

# DEFINING, ESTIMATING AND DISSEMINATING STATISTICS ON ILLICIT FINANCIAL FLOWS IN AFRICA

**Closing Conference of Pilot Activities for Measuring  
Illicit Financial Flows (IFFs) in Africa**

**15 - 17 June 2022**

**UN Conference Centre Addis Ababa, Ethiopia**



## Meeting Report

## Introduction

Illicit financial flows (IFFs) are a development challenge facing Africa. IFFs deprive countries of the required financial resources to finance sustainable and inclusive development. In addition to the financial implications, IFFs are detrimental to good governance, institutional effectiveness, and the rule of law. The situation is particularly precarious in the extractive industry compromising developmental opportunities of commodity-dependent Africa. Africa is believed to lose substantial resources illicit financial outflows, mainly through trade mis-invoicing as well as by other illegal activities.

The exact level and scale of IFFs is difficult to ascertain owing to the absence of clear data and given that these flows are largely hidden. The ability to identify and monitor IFFs remains a critical gap for countries in Africa, which hinders required efforts to stop these outflows. This calls on countries to generate their nationally owned estimations/ statistics on the extent of these flows to inform the right policy interventions. The importance of measuring and quantifying the total value of IFFs has gained international attention resulting in a priority area for achieving the 2030 Agenda for Sustainable Development, as reflected in target 16.4: *“By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime”*. To measure progress towards achieving this target, Indicator 16.4.1: *“Total value of inward and outward illicit financial flows (in current United States dollars)”* was adopted.

## Background

The Report of the High-Level Panel (HLP) on IFFs from Africa, chaired by former President Thabo Mbeki, endorsed by African Union Commission (AUC) in 2015, contained 21 recommendations; two specific ones were to: i) study potential methodologies for addressing IFFs; and ii) the Economic Commission for Africa (ECA) to produce operational measures against IFFs. In line with these recommendations, the ECA, together with the United Nations Conference on Trade and Development (UNCTAD) and with the cooperation of the United Nations Office on Drugs and Crime (UNODC), inaugurated a new Development Account (DA) project called *“Defining, estimating and disseminating statistics on illicit financial flows in Africa”* in 2018. The project was aimed at consolidating existing and testing new methodological guidelines for the measurement of indicator 16.4.1 as well as to strengthen the statistical capacity of countries by providing technical assistance and guidance to pioneering countries.

The compilation of SDG indicator 16.4.1 is a technical, statistical activity that must be carried out independently in line with the fundamental principles of Official Statistics.<sup>1</sup> National circumstances dictate a comprehensive and tailored approach to produce reliable and granular IFF statistics. Measurement of the types of IFFs in one indicator can only be done in close collaboration with the

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<sup>1</sup> <https://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx>

national statistical system and with administrative data providers, in coordination by the national statistical office. After a call for expression of interest in Africa made in February 2021, 11 countries expressed interest to participate in pilot testing of the measurement of IFFs: Angola, Benin, Burkina Faso, Gabon, Ghana, Mozambique, Namibia, Nigeria, Senegal, South Africa, and Zambia. These countries were taken through regional training workshops carried by UNCTAD, ECA and UNODC in June and December 2021.

In the last half of 2021, several of the 11 countries embarked on national activities to kick-start the process of measuring and estimating IFFs based on their own available country data. This was carried out through a structured inter-agency mechanism, the Technical Working Groups (TWG), which brought together all the relevant government agencies. Given that, IFFs cut across several sectors of the economy, with data mostly scattered, the project guidelines prescribed the establishment of an inter-agency coordination group to establish the foundations for the statistical measurement of IFFs in line with international standards and methods and to conduct pilot testing of methodologies. The TWGs were created in each pioneering country, drawing on nominees from government agencies working in IFFs ecosystem, including Ministries of Finance and Planning, revenue and customs agencies, central banks, financial intelligence units, anti-corruption agencies, economic crimes agencies, among others, led by the National Statistics office. Notably, the TWG also constituted representatives of the UN Resident Coordinators' Offices to benefit from the UN's in-country technical knowledge, experience, and support in this process.

As the project came to a close, several countries finalised the estimation of IFFs, while a few others are in the final stages. It is in this context that the ECA and UNCTAD jointly organised a closing Conference of the project, held at ECA headquarters, in Addis Ababa, Ethiopia, from 15<sup>th</sup> to 17<sup>th</sup> June 2022 in a hybrid format.

### **Meeting Objectives**

The conference was attended by over 60 participants from the 11 pioneering countries listed above and regional and international organizations. Egypt participated to the meeting through the United Nations Integrated SDGs Financing project (INFF) also testing the methods to measure IFFs. The objective of the conference was to provide an opportunity for pioneering countries to share their experiences, lessons, challenges faced in measuring IFFs. The conference was also organized to discuss the way forward as identified in countries' action plans and to consider the further support needed by countries in measuring and reporting on SDG Indicator 16.4.1.

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**DAY 1**

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**Welcome and Opening Remarks**

The meeting kicked off with welcome remarks from **Mr. Gamal Ibrahim**, the Chief of Section, Economic Governance and Public Finance Section, ECA and Session Chair. Mr. Ibrahim welcomed all participants to Addis Ababa and to the ECA and thanked them for taking time to participate in the closing event of a four-year journey towards the measuring of IFFs in Africa. He noted that this conference is a platform for countries to share their experience, lessons, and challenges in this process. It is also an opportunity for the three collaborating institutions (ECA, UNCTAD, UNODC) to provide direction on the next steps, to forge a way forward and to provide perspectives from partners like AUC, African Development Bank (AfDB), the Mbeki Foundation as well as the African Tax Administration Forum (ATAF) and Tax Justice Network Africa (TJNA).

Opening statements were made by Mr. Joseph Atta-Mensah Principal Economic Affairs Officer, ECA (on behalf of Mr. Adam Elhiraika, the Director of the Macroeconomics and Governance Division (MGD), ECA), Ms. Anu Peltola, Acting Director of UNCTAD Statistics Division, Mr. Oliver Chinganya, Director of the African Centre for Statistics, ECA.

In his opening remarks, **Mr. Oliver Chinganya** highlighted that the High-Level Panel on IFFs defined the scope of IFFs by providing a definition to guide measurement efforts in Africa, including initial regional estimations of IFFs at US\$50 billion losses annually. He noted that IFFs estimations are challenged by the lack of data infrastructure, weaknesses in government statistical capacities and opacity of illicit activities. Mr. Chinganya observed that ECA's African Centre for Statistics has been supporting member states to build sustainable statistical capacity in collecting data. Accordingly, the HLP Report influenced the inclusion of indicator 16.4.1 in the SDGs, paving way for member States to regularize data collection and reporting statistics on IFFs. Mr. Chinganya called on national statistical offices to work with all stakeholders, and institutions to collect and generate high quality data needed to estimate and publish statistics on IFFs in the countries and monitor the performance of this indicator over time in order to inform policies to curb resource outflows. He closed by applauding the ECA and UNCTAD for such an important milestone of the pilot project as it offers an excellent platform for benchmarking the progress, achievements and important country experiences and lessons. The outcome from this conference will constitute an important input to the future programming, hence will shape Africa's IFFs Statistical policy landscape beyond the pilot phase.

**Ms. Anu Peltola** thanked pioneering countries for their dedication and hard work. She stressed that IFFs is an area where statistics are painfully needed especially now with the devastating impact of the COVID-19 pandemic and the critical need for maximizing domestic resource mobilization for financing sustainable development. She noted the challenge of measuring IFFs considering that countries do not report official figures on IFFs yet. In Africa, the 12 pioneering countries are the first to have tested

the IFF methodologies to measure tax and commercial practices and applying concepts and methods agreed for the SDG indicator 16.4.1.

Ms. Peltola gave a brief history of the project which started in 2017 when there was no globally agreed definition of IFFs. UNCTAD with UNODC as custodians of SDG indicator 16.4.1 worked together with strong support of ECA and a Task Force on the statistical measurement of IFFs resulting in the development of a Conceptual Framework for the Statistical Measurement of IFFs, endorsed by the UN Statistical Commission in March 2022. The Conceptual Framework articulates the concepts and statistical methods for global use in the reporting on the SDG indicator. She noted that UNCTAD focuses on measuring tax and commercial IFFs while UNODC focuses on IFFs from criminal activities, but there is need to cover both sides finally to capture all IFFs. Ms. Peltola further informed that UNCTAD's good collaboration with ECA which leads work in Africa in coordination with the AUC can ensure that technical support meets the needs of countries. She ended by reiterating UN's readiness to engage with countries in the future and to involve other interested African governments in these efforts and lastly that other countries and regions will learn from the experiences of pioneering countries.

