;

the UNCTAD's 2020 report on Tackling Illicit Financial Flows for Sustainable Development in Africa and

the African Union Commission Tax Strategy for Africa.

**02****The Anti-IFFs Policy Tracker: A Collaborative Tool**

## 04

# Development of the Policy Tracker

### STEP 1: Establishing Methodology

- Research to establish a founding background for the tracker
- Developed proposed methodology for the tracker  
first validation forum with experts



### STEP 2 : Development of tracker tool

- Used the recommendations and proposed thematic areas into high level measurable indicators.
- Combined overlapping indicators into 4 main cluster areas
- Developed a scoring criterion under each cluster and indicator



### STEP 3: Validation

- Validation with AU member state representatives
- Validation with CSO representatives
- Validation with ATAF JTC



### STEP 4: Piloting

- Undertaking piloting in first group of countries

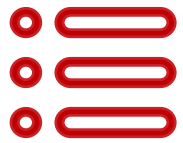
**05****Characteristics of the Policy Tracker****The Tracker:**

- Is limited to tracking tax- related IFFs
- Is underpinned by indicators that are SMART and easily trackable over time
- Will allow for cross-country comparisons
- Tracks year -to- year progress in curbing IFFs at a national level
- Is responding to an existing gap while avoiding duplication and redundancy
- Designed as a public good with an underlying process that creates and affirms legitimacy and ownership of the relevant stakeholders or partners involved, for long-term sustainability

