



Justice and Ecology Office

## Opening Statement Charlie Chilufya SJ

Tax evasion and avoidance are a global concern, but this concern is particularly more acute in developing countries, let alone sub-Saharan African countries. Sub-Saharan Africa has one of the highest ratios of Illicit Financial Flows (IFFs) of which tax avoidance, tax evasion and tax fraud are a substantial share of any region in the world. Last year in October, the former South African President Thabo Mbeki indicated at the African Union High Level Panel (HLP) on IFFs inter-ministerial meeting in Abuja that the African losses had increased to about USD 80 billion by today from the initially cited \$ 50 billion four years ago.

IFFs can be ranked as one of the main drivers of poverty in Africa. For that reason, we as African Jesuits operating as the Jesuit Justice and Ecology Network for Africa (JENA) under the aegis of the Jesuit Conference of Africa and Madagascar (JCAM) are outraged by this state of affairs. We are a diverse community of faith-inspired Jesuit NGOs, also known as Social Centres, related Jesuit Institutions, individual Jesuit peace and development activists and scholars driven by a vision of a just, poverty-free, peaceful and ecologically regenerative Africa.

JENA recognises that the promotion of sustainable development and the eradication of poverty require sufficient and the right type of finance. Over the last 50 years of political independence, African countries have relied on Official Development Assistance (ODA) inflows and on external borrowing. Past experience has shown the negative impacts of external borrowing and debt servicing both of which have not brought about the needed development but kept Africa financially dependent on external financing.

Even if the current rates of political commitment were met, ODA will not be enough to eradicate poverty in the face of climate change and other global challenges. Therefore, new alternative sources of revenue additional to ODA are needed and chief among these is taxation in combination with efforts to stem Illicit Financial Flows.

Beyond the mere collection of money, African governments need buoyant fiscal policies that are aligned with the broad sustainability and development agenda. In that context, JENA pays particular attention to the impact of fiscal policy on job creation and innovation, income and wealth equality as well as environmental sustainability.

Raising domestic revenue from taxation and stemming IFFs in many African countries faces numerous challenges of both an international and domestic nature. At the international level, the situation is worsened by the current International Financial and Tax Architecture that determines the flow of resources between nations, which is skewed in favour of rich countries. At the domestic level, one of JENA's concern is the question of corruption, lack of public accountability and even tax incentives offered to foreign corporations, a traditional approach in many developing countries to attract investment.

In the light of the foregoing, JENA works to contribute towards addressing these gaps by:

Conference of Major Superiors of Africa and Madagascar



# JESUITS

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- i. Conducting and promoting research in the field of IFFs, tax dodging and tax incentives; studies that include empirical assessments of specific schemes all across Africa.
- ii. Awareness building on taxation and IFFs among the public, with a focus on churches, religious communities and their organizations, mobilize their knowledge about IFFs and the potential of taxation in financing for development.
- iii. Promoting development policies linked to strategies for increasing domestic resource mobilisation and to enhancing the living conditions of citizens in their country. For example: If Kenya would no longer give 1 billion USD tax incentives to MNC, it could use that money to finance critical sectors like education and health. The same would happen if Kenya were able to prevent 937 million USD annual losses due to trade misinvoicing.
- iv. Holding governments and their wings like parliament accountable in regard to the spending of public funds and democratic governance.
- v. Empower and mobilise the public to get engaged in the struggle for more tax justice in order to advance a more socially just and more ecologically sustainable society and economy. In this regard we have hired an advocacy officer together with the Jesuit an East Africa Jesuit NGO, Hakimani Centre organises relevant activities within the states of the East African Community and will organize two regional workshops in other parts of Africa with other Jesuit institutions in 2020.
- vi. Advancing ethical reflection on tax issues through our local Jesuit academic institutions and Jesuit researchers and ethicists.
- vii. Finally, mounting advocacy campaigns, in collaboration with other African NGO networks and groups that
  - a. denounce corporate irresponsibility. Our network of Jesuits NGOs (JENA) have a working group on responsible business and corporate accountability.
  - b. denouncing increasing corporate, private and criminal wealth-driven inequality
  - c. put forwards suggestions on how to improve DRM and stemming IFFs.
  - d. put pressure on national governments to improve transparency in Tax Expenditures in terms of both their scope and periodicity
  - e. promote public accountable use of raised financial resources
  - f. Lobby the support of external partners like the European Union.

In emphasizing the last point, I would like to point to one of the main reasons for this Conference, namely to lobby for more EU-Africa cooperation bearing in mind the low capacity of some African tax administrations to enforce tax laws and tackle illicit financial flows (IFFs), which is one of the chief reasons for the IFF problem. The post-2015 Sustainable Development Goals call for a global partnership “to strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection”.

In this regard we commented upon and critiqued tax relevant policy initiatives such as Germany's Marshall Plan with Africa and commented on the shortcomings in the Agenda of Austrians 2019 EU Presidency and we will continue to lobby for increased Intergovernmental and multilateral Europe-Africa cooperation highlighting especially the promotion of tax transparency and exchange of information.

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