From the ECA's Macro-economics and Governance Division, **Mr. Joseph Atta-Mensah**, spoke on behalf of Mr. Adam Elhiraika, the Division's Director. Mr. Atta-Mensah highlighted the policy interventions needed to curb IFFs including better data and a better understanding of IFFs. Political will firmly embedded in institutional commitment and coordination is also key. Mr. Atta-Mensah noted the role played by the ECA in supporting African countries in addressing IFFs in various capacities which has since evolved to strengthening statistical capacity of countries. He further explained the key issues emerging from the piloting of IFF methodologies, namely the difficulty of measuring IFFs, the variance in data availability, the different types of IFFs across countries, and the need for a strong partnership among all relevant national and international partners. He ended by reassuring countries that ECA will be exploring avenues to provide further support to reinforce their statistical capacity beyond this project and called on partners to work together to achieve this end.

### Session 1: UN Development Account Project on IFFs

Opening remarks were followed by a round of introductions from all participants and a presentation by **Ms. Amandine Rushenguziminega** from UNCTAD on the overview of IFFs DA Project activities. Ms. Rushenguziminega highlighted the project milestones. In February 2021 three major activities took place, mainly a regional workshop to introduce the newly developed UNCTAD-UNODC conceptual framework for the statistical measurement of IFFs, followed by a call for expression of interest and the selection of pioneering countries. In June 2021, a regional pilot kick-off workshop was held specifically to present and discuss the methodologies and guidelines on tax and commercial IFFs and discuss the workplan and tools for the implementation of national pilot activities. The constitution of the TWG, data review and gathering activities took place in the months of August to December 2021.

For most countries, the training sessions on selected methodologies for measuring IFFs took place towards the end of 2021 and the first quarter of 2022. This was followed by the compilation of estimates by the TWGs, as the last major activity. Most countries used method 1 and 2.

## Discussion

In ensuing discussion, questions were raised about why methods 4, 5 and 6 were not applied. Methods tested by countries depended on the data availability review. However, under a separate initiative by the Organization for Economic Co-operation and Development (OECD), South Africa used method 5 on non-compliance on tax disclosure. While method 3 is easier to apply, method 4 is more complex to apply as it requires good quality enterprises data on multinational corporations which are not available for most African countries. Method 6 has not been tested by any of the countries in Africa, again due to data constraints. Moreover, the timing of the pilot exercise was quite constrained that it could not allow testing of all the methods. In a parallel project with UNODC and ECSCAP, attempts have been made to test methods 4 and 6 in Asia, results will be shared when available, presumably at the end of 2022.

## Pioneering Country Presentations: Process, Progress, Results, Lessons

Following opening remarks, subsequent sessions focused on the twelve country presentations on the process, progress results, lessons learned in the measurement of IFFs and the next steps. Countries were particularly requested to address the following issues:

- When did the work start?
- Which agencies were involved?
- What steps, procedures, arrangements were put in place?
- Applying the methods – what worked, what didn't work, related issues?
- Preliminary IFF statistics to share, where possible.
- Feedback on the organization of work.
- Feedback on material (guidelines, tools).
- The major biggest challenges / successes in the process.
- The next steps in each country and the support needed.

## Session 2: Pioneering Country Presentations: – Burkina Faso and Gabon

### Burkina Faso

This session chaired by **Mr. Douglas Kigabo** of ECA, provided country presentations from Burkina Faso and Gabon.

Burkina Faso commenced national activities to measure IFFs in August 2021 explained **Mr. François Ramdé**, from the National Institute of Statistics and Demography (INSD). Over 12 institutions came together to establish the TWG, including INSD, the General Directorate of Taxes, and General Directorate of Customs. In terms of the process, a core sub-group of statistics experts was created which held regular weekly meetings. Burkina Faso applied the Partner Country Method (PCM) to



measure IFFs based on data from customs, the statistics office, and the tax authority. In terms of results, estimations were not completed, however preliminary findings indicate IFFs in the export trade. For instance, in the gold sector, there are illicit transactions between Burkina Faso and Uganda, as well as with Switzerland. Other commodities have also been identified, such as zinc, sesame, beverages, or fuels, but the observed discrepancy is still being clarified by Customs to confirm them being IFFs. In terms of the successes, face-to-face technical workshops eased the work of the TWG while the leading role of the statistics office enabled smooth implementation of the project. Challenges included the failure to have a comprehensive and accurate measurement of IFFs, the lack of political support from the government, inability to access UN Comtrade data and the poor quality of data. Requests for further technical and financial support by custodians and other agencies have been raised.

## Gabon

**Ms. Théodora Aleka-Laban**, from the National Commission for the fight against corruption and Illicit Enrichment (CNLCEI) underlined government efforts to address IFFs in Gabon including establishing specialized anti-corruption courts. Gabon formally expressed interest to pilot IFF methodologies in April 2021. To implement the project the country went ahead to involve several institutions led by the CNLCEI, as the focal point bringing on board other institutions to form the TWG. Gabon applied the PCM and Price Filter Method (PFM). The estimation was based on the period from 2010 to 2021, with major IFFs based on false declarations in international trade operations. The oil, forestry and mining sectors are more prone to IFFs. For the test conducted, the CNLCEI used reliable official data (trade statistics, exchange rates, etc.) and reliable statistical analysis tools as well as realistic assumptions. The major challenge faced was the unreliable and low quality of data mostly relating to the price of mining products. The project was a learning process for the institutions, which took a lot of time to adopt IFF concepts and evaluation methods. Long-term technical support in statistics and national coordination framework are required to carry on with the started work on measuring IFFs.

## Discussion

- The importance of selection of products in Burkina Faso was based on the volume of exports. For example, gold makes 60 per cent of the country's exports.
- In Gabon, discrepancies were obtained by making a comparison in figures and by elimination of other possibilities which explain the gap in exchange rates and transport.
- A question was raised regarding the regulated sectors indicating more IFFs than the informal sector and what was considered IFFs. According to the national consultant, IFFs were identified through cross-border exports.
- Participants asked which of the two methods were easier to apply and what informed the transition from the PCM to the PFM. Concerns were also raised about accessibility to data from some government institutions which were not willing to release the data.
- In Gabon, the approach used was product-by-product given that some of the methods were not feasible and that exporters' declarations varied from the real quantities exported. Irregularities in data could not be corrected by the analysis since the data was collected before the time of the estimations. However, it was explained that by observing the phenomenon over a long period of time, one can find a cyclical trend.
- Regarding Gabon' findings, participants noted that the results seemed to be underestimated

given the poor quality of baseline data. In this regard recommendations were made that estimations should cover longer period of years from 2010-2021 to capture false declarations.

### Session 3: Pioneering Country Presentations: Namibia and Ghana

The session, moderated by **Ms. Susan Karungi** of ECA, consisted of two presentations by Namibia and Ghana on their experiences in using the PCM and PFM.

#### Namibia

Country activities started in November 2021 explained **Ms. Penelao Kapenda**, from the Bank of Namibia and **Mr. Lameck Odada**, the national consultant Statistical estimations and the action plan were completed by May 2022 with a final report expected by June 2022. The Bank of Namibia, as the focal entity, took the lead in the TWG.

Preliminary findings from implementing PCM and PFM methods indicated substantial inward and outward IFFs to and from major trading partners in six selected commodities (diamonds, diesel, petrol, gold, uranium, fish). The country faced several challenges in the estimation process. Data quality was the main challenge with custom declaration and data entry gaps. The lack of market data for some products made it difficult to use the market price method, which was effective for products. In some cases, the presence of outliers complicated the measurement of the moving average and standard deviations. The country also faced classification challenges stemming from a high (aggregated; 4-digit) level of HS classification used, making it difficult to select a single product.

The country recognized the need to create an IFFs Secretariat to continue with the IFFs measurement. The TWG recommended improvement of the data capturing process at customs to overcome the challenges of data verifications and correct declarations at custom and strengthened coordination among relevant stakeholders to prevent under-declarations and duties evasions by entities. The TWG also agreed to explore and implement an automated system to carry out IFFs assessments and cross-check the discrepancy between export proceeds and customs declarations.

#### Ghana

The IFFs estimation work started in June 2021 explained **Mr. Asuo Afram**, from the Ghana Statistical Service (GSS), leading the TWG. The TWG identified the scope of work to collect and consolidate all data required and cleaned the data for IFFs measurements. Training workshops were organized to familiarize the TWG members with the selected methods. Eventually, IFFs for Ghana were estimated for 2012, applying PFM and PCM methods using cocoa and gold as the main export commodities.