**06**

**The Policy Tracker aims to assess country level efforts through analysing**

**Four cluster areas**



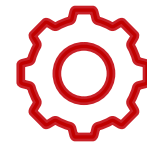
**Legislative and Policy Framework**



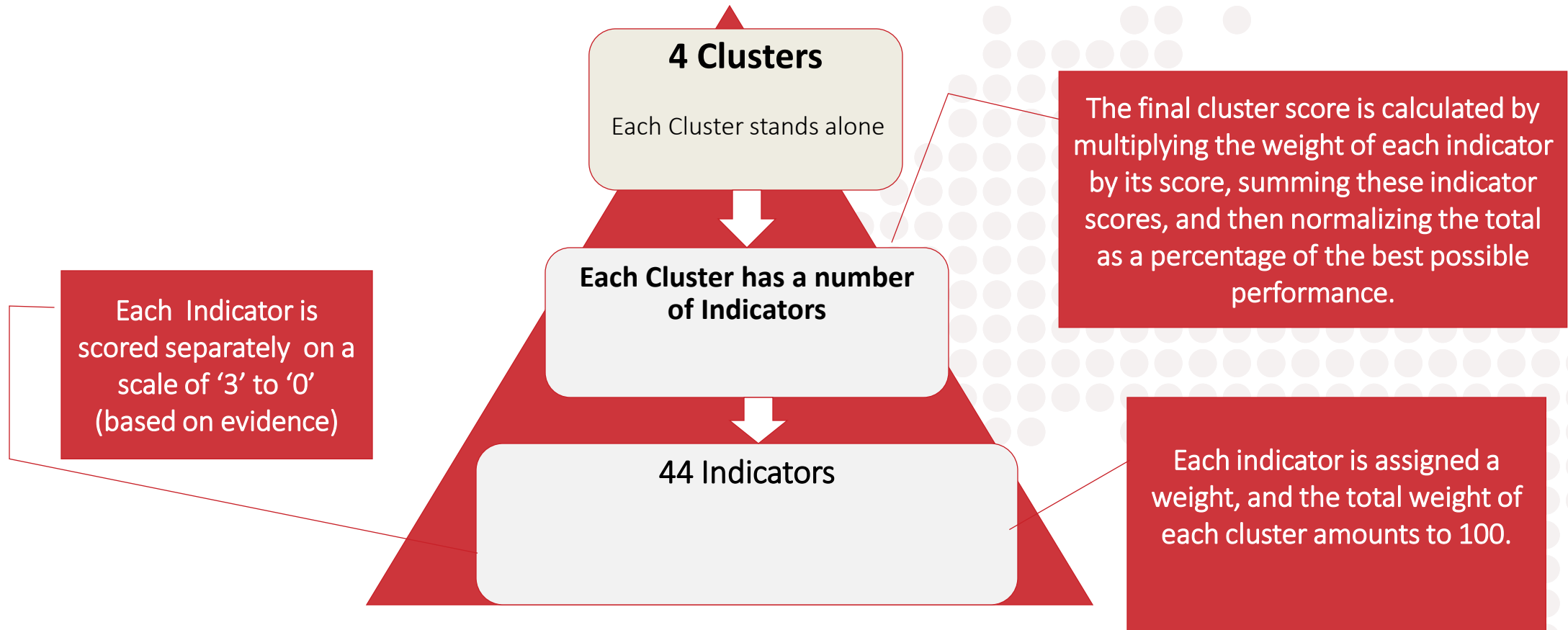
**Institutional Framework**



**Information and Data Framework**



**Inter-agency Cooperation Framework**

**07****Overview of the Policy Tracker**



**08****Assessment Process**

<b>3</b>	Maturity level achieved i.e., the existing tax based anti-IFF policy meets or exceeds all criteria laid out by the recommended indicator to curb IFFs
<b>2</b>	Sound performance achieved, i.e., close to the maturity level
<b>1</b>	Small and insufficient measures in place to curb IFFs
<b>0</b>	Inadequate performance measures in place to curb IFFs, where the minimum criteria set in '1' are not met, or insufficient information to gauge the implementation of the policy to curb IFFs.



**CLUSTER 1**

**Legislative and Policy  
Framework**

## 09

## Legislative and Policy Framework

Cluster	Indicator No	Indicators	Score	Weight	Final Indicator Score	Cluster total risk
POLICY, LEGISLATIVE AND REGULATORY FRAMEWORK	R1-1	Implementation and Compliance with Automatic Exchange of Information and Standards on the Information to be Exchanged and Shared	3	10	30	56.7%
	R1-2	Implementation and Compliance with Laws and Regulations on Beneficial Ownership Transparency (BOT)	2	10	20	
	R1-3	Ratification and Implementation of International Agreements for Tax Cooperation and Exchange of Information	0	10	0	
	R1-4	Implementation and Compliance with Country by Country Reporting (CbCR)	3	10	30	
	R1-5	Implementation and Compliance with Transfer Pricing Regulations	2	10	20	
	R1-6	Implementation of General Anti Abuse Rules (GAAR) and Measures to Prevent Tax Abuse	1	10	10	
	R1-7	Existence and Implementation of Policy, Legislation or Regulation Guiding the Review, Renegotiation and Optimisation of Double Taxation Agreements (DTAs)	0	5	0	
	R1-8	Implementation of Legislation and Regulatory Measures to Combat Trade Misinvoicing and Criminalise Misstating Trade Values	3	10	30	
	R1-9	Existence and Implementation of Legislation and Regulation Addressing Harmful Tax Incentives	2	5	10	
	R1-10	Existence and Implementation of Legislation and Regulations Preventing Banking and/or Financial Secrecy that enable tax-related IFFs	1	5	5	
	R1-11	Existence and Implementation of Legislation and Regulations for the recovery and repatriation of tax-related IFFs	0	5	0	
	R1-12	Existence and Implementation of Legislation and Regulations to address the unique tax challenges posed by the digital economy and e-commerce, particularly in preventing and mitigating tax related IFFs.	3	5	15	
	R1-13	Integration of informal sector into tax system	0	5	0	