The TWG found PFM easy to compile as it does not require trade data from partner countries. The preliminary IFFs statistics in Ghana will be validated and then later shared with UNCTAD and UNECA. The work generated a lot of interest among policymakers and academicians to understand the total amount that Ghana is losing to IFFs. The TWG produced detailed manuals and guidelines for



references and sustainability of the measurement capacity. Data availability remained the main challenge as detailed item-level trade data was found to be difficult to collect. Going forward, the TWG agreed to collect detailed imports and export trade data for Ghana from 2000 to 2021 and compile IFFs time series from 2000 to 2021. Once IFFs estimation is completed, the statistics are planned to be widely disseminated through the GSS website.

## Discussion

- It was stressed that the statistical measurement process should be coordinated by the relevant institutional architecture comprising a broader spectrum of stakeholders to effectively end resource leakages.
- There was in-depth and engaging discussion on the challenges around quality of data, sources, and destinations of IFFs through mirror statistics and the possible way-outs. It was highlighted that improved market prices and quantity data would be key inputs for robust IFFs estimations. It was stressed to continue bilateral and multilateral discussions among the trade partners along and within-country stakeholders to address the issue of data anomalies and discrepancies in custom declarations. Effective implementation of the existing policies coupled with demand-driven strategies to curb IFFs are important.
- The importance of understanding the political economy in each country cannot be ignored when carrying out IFF estimations. Politics and power dynamics have implications for a country's IFFs agenda as they influence data credibility, at times responsible for data manipulation. Countries with politically exposed persons have higher chances of producing manipulated data. It is therefore important to carry out an institutional power mapping from the onset and to get top-most political support to enable access to reliable data.
- The issue of re-exports by partner countries came up in the discussions on Namibia. It was suggested that bilateral discussions should be held between countries to understand the export and import trends.

## Session 4: Pioneering Country Presentations: South Africa and Egypt

This session was moderated by **Ms. Katerina Nicolaou-Manias** from ECA.

### South Africa

With an operational Inter-Agency Working Group (IAWG), South Africa is relatively advanced in terms of the inter-institutional mechanism for addressing IFFs and already with work already underway to produce national IFF estimations, explained **Ms. Sonja Du Toit**, from the Financial Intelligence Center. The approach was to capitalize on existing rather than creating a competing structure. A sub-committee within the IAWG was established to measure IFFs starting with the risk assessment, review and selection of existing methodologies and data availability review. South Africa selected the PCM and PFM methods. Under a separate OECD project, South Africa attempted to apply method 5 on Non-compliant Taxpayers in South Africa. From the PFM, results indicated significant export under invoicing in the minerals sector especially in the precious, semi-precious stones and precious metals, while

import under-invoicing was found in electrical machineries and equipment, and vehicles. Method 5 results showed that between USD 3.5 - 5 billion in IFFs left South Africa every year over the last decade. Tax non-compliance is shown to have a long history among the top income receivers in South Africa.

In terms of what worked well in South Africa, there was political will to address IFFs including also supporting work on estimations. Very close cooperation between countries is needed to provide timely partner data.

## Egypt

Egypt took a holistic approach in measuring IFFs in the context of assessing progress on all SDGs explained **Ms. Lauraine Habib** from the Ministry of Planning and Economic Development and **Mr. Mohamed Salah Saad** of the Egyptian Customs Authority. Curbing IFFs falls under the pillar on financing SDGs. The country applied PCM and PFM methods. Export commodities analyzed were selected based on set criteria such as customs tax rate, share of total customs taxes, share of total imports, and exports. PFM was applied to one commodity with data obtained from customs transactions. Over- or underpricing was found in some of the transactions, although the total values were not high. As a new reporting mechanism, a monthly report on illicit flows will be submitted to the head of the Egyptian Customs Authority. Further analysis of results will follow including meetings with the UNCTAD experts for further guidance. In parallel, Egypt is working on measuring IFFs from crime-related activities together with UNODC, focusing on drugs trafficking. The estimations will be finalized in the coming months and subsequently validated by the TWG.

## Discussion

- Among the questions, participants asked why South Africa did not use method 3, since they had access to OECD data on Multinational Enterprises (MNEs). It was noted that work on method 3 has started and is led by the South Africa's Tax Authority although access to data is still a challenge. A follow-up meeting will be held between UNCTAD and South Africa's Revenue Authority.
- Egypt expressed interest to explore the application of method 3 on profit shifting by MNEs and planned to carry out further analyses on this. But under method 1, Egypt compared the trade data of its partner countries— where the discrepancies were very high (at 15 % +), this signalled risks and a high probability of IFFs. Where discrepancies were low this indicated low probability of IFFs. Findings on method 1 showed a big discrepancy in the reported figures on the side of Egypt and the partner countries and further analysis is ongoing. Method 2 also requires collaboration among partner countries in sharing information.
- Based on Egypt's approach, it was recommended that IFFs should not be looked at in a vacuum. There is a need to find innovative ways of addressing IFFs. ECA needs to leverage on UN-in country agencies to align IFF projects with country programs including also with the ongoing Integrated National Financing Frameworks (INFF) initiative.
- It was clarified that the PCM and PFM are complementary and should be applied together. PCM will show where the risks lie in terms of exports or imports while PFM can help in identifying perpetrating firms.
- Given that perpetrators of illicit activities are highly organised networks, government institutions must also get organised by working together through sharing data and

intelligence. Countries were therefore advised to institutionalise or formalise mechanisms for collaboration at intra and extra country levels, including the TWGs.

- Regarding data, countries need to put more efforts towards improving national statistics, starting with basic statistics and trade statistics to provide reliable and high-quality data to inform the right policy responses.
- In terms of methodological steps or approach, suggestions were made on how to analyse data, beginning from the broader and narrowing down to specifics of products, prices. There are similarities and differences in methodological approach, Zambia started with products moving to the broader. In selection of commodities, it was advised that to achieve better results, there is need to account for at least 75% of trade, while also prioritising the extractive sectors due to their notoriety for illicit activities.
- Regarding questions about the failure to apply other methodologies (except methods 1, 2 and 3), it was noted that the project timeline could not allow the testing of methods 4, 5 and 6. Additionally, these methods have limitations relating to data and specific statistical intricacies that require more time and training. Countries were therefore applauded for the efforts made in the methods so far tested.
- An all-inclusive approach was recommended to involve all relevant institutions in the IFFs ecosystem in the estimation process.
- Country presenters invited partner countries for further bilateral engagements to enable better understanding of export/ import trade discrepancies with the aim of harmonising their national data capturing systems in the long term. Namibia invited South Africa for bilateral discussions on some of the gold discrepancies.

## DAY 2

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### Session 5: Pioneering Country Presentations: Benin and Senegal

The second day of the workshop started with country presentations from Benin and Senegal. This session was moderated by **Ms. Amandine Rushenguziminega** from UNCTAD.

#### Senegal

The presentation was made by **Mr. Malik Diop**, the focal point from the National Agency on Statistics and Demography (ANSD), supported by **Mr. Amaye Sy**, the national consultant. The process in Senegal was quite fast, with the formation of TWG effectively under the active leadership of ANSD explained Mr. Malik Diop. The country applied methods 1, 2 and 3. While findings suggest the presence of IFFs, the country did not agree to publicly share the estimates. Results have been validated by the TWG and a first report was shared with UNCTAD in April.

Reported successes from Senegal included institutional ownership of the results, and good inter-agency collaboration throughout the pilot phase. However, a few challenges were faced, including data dissemination challenges, the need to cover other types of IFFs in the estimation, and capacity gaps that need to be bridged. The TWG recommended to broadening the scope of IFFs to be estimated and continuing this work in Senegal, to improve data access /dissemination for better public awareness of the developmental impacts of IFFs and policy reforms and finally put in place a permanent institutional framework for sustaining the work on IFFs.

## Benin

The process in Benin started in July 2021 and was inclusive, with a TWG constituted of several relevant institutions, explained **Mr. Thalès Kiki**, the focal point from the National Institute on Statistics and Demography (Instead), and **Mr. Symphorien Agbessadji**, the national consultant. Estimations were carried out using methods 1 and 2, but due to data availability challenges, all the estimations were made using external data. With method 1, the TWG experienced challenges accessing data on partner countries, while on method 2, lack of data on contract prices was a major setback. As a result of these difficulties, the TWG plans to further analyze preliminary estimates and improve where possible before dissemination. In Benin, the IFFs high risk products are mainly cotton and cocoa on export side. On import side, petroleum transactions between Benin and Nigeria are a major source of IFFs.

As next steps, Benin will analyze the results and present findings to the TWG and develop an action plan for future IFF measurements mainly to enhance stakeholder buy-in, improve data collection, and coordinate efforts to report on SDG indicator 16.4.1. This will require, if possible, establishing an IFF regional platform to exchange information on cross-border IFF transactions.

## Discussion

- In Senegal the mining sector is mostly exposed to IFFs however the TWG faced challenges in obtaining prices of minerals. It was advised that Senegal can borrow from the approach taken by Namibia which verified product prices from the national minerals' regulator and global extractives organizations (Kimberly Metal prices, London Metal Prices). Sector regulators can be helpful in verifying and adjusting market prices. There were concerns about the reliability of data from UN Comtrade given the disparities among countries in reporting their data. It was added that self-reporting among countries may at times affect data quality arising from poor entries or miscalculation. Although Senegal did not share the results, participants noted that it is important for countries to share their estimations to promote transparency and accountability given the milestone achieved in measuring IFFs. Senegal was requested to provide feedback to ECA and UNCTAD on results.
- Participants generally expressed the need for financial and technical support in developing monitoring tools on trade flows – which can be automated customs administration systems.

## Session 6: Pioneering country presentations: Nigeria and Zambia

The session focused on Nigeria and Zambia's experience and was chaired by **Mr. Bojan Nastav** from UNCTAD.

### Nigeria

The project effectively started with the inauguration of the TWG on 3 November 2021 stated **Mr. Babajide Fowowe**, the national consultant. Members of the TWG were drawn from 10 agencies. Nigeria applied method 3 on global distribution of Multinational Enterprises (MNE) profits and corporate taxes. This econometric method relies on the statistical significance of regression coefficients. Method 3 was divided into two parts: method 3a relates to IFFs geographic risk approach, which identifies the highest risk/vulnerability of IFFs, considering the different partner countries. Method 3b relates to sensitivity of reported profits - it estimates profit functions to show the

sensitivity and scale of IFFs.

Under method 3a, the TWG established the data needed based on transfer pricing disclosure forms. This data was anonymised to address concerns about sensitive information on MNEs. Data covered about 160 MNEs capturing 380 transactions over the period 2018 to 2020. The results showed that profits are remitted to different countries mostly in tax havens. Some MNEs exclusively make transfers to affiliates in countries that fall in the vulnerability category, implying that such MNEs only make transfers to affiliates in tax havens. The petroleum sector is mostly affected by IFFs.

For method 3b, the actual results of regressions of the tax on costs of reported profits are negative and insignificant which did not enable the TWG to proceed to the quantifying IFFs. Although the TWG stopped at the first step for method 3, such findings would be useful for tax authorities in conducting tax audits of MNEs. The transfers from these MNEs in Nigeria were over 3% of the GDP of some countries. This provides important information on addressing financial outflows to tax havens through aggressive tax planning.

Lessons learned from Nigeria underscore the need for extensive data requirements and training in statistical computation skills. More support is required to generate actual IFF estimates. As next steps, Nigeria plans to use the PCM and PFM to obtain estimates of IFF and hold regular meetings/retreats of the TWG to gain expertise on methods.

## Zambia

**Mr. Joseph Tembo**, focal point from the Zambia Statistics Agency, and **Mr. Shebo Nalishebo**, the national consultant, jointly delivered the presentation. Zambia was a late entrant to the IFFs measurement project starting in January 2022 with the formation of the national TWG. The TWG selected methods 1 and 3. For method 1, the TWG relied on trade data (merchandise imports & exports) for the period 2012-2021. 22 countries were identified as major partners over the period under review and singled out countries with significant mirror discrepancies for both inbound and outbound trade. Using the Bilateral Trade Discrepancy Index, countries were grouped into 3 tiers:

- Tier 1: countries with discrepancies  $> 1$  (7 countries – prioritized)
- Tier 2: countries with discrepancies  $> 0.2$  &  $\leq 1$  (14 countries)
- Tier 3: countries with discrepancies  $< 0.2$  (1 country – no further action)

Further investigations concentrated on Tier 1 countries. The outbound flows had huge discrepancies compared to inbound flows, hence the focus was on outbound flows. The TWG also analysed the source of discrepancies by comparing data at HS chapter (2-digit) level for each country and selected the top 5 products with discrepancies. From results, countries with major discrepancies for method 1 were identified, and preliminary estimates of possible IFFs done, but further analysis and investigations are on-going.

Lessons learned from Zambia similarly pointed to the need for institutionalizing the work on IFFs. Measuring IFFs was not part of the institutional workplans which created competing demands on the TWG members in addition to the constrained budget and limited time. In terms of next steps, the government plans to identify the discrepancies at HS 6-digit level (method 1) and select some of the

MNEs for further analysis and tax auditing. Other plans include profiling of MNEs for method 3, collection of data from other jurisdictions, and conduct regression analyses. Once preliminary measurement for both methods are completed, they will be shared with larger TWG for review and validation.

### Discussion

- The discussion session was very engaging mostly on data sources used for methods 1 and method 3 by the two countries, the methodologies selected, and how the countries came up with the estimated amount of IFFs. It was noted that data availability and sources of data are key to the process, but in general countries encountered different challenges. Nigeria's TWG could not access the domestic customs data.
- Nigeria explained that the final estimates of IFFs could not be obtained since the actual production of numbers depended on the data used and the outcome of the statistical equation. Where the coefficient is not significant, it is difficult to produce the estimated amount of IFFs. Nigeria showed optimism to generate the final IFFs results after obtaining more data. It was also stressed that governments have to demonstrate interest and commitment to curbing IFFs through supporting statistical work.

### Session 7: Pioneering country presentations: Angola and Mozambique

The session was chaired by **Mr. Douglas Kigabo** from ECA.

#### Angola

The country started very late on project activities due to language barrier explained **Mr. Adão Francisco**, the national consultant. In Angola the work started with mobilizing high level government officials at ministerial level to enable political buy-in/ ownership and to facilitate participation of agencies in the training. Coordination of country activities was significantly supported by the UN-in country teams including the Office of the Resident Coordinator, the United Nations Development Programme (UNDP) and UNODC country offices. The training covered the PCM and PFM. Under PCM method, UN Comtrade data source was used although Angola did not have recent reporting on trade data (since 2017). The process is underway to obtain customs data and form a technical working group to carry out the estimations which will be presented to the relevant stakeholders for validation and shared for guidance with UNECA and UNCTAD accordingly.

A supplementary presentation on Angola was made by **Ms. Jacira Van Dunem** from the Financial Information Unit who acknowledged that IFFs impact Angola through loss of finances for social economic development. She noted the lack of awareness on IFFs issues and called for more interventions to sensitize the government. She also raised the need to designate an IFFs coordination institution which would bring together all other agencies. At programme level, Ms. Jacira highlighted the need for improved country risk assessments in money laundering as well as the need for accessible high-quality data.

#### Mozambique

Mozambique started in October 2021, related **Ms. Ana Paula Dava** from the National Institute of



Statistics. The country applied the PCM using bilateral trade data from the UN Comtrade database, however no adjustments were made for time difference, special classifications related to miscellaneous category (defense), data coverage, legal informal trade and registration errors, misclassification, among others. According to the results, under-invoicing of imports and exports constitutes a greater risk for Mozambique. Ms. Dava elaborated on the challenges faced by the TWG, including data were not available while data quality gaps exist at transactional level, lack of technical capacity (expertise, knowledge, and skills) within the TWG in terms of statistical skills and software in testing of methods. Buy-in of the government to deal with the IFFs estimated results remain a challenge. There is need to build capacity of data providers to improve the quality of statistical information in the country.

### Discussion

- The discussion mostly related to the sources of data used (for Angola), the importance of inter-agency collaboration as well as commitment and support by the government. Notably it was added that central banks should play an important role in ensuring the credibility and reliability of data.
- Angola used UN Comtrade data for the training on method 1. There are two ways of applying method 1 - using national customs data which have to be aggregated to match UN Comtrade data or by directly using UN Comtrade data avoiding issues around exchange rate conversion, FIB issues, CIF adjustment.
- Other comments related to whether governments are committed to ensure proper validation of the results generated without alterations. Concerns about funding post-project activities were addressed in following session.

### Session 8: UN Development Account project on IFFs in Africa (lessons learned, next steps). Interventions from ECA, UNCTAD and UN Resident Coordinators Offices.

The session chaired by **Mr. Allan Mukungu**, was giving the opportunity to **Mr. Gamal Ibrahim** and **Mr. Bojan Nastav** to provide ECA and UNCTAD's perspectives on key take aways, lessons learned and next steps for the DA projects. The session also provided interventions from representatives from the UN-Resident Coordinators' Office from Namibia and Nigeria who attended at the conference.

Mr. Allan Mukungu continued with a summary of key issues raised during the country presentations. Bojan Nastav from UNCTAD reflected on the technical issues regarding the methodological application and data. Mr. Gamal Ibrahim provided a summary of policy issues emerging from the discussions focusing on the policy and governance aspects as well as the way forward on requests for support by countries for continuation on IFFs estimations.