## Example of An Indicator under Legislative and Policy Framework

R1-6	Existence and Implementation of Comprehensive <b>Transfer Pricing Regulations</b>	3	The country has fully implemented comprehensive laws and regulations for transfer pricing that aligns with international standards and best practices. The legislation and regulations encompasses mandatory documentation requirements, including the maintenance of contemporaneous transfer pricing documentation that demonstrates compliance with the arm's length principle. The legislation and regulations provide clear guidelines on transfer pricing methods, comparability analysis, and the selection of appropriate transfer pricing methodologies. The enforcement mechanisms are effective, supported by a specialised TP audit team, regular audits, and enforcement actions to monitor compliance. Strong penalties are imposed for non-compliance, acting as a significant deterrent.
		2	The country has in place laws and regulations for transfer pricing, but their implementation is limited or partial. There are certain gaps or deficiencies, such as inadequate documentation requirements that do not fully cover all necessary elements. The guidelines on transfer pricing methods and comparability analysis may lack clarity or comprehensiveness. While some transfer pricing auditors and ad hoc audits are in place, the monitoring and enforcement actions may be inconsistent or insufficient. Penalties for non-compliance may be limited in their severity or application.
		1	The country has in place a legal and regulatory framework for transfer pricing with no documentation requirements.
		0	The country does not have specific legislation or regulations in place for transfer pricing.



**CLUSTER 2**

# **Institutional Framework**

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# Institutional Framework

Cluster	Indicator No	Indicators	Score	Weight	Final Indicator Score	Cluster total risk
INSTITUTIONAL FRAMEWORK	R2-1	The country has an existing institution with the authority / structures / body to implement a national anti-IFF strategy, monitors and evaluates the strategy and improves upon outcomes..	3	10	30	50.0%
	R2-2	The country has established mechanisms, through a dedicated institution, to monitor the implementation of an anti-IFF M&E Strategy that measures and evaluates the effectiveness to address IFFs.	2	10	20	
	R2-3	The country has established mechanisms for cooperation and coordination among relevant government departments, agencies, and stakeholders to ensure the effective implementation of the national anti-IFF strategy.	1	10	10	
	R2-4	Institution/ structure / body responsible for investing in capacity building programs on IFFs to enhance the skills and knowledge of government officials involved in implementing anti-IFF measures.	0	10	0	
	R2-5	Engagement with relevant stakeholders, such as civil society organizations, private sector entities, and international partners, to gather input, exchange best practices, and enhance the implementation of anti-IFF measures.	3	5	15	
	R2-6	The country has the institutional capacity and independence to detect tax-related IFFs	2	10	20	
	R2-7	The country has the institutional capacity and independence to investigate tax-related IFFs	1	10	10	
	R2-8	The country has the institutional capacity and independence to successfully/effectively prosecute and enforce tax-related IFFs	0	10	0	
	R2-9	The country has the capacity and capability to recover (and repatriate) stolen assets/tax-related IFFs after adjudication or determination by a court of competent jurisdiction	3	10	30	
	R2-10	The government has established effective mechanisms for engaging with multinational enterprises (MNEs) in order to combat tax evasion and aggressive tax avoidance.	2	5	10	
	R2-11	The government established effective mechanisms to identify High Net Worth Individuals (HNWIs) in order to combat tax evasion and aggressive tax avoidance.	1	0	5	
	R2-12	The government established effective mechanisms to identify Politically Exposed Persons (PEPs) in order to in order to combat tax evasion and aggressive tax avoidance.	0	5	0	

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## Example of An Indicator under Institutional Framework

R2-6	The country has the institutional capacity and independence to <b>detect</b> tax-related IFFs	3	The country demonstrates a <b>high level of institutional capacity</b> to detect tax-related IFFs. It possesses comprehensive resources, expertise, and well-established structures that facilitate effective detections. The detective institutions operate with complete independence, ensuring an objective and impartial approach in addressing tax-related illicit financial activities.
		2	The country has <b>some institutional capacity</b> to detect tax-related IFFs, but it is insufficient to handle complex cases comprehensively. The independence of detective institutions may be compromised to some extent, potentially hindering objective detections.
		1	The country <b>lacks the institutional capacity and independence</b> necessary to detect tax-related IFFs effectively. There are significant limitations in terms of resources, expertise, and autonomy.
		0	The country <b>lacks the institutional capacity and independence</b> necessary to detect tax-related IFFs effectively. There are significant limitations in terms of resources, expertise, and autonomy.



**CLUSTER 3**

# **Information and Data Framework**



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# Information and Data Framework

Cluster	Indicator No	Indicators	Score	Weight	Final Indicator Score	Cluster total risk
INFORMATION AND DATA FRAMEWORK	R3-1	A mandated institution / structure / body is responsible developing and implementing a structured framework for the collection, validation, integration, and analysis of data pertaining to IFFs.	3	10	30	56.7%
	R3-2	Institutions / structures/ bodies leverage their mandates to identify and access relevant data sources from financial institutions, regulatory bodies and law enforcement agencies to detect, investigate and prosecute illicit financial activities. The relevant unit is using its legislative mandatory power to identify and access relevant data and information from various sources such as financial institutions, regulatory bodies, law enforcement agencies, and revenue authorities related to illicit financial activities.	2	10	20	
	R3-3	The collected data undergoes a validation process to ensure its completeness, accuracy, reliability, and integrity. This involves verifying the authenticity of the data, checking for completeness, and resolving any discrepancies or errors.	0	10	0	
	R3-4	The validated data is integrated into a secure system or database, where it can be stored, updated, organized, and accessed by relevant authorities for further analysis. This step may involve standardizing data formats, mapping data elements, and establishing linkages between different data sets.	3	10	30	
	R3-5	Institution / structure / body is mandated to identify and analyse risk areas in IFFs for policy and investigation purposes	2	10	20	
	R3-6	Utilize internationally recognized unique identification numbers for seamless data exchange and integration across various domestic and international systems and platforms.	1	5	5	
	R3-7	Information sharing platforms are secure and timely to ensure the confidential and protected exchange of information.	0	5	0	
	R3-8	Utilise advanced analytics tools for data processing and analysis of IFFs	3	5	15	
	R3-9	Tax and financial records are collected, validated, integrated, and analyzed	2	10	20	
	R3-10	Financial transaction records are collected, validated, integrated, and analyzed.	1	5	5	
	R3-11	Beneficiary Ownership Information are collected, validated, integrated, and analyzed.	0	10	0	
	R3-12	Cross-Border activities and transactions and value of goods (especially trade and investment) are collected, validated, integrated, and analyzed.	3	5	15	
	R3-13	Customs data are collected, validated, integrated, and analyzed.	2	5	10	

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## Example of an Indicator under Information and Data Framework

R3-12	Beneficiary Ownership Information are collected, validated, integrated, and analysed to gain insights and understand patterns, trends, and anomalies related to financial activities.	3	There is a high level of effectiveness and proficiency in collecting, validating, integrating, and analyzing beneficial ownership information. The evidence demonstrates that these processes are systematically executed, leading to meaningful insights and a comprehensive understanding of patterns, trends, and anomalies related to financial activities. Here, there is a beneficial ownership register in place that is effectively used by all relevant government institutions to curb illicit financial flows - the register can be public or only accessible to all relevant government institutions.
		2	There are identifiable processes or procedures in place for the collection, validation, integration, and analysis of beneficial ownership records. However, the effectiveness and efficiency of these processes may vary, and there is room for improvement in terms of gaining comprehensive insights and understanding patterns, trends, or anomalies. Here effort is made to host a beneficial ownership register but not all relevant institutions can collect, access, validate, integrate and analyse the data to gain insights and understand the patterns, trends or anomalies.
		1	There is limited or partial collection, validation, integration, and analysis of beneficial ownership information. While some efforts might have been made, they are ineffective or insufficient in gaining insights and understanding patterns, trends, or anomalies related to financial activities.
		0	Beneficial ownership records are not collected, validated, and integrated, and analysed to gain insights into financial activities. There is no evidence or indication of any effort made to establish or utilize a beneficial ownership register for understanding patterns, trends, or anomalies.