Representatives from the UN RCO explained the support their office can give on estimating IFFs going forward. RCO Offices together with in-country teams played a very supportive role throughout the process of conducting IFFs estimations in some of the pioneering countries. For instance, **Mr. Nonso Obikili**, the Economist and Development Coordinator Officer from the RCO in Nigeria was an active member of Nigeria's TWG who also facilitated training sessions in addition to hosting all in-country trainings of the TWG. Mr. Obikili acknowledged the importance of measuring IFFs and explained that there is room for further capacity building especially in strengthening statistical skills of government

officials. He highlighted four main points regarding the role of RCOs.

- i. **Synergies:** RCOs can harness synergies at country level. Agencies have different mandates and roles in line with preventing IFFs, which can be better harnessed through leveraging on the coordination role of the RCO. Already similar national anti-IFFs efforts are ongoing which need to be synergized with UN efforts to avoid duplication. (Nigeria data strategy is under development).
- ii. **Platform:** RCOs can provide a platform for joint interactions between the UN and national institutions. This would be an avenue for identifying gaps and channeling technical support where it is most needed.
- iii. **Advocacy role:** IFFs are a political issue requiring political buy-in at all levels. Given their in-country presence, RCOs are in position to facilitate high level engagements aimed at building buy-in.
- iv. Policy to reduce IFFs is always a **country-specific** process.

**Ms. Eunice Ajambo**, the Economist and Development Coordinator Officer from the RCO in Namibia stressed that UN efforts should aim at supporting and aligning with governments' development objectives as the overarching goal. To achieve this, she recommended the need for the ECA to collaborate with in-country UN implementing agencies on common activities. On the role of RCO, she discussed key areas where the RCO can play a role.

- i. **Convening role:** in bringing all relevant institutions or stakeholders on board. For instance, the RCO supported and facilitated the training workshops.
- ii. **Collaboration:** RCOs have the mandate to harness strategic collaborations aimed at supporting in country objectives. This can be through integrating the work on IFFs estimations within the RCO Development Cooperation Frameworks.
- iii. **Co-creation:** RCOs are well positioned to channel technical assistance, skills, competence, expertise, and know-how towards particular projects.
- iv. **Communication systems/channels:** within the UN country teams, communication can be leveraged for advocacy to distill and disseminate information on IFFs.

### Review of pioneering countries' feedback

#### I. Methodologies, concepts, and measurement

- Guidelines, methods, and concepts were clear, helpful and contributed to awareness raising and stakeholder engagement. But the Guidelines should be more practical, user-friendly and in an abridged volumes format.
- Methods, where possible should be automated, capacitating customs and statistical officials to use the information from an intelligence perspective to curb IFFs at a tactical and operational level.
- All countries used Method 1 (PCM); seven countries applied Method 2 (PFM); three of them have attempted to use Method 3 (Profit-shifting) (challenging in accessing data); and one country attempted to use Method 4 on MNEs but found the method not to be relevant for that country.
- Methods 1 and 2 should be used as complementary methods
- Training and pilot process were very helpful in contributing to stakeholder engagement, creation of governance structures to measure (and curb) IFFs.

## II. Data

- Access to UN Comtrade data is a challenge for several countries, as well as access to customs data, depending on the structures in place in countries.
- Data and granular data for methods 2, 3, 5 and 6 are not available to officials measuring IFFs in many countries.
- Data confidentiality is also a challenge affecting the measurement work. Sub-committees should be established to work on the specific measurement methods, based on where the data resides, this could address confidentiality issue.
- There are no guidelines on data cleaning. Furthermore, it was highlighted that data cleaning and analysis is linked to data quality and is an iterative process and not linear.
- It is important for countries to produce comprehensive data. Countries need to put more efforts towards improving their national statistics generally, in particular trade and customs statistics.

## III. Lessons learned

- The piloting timelines were very limited, coupled with competing demands which impacted on the production, approval/ validation, and publication of the results. Nevertheless, the outcome from countries estimations is a milestone and an initial important step towards further efforts to validate, refine and publish results.
- Transparency being a key to addressing IFFs, it is important that the results are shared, at least within this forum or this Community of Practice so that countries can learn from each other and identify IFF threats and risks *between* the pioneering countries.
- A community of practice on IFFs was recommended among pioneering countries as a platform for countries to be able to learn from each other, share information and best practices on curtailing IFFs regarding specific sectors and countries, or on data issues and the various methods, etc.
- Countries are required to iterate and make small refinements to the measurement of IFFs (within the guidelines), creating learning Communities of Practice that contribute to the adaption of the methodological guidelines.
- Sharing of information between authorities within countries (inter-country) is critical and was flagged as an important lesson. Equally, sharing information among countries (extra-country) is critical to understand the risks, trade data disparities which are important to inform institutional interventions for curbing IFFs.

## IV. Next steps

- The measurement work needs to be formalized and endorsed at the political level, with officials making this part of their day-to-day activities.
- Incorporation into the daily activities renders this work sustainable.
- Resources need to be allocated to ensure that these TWGs, on the measurement, are made permanent.
- There is a need for continued capacity building and support through the technical expertise from the UNECA, UNCTAD and UNODC (and their experts).
- Several countries requested for technical and financial support for dissemination of results, securing sensitive data, sensitization and awareness raising at high level government forums,

and acquisition of relevant statistical software. There was request for support to undertake in-depth analysis of IFFs, sharing and validation of the results with stakeholders and wider dissemination.

- Additionally, countries also need technical support in terms of training for the responsible authorities to strengthen their capacities, in order to measure and monitor IFFs, and training panel of national experts on the different methods of assessing IFFs to ensure the production of annual monitoring reports for SDG indicators 16.4.
- Financial support to acquire computerized software equipment which will improve the performance of data systems and continued capacity building for long-term assistance in statistical training of national experts has also been requested.
- Measurement of IFFs is the first step in identifying threats and risks from IFFs. The next step is to conduct a country risk profile on the IFFs.
- This will inform the policy processes to curb IFFs, which is the next stage of the process and is part of the global programme to curb IFFs through DA15 and partnering with AUC, the HLP on IFFs, AfDB, ATAF, and TJNA.
- Finally, countries were advised to submit official letters to the Heads of ECA and UNCTAD requesting for further support to continue the work on measuring IFFs.

### DAY 3

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#### Session 9: Illicit Financial Flows in Africa – Common Grounds, Experience, Challenges, Plans

The session constituted a panel featuring perspectives from the AUC, the HLP on IFFs, AfDB, ATAF, and TJNA.

The session, moderated by **Ms. Kathy Nicolaou-Manias**, ECA, consisted of six panellists who were each invited to address specific questions: **Mr. Patrick Ndzana**, representing the Director of Economic Affairs, AUC; **Mr. Adam Elhiraika**, Director of Macroeconomic and Governance Division, ECA; **Advocate Mojanku Gumbi**, Member of Technical Committee Supporting the AU High Level Panel on IFFs; **Ms. Evelynne Change**, Chief Governance Officer, AfDB; **Ms. Mary Baine**, Deputy Executive Secretary, ATAF; and **Ms. Chenai Mukumba**, Policy Research and Advocacy Manager, TJNA.

***Within this context, could you share with us, how the work of the AUC enhances efforts of the pilot work on measurement of IFFs in the twelve member States to curb the IFFs from Africa?***

In response, Mr. Patrick Ndzana, discussed the need to ensure that efforts made by member states are well coordinated and used accordingly in fighting IFFs. He mentioned that several global crises such as COVID-19 and the Russia-Ukraine war, have affected many African countries' public and private savings and caused a rethinking around domestic resources mobilization and the need to combating IFFs. African countries have high level of debts, making it crucial to mobilize domestic resources. There are three major challenges faced: first, the structural bottlenecks, low productivity and institutional gaps, and inappropriate tax exemptions. The tax structure is an imbalance since countries are overly dependent on tax revenue. Second, the collaboration between ECA and other institutions needs to be strengthened to avoid duplication of efforts and for better impact. Lastly, Mr.

Ndzana called for more efforts to recover the stolen assets. He highlighted a new AUC strategy aimed at reforming the international taxation system. Moreover, AUC will support initiatives including the pilot testing of IFF methodologies for implementation of SDGs.

***Given that pilot exercise in the eleven African countries has come to an end, what lies ahead in ECA's toolkit to support African Member States in curbing IFFs from the continent?***

Mr. Adam Elhiraika focused on the next steps, explaining efforts made a decade ago are just beginning to bear fruit with more institutions now on board. The feedback from the pioneering countries will be used to refine the methodology for global use. The importance of inter-agency collaboration was well demonstrated and needs to continue in a formalized structure at national level. Mr. Elhiraika emphasized the importance of strengthening institutional capacities since countries with effective statistics offices seemed to perform better, hence capacity in statistics remain critical. ECA will follow up on outcomes of this project through a new UN development account project (DA15) to further support countries developing evidence-based policy responses. He noted the need to move towards policy efforts to combat IFFs in the context of mobilizing adequate resources and achieving agenda 2030 and 2063.

***How does the Consortium consider the work on measurement of IFFs? What plans does the Consortium have to tackle the curbing of IFFs from the continent – given the whole-government and whole-system approach that ECA has been emphasizing in its various knowledge products?***

Advocate Mojanku Gumbi presented recommendations to pioneering countries. She emphasized importance of a collaborative approach to addressing IFFs. The AU High-Level Panel (AU-HLP) is in the process of assisting member states in implementing national reforms. She mentioned the need to strengthen the capacity of the countries to retain and deter resource leakages. The AU-HLP received positive responses from countries, which the Consortium is currently supporting in their national reforms to curb IFFs. AU-HLP commended the work on IFFs measurement and noted the need to ensure that institutional capacities are built and strengthened.

***The African Development Bank has recently issued its strategy to strengthen governance on the continent, and to support African member States to mobilize domestic resources to supplement external financing, finance activities to achieve sustainable development on the continent as well as Agenda 2063. How is the Bank planning to support member States to tackle IFFs and enhance the likelihood of achieving these objectives?***

Ms. Evelynne Change highlighted the Bank's strategy and action plan against IFFs. Two pillars in this strategy relate to efforts to curb IFFs: pillar one, strengthening capacity of regional member countries and regional economic communities to fight IFFs; and pillar two, strengthening internal IFFs safeguards and knowledge management. She noted that combatting IFFs was effectively mainstreamed into governance operations from 2017-2021. AfDB has implemented several programs on IFFs in many countries. Some of them include: developing frameworks against money laundering, and terrorism financing in Liberia; revision of the legal, regulatory and institutional framework on tax exemptions in Central African Republic; development of new software applications for taxation purpose and establishment of regulatory frameworks on beneficiary ownership registration in

Senegal; establishment of transfer pricing units and training for civil servants on information exchange for taxation purposes and tax audit in Cameroon; and supporting research on the impact of IFFs in Zimbabwe, among others. AfDB provides technical and financial support to regional organizations including ATAF to improve effectiveness in tax administration and tax collection.

Ms. Change mentioned the challenges of implementing the Bank's anti-IFFs strategy. IFFs are not yet a priority area in regular programming and resource allocation, the lack of resources to adequately fund such projects is still a challenge. On lessons learnt, she mentioned that there is a need to enhance mainstreaming of IFFs work for increased programming and resource allocation. Additionally, varying sources and drivers of IFFs need different approaches. Results frameworks and indicators should be strengthened for short- and long-term impact measurement. There is also need for more advocacy among countries and development partners to increase awareness.

***The pilot studies have focused on tax and commercial IFFs. Given ATAF's mandate to promote efficient tax administrations that maximizes revenue collection, what is ATAF planning to do to curb tax related IFFs?***

Ms. Mary Baine discussed ATAF contributions to regional and national efforts of curb IFFs. ATAF mainly deals with the tax and commercial types of IFFs under six priority areas supported from AfDB, Gesellschaft für Internationale Zusammenarbeit (GIZ) and under the leadership of AU. The key areas include transfer pricing, direct audit support for countries on VAT, tax transparency and global tax reform and treaty review, investment on data and statistics, and advocacy. ATAF has worked with 24 African countries on these priority areas and plans to scale up coverage to four more countries each year. Ms. Baine noted the importance of partnerships and collaboration in effectively addressing IFFs. ATAF has developed different toolkits to support countries deal with tax planning issues to collect the "low hanging fruit" of the tax revenues. ATAF is also working on capacity building and training of government officials.

***TJNA is a dedicated convener of the Pan-African Conference on IFFs and Taxation as well as a champion of the "Stop the Bleeding" campaign. Given the willingness of Member States to participate in the pilot study, what does Tax Justice Network Africa plan to do to support countries in curbing IFFs from the continent?***

Ms. Chenai Mukumba highlighted TJNA's work related to countering IFFs. TJNA is a leading regional organization dedicated to tax justice in Africa. TJNA works with other civil society organizations (CSOs) for greater outreach in countries and engages with regional organizations in evidence-based policy discussions and research, capacity building efforts to countries, mobilization of societies and awareness raising. Ms. Chenai highlighted TJNA's approaches of effective advocacy. The statistics on IFFs should be able to communicate the actual losses incurred from the economic or social perspective. The 50 USD billion in annual loss for Africa due to IFFs, is better communicated in terms of lost healthcare facilities, schools, or roads in order to stimulate government's action. National CSOs play an important role by engaging with key stakeholders mainly policy makers including legislative bodies. TJNA is therefore positioned as a strong regional partner to distill and disseminate knowledge produced through its various platforms in the region. She noted the commitment of TJNA to work with ECA and UNCTAD to strengthen the efforts on IFFs measurement.



## Session 10: Closing panel: Next Steps on Measurement and Policy Actions on IFFs

The last session was chaired by **Mr. Patrick Ndzana**, on behalf of Mr. Djamel Ghrib, Director of Economic Affairs, AUC. The purpose of the session was to provide the institutional direction on the next steps from the AUC, ECA, UNCTAD and UNODC. The session mainly underscored opportunities for inter-organizational collaboration. Panelists included Ms. **Ndinaye Sekwi Charumbira**, AUC, **Mr. Gamal Ibrahim**, ECA, **Mr. Bojan Nastav**, UNCTAD, **Ms. Diana Camerini**, UNODC, and **Mr. Djamel Ghrib**.

### **Ms. Ndinaye Sekwi Charumbira, on the AUC plans and support to tackle IFFs in Africa**

Ms. Charumbira highlighted upcoming activities which fall under the pillar on raising awareness on IFFs in Africa. AUC's work on IFFs is currently supported through a multi-donor strategy involving the European Union, the Government of German and Finland and implemented by GIZ. AUC plans to hold several activities in the second half of 2022 including: the Pan African Conference on IFFs in October, and a weekly session on the transparency and exchange of information for tax purposes. A peer-to-peer exchange forum is scheduled to take place at the end of 2022. AUC is working on finalizing two strategies on tax and IFFs. These strategies aim to position AUC to lead the work on IFFs in the region and will be finalized in July 2022.

Under the pillar on support to member states, pioneering countries will be identified for capacity building support in combating IFFs. The AUC will aim to build on efforts by ECA and UNCTAD in more countries (15 to 20) with support from ECA, UNCTAD and AfDB.

### **Mr. Gamal Ibrahim on ECA plans and support/interventions to tackle IFFs in Africa.**

Mr. Ibrahim noted that joint efforts with UNCTAD and UNODC to measure IFFs have been recognized by the 44<sup>th</sup> Conference of African Ministers of Finance, Planning and Economic Development. A new DA 15 project seeks to further build on statistical work and develop standardized estimates but also enhance investigative and analytical capacity of countries to develop evidence-based policies for curbing IFFs. This project will be implemented by the ECA in partnership with other UN Regional Commissions in Asia, Latin America and the Pacific over the next four years. The project will also seek to scale up awareness of IFFs at country level. He noted that the pilots were a big achievement but it's a long way for proper reporting on SGD 16.4.1. He also called upon participants to share ideas or a framework for developing a *Community of Practice* on IFFs and how to operationalize the TWGs. Mr. Ibrahim closed by expressing ECA commitment to work with countries in establishing the TWGs and invited participants to provide feedback and written requests for support to complete estimations. ECA remains committed to work with partners like the AUC, ATAF, AfDB, the High-Level Panel to consolidate the work on IFFs estimations.

### **Mr. Bojan Nastav, UNCTAD - Next steps by UNCTAD and UNODC, the custodians of SDG indicator 16.4.1**

Mr. Nastav noted that UNCTAD and UNODC are mandated to work on the statistical concepts and methodologies for measuring IFFs. The pilot achievements made by countries are noteworthy, however these are not yet official statistics on IFFs - there is still a long way to go. He reiterated that piloting IFFs methodologies is an iterative process which involves phases, refining and reproducing methods. Currently there is no data on SGD indicator 16.4.1 and a lot of work is required to continue

this work before the indicator review process in 2025. Official, robust, and high-quality statistics are important for informing evidence-based policies to stop IFFs. The trainings showed that it's not only IFFs statistics with capacity gaps but also in other basic national statistics. In terms of way forward, the overall national statistics will require support. The project sets a good model for continuation and an evaluation process will follow for countries to provide feedback to improve future project implementation. For continuous support, he closed by noting that countries have a part to play through official requests for support to the Secretary General of UNCTAD.