**CLUSTER 4**

**Inter-agency cooperation**

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## Inter-agency cooperation

Cluster	Indicator No	Indicators	Score	Weight	Final Indicator Score	Cluster total risk
INTER-AGENCY COOPERATION FRAMEWORKS	R4-1	The country has in place comprehensive and effective mechanisms for inter-agency coordination and collaboration for the exchange of information to tackle tax-related IFFs (e.g., UN tax resolutions, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD African Initiative, etc.)	2	15	45	55.0%
	R4-2	The country has in place a comprehensive and effective mechanisms for inter-agency coordination and collaboration for the exchange of information to tackle CUSTOMS-related IFFs (e.g., UN tax resolutions, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD African Initiative, etc.)	3	15	30	
	R4-3	The country has in place mechanisms for multilateral exchange of information between competent authorities (i.e., Multilateral Competent Authority Agreement, UN Resolution)	1	20	20	
	R4-4	The country has in place mechanisms for interagency cooperation to support the administration and implementation of assessment/evaluation of tax incentives (e.g., tax administration, Ministry of finance, and national statistics office could pursue interagency collaboration to allow access to such information)	0	10	0	
	R4-5	The country has in place mechanisms for interagency coordination and cooperation to support the collection and accessibility of money laundering data to tackle tax-related IFFs (e.g. engagement between tax and customs authorities, FIUs, law enforcement authorities, national prosecuting authorities, etc.)	2	10	20	
	R4-6	The country has in place mechanisms for interagency coordination and cooperation to support the collection and accessibility of money laundering data to tackle tax-related IFFs (e.g. engagement between tax and customs authorities, FIUs, law enforcement authorities, national prosecuting authorities, etc.)	1	10	10	
	R4-7	The country has established comprehensive mechanisms for resolving disputes among agencies at both domestic and international levels, enhancing	0	20	60	

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## Example of an Indicator under interagency cooperation

R4-2	The country has in place a comprehensive and effective mechanisms for inter-agency coordination and collaboration for the <b>exchange of information to tackle CUSTOMS-related IFFs</b> (e.g., <i>UN tax resolutions, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD African Initiative, etc.</i> )	3	There is <b>demonstrated evidence of exhaustive</b> inter-agency coordination and collaboration in the <b>TIMELY</b> exchange of detailed information to <b>tackle Customs related IFFs</b> (trade misinvoicing/trade-based money laundering-TBML) underpinned by <b>sufficient and well-resourced human and technical capabilities</b>
		2	There is demonstrated evidence of inter-agency coordination and collaboration in the exchange of information to tackle Customs related IFFs (trade misinvoicing/TBML) and/or there is <b>limited</b> human and technical capabilities
		1	There is evidence of inter-agency coordination and collaboration in the exchange of information to tackle CUSTOMS related IFFs
		0	There is <b>NO evidence</b> of inter-agency coordination and collaboration in the exchange of information to tackle CUSTOMS related IFFs OR has presented no evidence.

**19****High level political commitment**

- 1. Presented the tool to the AU 3rd Subcommittee on Taxation and IFFs**
- 2. Tool adopted at the 7th Ordinary Session of The African Union STC on Finance, Monetary Affairs, Economic Planning And Integration**
- 3. AU STC has mandated the pilot process**

**20****Way Forward**

Country level piloting is ongoing in the target countries



Will publish a synthesis report after the first level of piloting

**22****Namibia experience**

Engaged with the working group on IFFs (BoN, NAMRA, MoF, ministry of mining etc)



Extensive process to find evidence to back the scores assigned



Valuable lessons learnt in how to approach the piloting in subsequent countries



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## Pilot Countries



Gabon



Uganda



Cabo Verde



Cote D'Ivoire



Ghana



Namibia

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