**Ms. Diana Camerini, UNODC - Next steps by UNCTAD and UNODC, the custodians of SDG indicator 16.4.1**

Ms. Camerini noted that SDG Indicator 16.4.1 is also important for reporting on efforts against transnational organized crimes, firearms and drugs trafficking and recovery of stolen assets. She observed that the journey to measuring IFFs has come a long way to a set of defined concepts and guidelines which are now globally accepted. The end goal by UNCTAD and UNODC is to produce one reliable IFFs statistics which will be a sustainable tool for countries to monitor progress on SDG 16.4.1 over time. She highlighted the important nexus between statistics and policies. There are several benefits of IFFs statistics/data. Disaggregated statistics are necessary for understanding IFFs types, trends, sector vulnerability and policy actions to recover lost resources. Statistics are important for risk assessments, informing anti-money laundering efforts and effective allocation of anti-IFFs resources. Ms. Camerini noted the need to support countries on measuring corruption linked to IFFs and Nigeria has made a head start on this. This project has contributed to notable achievements to benchmark further support- about 22 countries will have completed pilot activities in Africa, Latin America, and Asia by the end of 2022. The project has enabled streamlining the exchange of data among institutions, strengthening statistical capacities in countries, and encouraging cross-border cooperation, among others. These justify the need for project continuation and reinforcing the achievements made.

**Mr. Djamel Ghrib, Director of Economic Development and Trade, AUC**

From the AUC perspective, Mr. Ghrib added to the remarks on the way forward. He emphasized the importance of cooperation with the ECA based on complementarity to avoid duplication of efforts. Mr. Ghrib expressed commitment of the AUC to work with ECA in the next phase of estimations. On this note, AUC will aim to build achievements in the pioneering countries but will further engage with ECA to identify additional countries. He called for agreeing on and harmonizing the methodologies for all countries which is important to produce standardized statistics and for buy-in from the African Union. Going forward the AUC will engage closely with the ECA to agree on a coherent, agreed methodology that can be uniformly applied by all the countries. He stressed the need for a unified approach to pool resources towards a common agenda and to avoid duplication of efforts on key regional activities. Mr. Ghrib ended by calling for one voice, shared values and messages to the member states from all stakeholders and development partners.

**Discussion**

- Participants called for continued collaboration among countries, institutions, and the experts even beyond the project and recommended the need to leverage the support of UN Regional Development Coordination Office.

- There is a need to avoid duplication of efforts but work towards building synergies, there are similar regional efforts on-going that need to be consolidated.
- The approach to aggregating estimates from different IFFs was raised given that some countries applied different methods. In response it was noted that UNCTAD and UNODC will be working towards refining and aggregation.
- Methodologies should consider the availability of the data, comparability of data, the baseline as well as the source of data. Aggregation should be done in a uniform manner to enable use and application by all the countries. It is also important to determine the end-use of the statistics and stakeholder buy-in.

### Closing Remarks

The conference was closed by Mr. Adam Elhiraika. He observed that the fight against IFFs is gathering momentum in Africa, the participation of the 12 countries is clear evidence of commitment to ECA - AUC cooperation. He advised that the most sustainable way of producing IFFs estimates is for countries to prioritize this work. Mr. Elhiraika stressed that addressing IFFs is the primary responsibility of Africa. Going forward he noted the need to work collectively with member states under the leadership of the African Union Commission to produce reliable data for policy makers and more efforts in the return of lost resources. He expressed his appreciation to the Deputy Ambassador of Namibia to Ethiopia Mr. Rodney Sikopo for his participation at the conference. He further thanked Mr. Djamel Ghrib for his commitment and leadership. On behalf of the ECA, he thanked the representatives from all country institutions, the national consultants and the ECA-UNCTAD organizing team for the productive conference.

## Annexes

- i. Agenda
- ii. List of Participants

### i. Agenda

#### Closing Conference of pilot activities for measuring Illicit Financial Flows (IFFs) in Africa

|                    |   |
|--------------------|---|
| <b>Date</b>        | Wednesday 15 to Friday 17 June 2022   |
| <b>Venue</b>       | In person: UNECA, Addis Ababa, Ethiopia<br>Online: Register in advance for this webinar at<br><a href="https://us06web.zoom.us/webinar/register/WN_21QsbmpPSeeiyHDE059Gmg">https://us06web.zoom.us/webinar/register/WN_21QsbmpPSeeiyHDE059Gmg</a> |
| <b>GMT</b>         | 06 :00 – 14:00 ( <i>Accra, Dakar, Ouagadougou</i> )   |
| <b>GMT+1 / WAT</b> | 07 :00 – 15:00 ( <i>Abuja, Cotonou, Libreville, Luanda, Yaoundé</i> )   |
| <b>SAT / CET</b>   | 08:00 – 16:00 ( <i>Geneva, Johannesburg, Maputo, Vienna, Windhoek</i> )   |
| <b>EAT</b>         | 09:00 – 17:00 ( <i>Addis Ababa</i> )  |
| <b>Language</b>    | The meeting will be conducted in English.<br>Interpretation available:<br>English <> French<br>English <> Portuguese  |

#### DAY 1 – 15 JUNE (EAT)

**Session Chair** *Oliver Chinganya, Director, African Centre for Statistics, ECA*

#### Welcome remarks and Agenda

09:00 – 09:30 **Opening remarks**  
Adam Elhiraika, Director, Macroeconomics and Governance Division, ECA  
Anu Peltola, Acting Director, UNCTAD Statistics

**Session Chair** *Gamal Ibrahim, ECA*

#### Session 1

09:30 – 10:30 **UN Development Account project on IFFs in Africa**

- Round of introductions by participants  
*Angola, Benin, Burkina Faso, Gabon, Ghana, Mozambique, Namibia, Nigeria, Senegal, South Africa, Zambia, others*
- Overview of project activities  
Amandine Rushenguziminega, UNCTAD & Douglas Kigabo Bitonda, ECA

10:30 – 11:00 **BREAK**

**Session Chair** *Douglas Kigabo, ECA*

#### Session 2

11:00 – 12:30 **Round I: Pioneering country presentations (process, progress results, lessons learned, next steps) & Q&A**  
Burkina Faso, Gabon

12:30 – 14:00 **LUNCH**

**Session Chair** Susan Karungi, ECA

**Session 3**

14:00 – 15:30 **Round II: Pioneering country presentations (process, progress results, lessons learned, next steps) & Q&A**  
Namibia, Ghana

15:30 – 16:00 **BREAK**

**Session Chair** Kathy Nicolaou-Manias, ECA

**Session 4**

16:00 – 17:30 **Round III: Pioneering country presentations (process, progress results, lessons learned, next steps) & Q&A**  
South Africa, Egypt

17:30 **END OF DAY 1**

**DAY 2 – 16 JUNE (EAT)**

**Session Chair** Amandine Rushenguziminega, UNCTAD

**Session 5**

09:00 – 10:30 **Round IV: Pioneering country presentations (process, progress results, lessons learned, next steps) & Q&A**  
Benin, Senegal

10:30 – 11:00 **BREAK**

**Session Chair** Bojan Nastav, UNCTAD

**Session 6**

11:00 – 12:30 **Round V: Pioneering country presentations (process, progress results, lessons learned, next steps) & Q&A**  
Nigeria, Zambia

12:30 – 14:00 **LUNCH**

**Session Chair** Douglas Kigabo Bitonda, ECA

**Session 7**

14:00 – 15:30 **Round VI: Pioneering country presentations (process, progress results, lessons learned, next steps) & Q&A**  
Angola, Mozambique

15:30 – 16:00 **BREAK**

**Session Chair** Allan Mukungu, ECA

**Session 8**

16:00 – 17:00 **UN Development Account project on IFFs in Africa (lessons learned, next steps)**  
Gamal Ibrahim, ECA & Anu Peltola, UNCTAD

**Interventions and support from UN Resident Coordinator**

Mr. Nonso Obikili, Economist and Development Coordinator Officer, RCO Nigeria

Ms. Eunice Ajambo, Economist and Development Coordinator Officer, RCO Namibia

17:00 **END OF DAY 2**

**18:00**

**COCKTAIL RECEPTION**



**DAY 3 – 17 JUNE (EAT)**

**Session Chair** *Kathy Nicolaou-Manias, ECA*

**Session 9**

09:00 – 10:30 **Illicit Financial Flows in Africa – common grounds, experience, challenges, plans**

- Djamel Ghrib, Director of Economic Affairs, *AUC*
- Adam Elhiraika, Director of Macroeconomics and Governance Division, *ECA*
- Mojanku Gumbi, Member of Technical Committee Supporting *the AU High Level Panel on IFFs from Africa*
- Evelynne Change, Chief Governance Officer, *African Development Bank (AfDB)*
- Mary Baine, Deputy Executive Secretary, *Africa Tax Administration Forum (ATAF)*
- Chenai Mukumba, Policy Research and Advocacy Manager, *Tax Justice Network Africa (TJNA)*

10:30 – 11:00 **BREAK**

**Session Chair** *Djamel Ghrib, Director of Economic Affairs, AUC*

**Session 10**

11:00 – 12:30 **Closing panel: measurement and policy action on IFFs – next steps**

- AUC plans and support to tackle IFFs in Africa  
Ndinaye Sekwi Charumbira, *AUC*
- ECA plans and support/interventions to tackle IFFs in Africa  
Gamal Ibrahim, *ECA*
- UNCTAD and UNODC – custodians of SDG indicator 16.4.1  
Bojan Nastav, *UNCTAD* & Diana Camerini, *UNODC*

12:30 – 14:00 **LUNCH**

14:00 **CLOSE OF THE CONFERENCE**

**ii. List of Participants**

| No. | Last Name   | First Name | Gender | Organization  | Country      | Mode of attendance |
|-----|-------------|------------|--------|---|--------------|--------------------|
| 1.  | Van-Dúnem   | Jacira     | F      | Financial Information Unit                            | Angola       |                    |
| 2.  | Francisco   | Adão       | M      | National Consultant                                   | Angola       | on-line            |
| 3.  | Candido     | Nelson     | M      | National Statistics Office                            | Angola       | on-line            |
| 4.  | Agbessadji  | Symphorien | M      | National Consultant                                   | Benin        |                    |
| 5.  | Kiki        | Thalès     | M      | National Statistics Office                            | Benin        |                    |
| 6.  | Kane        | Elimane    | M      | National Consultant                                   | Burkina Faso |                    |
| 7.  | Ramdé       | Francois   | M      | National Statistics Office                            | Burkina Faso |                    |
| 8.  | Touka       | Jules      | M      | National Consultant                                   | Gabon        |                    |
| 9.  | Laban       | Théodora   | M      | National Statistics Office                            | Gabon        |                    |
| 10. | Akolgo      | Bishop     | M      | National Consultant                                   | Ghana        |                    |
| 11. | Afram       | Asuo       | M      | National Statistics Office                            | Ghana        |                    |
| 12. | Dade        | Saide      | M      | National Consultant                                   | Mozambique   | on-line            |
| 13. | Dava        | Ana Paula  | F      | National Statistics Office                            | Mozambique   |                    |
| 14. | Sikopo      | Rodney     | M      | Deputy Ambassador of Namibia to Ethiopia              | Ethiopia     |                    |
| 15. | Kapenda     | Penelao N. | F      | Bank of Namibia                                       | Namibia      |                    |
| 16. | Odada       | Lameck     | M      | National Consultant                                   | Namibia      |                    |
| 17. | Sheehama    | Paulinus   | M      | Ministry of Mines and Energy                          | Namibia      |                    |
| 18. | Xarages     | Kevi       | F      | Namibia Revenue Agency                                | Namibia      |                    |
| 19. | Ajambo      | Eunice     | F      | Office UN Resident Coordinator                        | Namibia      |                    |
| 20. | Ibrahim     | Anne       | F      | National Statistics Office                            | Nigeria      |                    |
| 21. | Obikili     | Nonso      | M      | Office of UN Resident Coordinator                     | Nigeria      |                    |
| 22. | Fowowe      | Babajide   | M      | National Consultant                                   | Nigeria      | on-line            |
| 23. | Okpene      | Godwin     | F      | Nigeria Extractive Industries Transparency Initiative | Nigeria      |                    |
| 24. | Sy          | Amaye      | M      | National Consultant                                   | Senegal      |                    |
| 25. | Diop        | Malick     | M      | National Statistics Office                            | Senegal      |                    |
| 26. | Du Toit     | Sonja      | F      | Financial Intelligence Centre                         | South Africa |                    |
| 27. | Van Niekerk | Frans      | M      | South African Revenue Service                         | South Africa | on-line            |
| 28. | Sabu        | Julio      | M      | South African Revenue Service                         | South Africa | on-line            |
| 29. | Stemmer     | Michael    | M      | OECD  | South Africa | on-line            |
| 30. | Nalishebo   | Shebo      | M      | National Consultant                                   | Zambia       |                    |
| 31. | Tembo       | Joseph     | M      | National Statistics Office                            | Zambia       |                    |
| 32. | Habib       | Lauraine   | F      | Ministry of Finance                                   | Egypt        |                    |
| 33. | Saad        | Mohamed    | M      | Customs Authority                                     | Egypt        |                    |
| 34. | Mukumba     | Chenai     | F      | Policy Research & Advocacy Manager, TJNA              | Kenya        | on-line            |

|     |                  |                |   |   |               |         |
|-----|------------------|----------------|---|---|---------------|---------|
| 35. | Ghrib            | Djamel         | M | Director, African Union Commission (AUC)                  | Ethiopia      | on-line |
| 36. | Ndzana           | Patrick        | M | AUC   | Ethiopia      | on-line |
| 37. | Charumbira       | Ndinaye Sekwi  | F | AUC   | Ethiopia      | on-line |
| 38. | Baine            | Mary           | F | Deputy ES Africa Tax Administration Forum (ATAF)          | South Africa  | on-line |
| 39. | Change           | Evelynne       | F | Chief Governance Officer, African Development Bank (AfDB) | Côte d'Ivoire | on-line |
| 40. | Gumbi            | Mojanku        | F | Committee, High Level Panel on IFFs                       | South Africa  | on-line |
| 41. | Elhiraika        | Adam           | M | UNECA   | Ethiopia      |         |
| 42. | Chinganya        | Oliver         | M | African Centre for Statistics, UNECA                      | Ethiopia      | on-line |
| 43. | Ibrahim          | Gamal          | M | UNECA   | Ethiopia      |         |
| 44. | Peltola          | Anu            | F | UNCTAD  | Switzerland   | on-line |
| 45. | Mukungu          | Allan          | M | UNECA   | Ethiopia      |         |
| 46. | Nastav           | Bojan          | M | UNCTAD  | Switzerland   |         |
| 47. | Rushenguziminega | Amandine       | F | UNCTAD  | Switzerland   |         |
| 48. | Chernova         | Ekaterina      | F | UNCTAD  | Switzerland   |         |
| 49. | Sharmin          | Farzana        | F | UNECA   | Ethiopia      | on-line |
| 50. | Nicolaou-Manias  | Katerina       | F | UNECA   | Ethiopia      |         |
| 51. | Kigabo           | Douglas        | M | UNECA   | Ethiopia      |         |
| 52. | Atta-Mensah      | Joseph         | M | UNECA   | Ethiopia      |         |
| 53. | Karungi          | Susan          | F | UNECA   | Ethiopia      |         |
| 54. | Camerini         | Diana          | F | UNODC   | Austria       |         |
| 55. | Ameso            | Judith         | F | UNCTAD  | Ethiopia      |         |
| 56. | Kelkele          | Yimer Masresha | M | UNECA   | Ethiopia      |         |
| 57. | Apio             | Helen          | F | UNECA   | Ethiopia      |         |
| 58. | Hu               | Chaoyi         | F | UNECA   | Ethiopia      |         |
| 59. | Kumala           | Citra          | F | UNECA   | Ethiopia      |         |
| 60. | Schuster         | Carlotta       | F | UNCTAD  | Switzerland   | on-line |
| 61. | Palanský         | Miroslav       | M | Charles University, TJN                                   | Czech         | on-line |
| 62. | Segobai          | Bathusi        | F | Charles University  | Czech         | on-line |
| 63. | Camara           | Yahya          | M | AfDB  | Côte d'Ivoire | on-line |
| 64. | Vedomey          | Seraphine      | F | World Food Programme                                      | Ghana         | on-line |
| 65. | Nyasulu          | Alick          | M | UN ESCAP  | Thailand      | on-line |
| 66. | Essuman          | Nana Kow       | M | Min of Finance  | Ghana         | on-line |
| 67. | Sibanda          | Mukasiri       | M | TJNA- Stop the Bleeding Campaign                          | Zimbabwe      | on-line |
| 68. | Oduro-Debrah     | Aaron          | M | UNCTAD  | Germany       | on-line |
| 69. | Dawodu           | Sulayman       | M | Secretariate of Criminal Justice                          | Nigeria       | on-line |
| 70. | Ismail           | Raheema        | F | SARS  | South Africa  | on-line |
| 71. | George           | Monica         | F | Min. of Finance   | Egypt         | on-line |
| 72. | Dlamini          | Themba         | M |   | South Africa  | on-line |
| 73. | Zulu             | Ishmael        | M | TJNA  | Zambia        | on-line |
| 74. | Senu             | Sylvia         | M | UNDP  | Ghana         | on-line |

