



FOCUS SESSION 10:

Tax evasion and illicit financial flows

15 April 2014, 15:00 – 16:15, Room Diezmo 2

Objective:

- **Increase political commitment to supporting developing countries' participation in global initiatives that promote financial transparency in the fight against illicit financial flows:** Senior Policy Makers discuss and agree on the importance for development cooperation to support the inclusion of developing countries in the global initiatives favouring fiscal transparency and data sharing, and identify a coalition of both developed and developing countries willing to make concrete commitments.
- **Raise awareness of the importance of increased transparency and intergovernmental information sharing in combatting international tax avoidance and illicit flows:** Senior Policy Makers discuss the importance of development cooperation in dealing with emerging priorities on illicit financial flows: tax info exchange, EITI/mandatory reporting, cooperation in Anti-Money Laundering/asset recovery investigations, beneficial ownership.
- **Action to scale up development cooperation to promote Anti-Money Laundering, asset recovery, tax info exchange and counter transfer-pricing abuse including the "Tax Inspectors Without Borders":** Senior policy makers identify opportunities to scale up transfer-pricing advisory assistance and the "Tax Inspectors Without Borders" initiative to strengthen Developing countries' capacities to combat tax avoidance and profit shifting.

Session Format and Panelists:

	Session components	Names of panelists
3min	Welcome and introduction	Moderator: Mr. Henry Bonsu , International Broadcaster
5 min	VIP introduction 1	Dr. Anthony Mothae Maruping , Commissioner for Economic Affairs, African Union Commission
5 min	VIP introduction 2	Mr. Ángel Gurría , Secretary-General of the OECD
45min	Moderated panel discussion	Mr. Cheikh Niang , Head of Delegation, Ambassador of Senegal to Washington, Senegal Mr. Frédéric Bontems , Director for Development and Global Public Goods, Ministry of Foreign Affairs, France Mr. Børge Brende , Minister of Foreign Affairs, Norway Mr. Savior Mwambwa , Policy and Advocacy Manager, Tax Justice Network Africa
14min	Reflections by VIP commentators <i>from the floor</i> , including:	Mr. Lucien Marie Noel Bembamba , Minister of Economics and Finance of Burkina Faso Mr. Emmanuel Nganou Djoumessi , Minister of Economy, Planning and Regional Development of Cameroon Mr. Pekka Haavisto , Minister for International Development, Finland.
3min	Wrap-up by VIP speaker	

Background/Narrative:

This session will focus on how development cooperation can better support developing countries to address the risks of money laundering, bribery, asset recovery and international tax evasion. The session will discuss evidence of successes and failures in curbing illicit financial flows in developing countries.

Illicit financial flows are draining resources for development and are detrimental to revenue mobilisation efforts. Abusive transfer pricing, although not illegal, may represent a significant additional outflow. Estimates vary and are contested, but the net outflows from developing countries, including the proceeds of tax evasion, organized crime, and corruption, are together likely to outweigh inflows of aid and investment.

Development cooperation can effectively support developing countries in their implementation of existing tools and international agreements for tackling tax avoidance and illicit financial outflows, such as the Convention on Mutual Administrative Assistance in Tax Matters. Donor agencies have become increasingly involved in tackling illicit financial flows. Agencies have supported civil society organisations and researchers working on this agenda, and have supported countries' efforts to build capacity in fighting tax evasion, money laundering and corruption.

However, the international development community is lagging behind and has yet to mainstream actions to support developing countries to stem these illicit flows. Developing countries are facing increasing needs that remain unmet. Greater political commitment and efforts from both developed and developing countries alike are needed to curb illicit financial flows.

Related Links:

- **Progress report of the High-level Panel on Illicit Financial Flows from Africa (UNECA)**
http://www.uneca.org/sites/default/files/uploaded-documents/COM/com2014/com2014-hlp_panel_on_illicit_financial_flows_from_africa-english.pdf
- **Tax and Development : Aid Modalities for Strengthening Tax Systems (OECD)**
<http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC%282012%2934&docLanguage=En>
- **Measuring OECD responses to Illicit financial flows (OECD)**
<http://www.oecd.org/dac/governance-development/IFFweb.pdf>
- **Effective inter-agency cooperation in fighting tax crimes and other financial crimes (OECD)**
<http://www.oecd.org/ctp/crime/effective-inter-%20agency-cooperation-report.pdf>
- **Tax-motivated illicit financial flows: a guide for development practitioners**
<http://www.u4.no/publications/tax-motivated-illicit-financial-flows-a-guide-for-development-practitioners/>
- **Tax inspectors without borders:**
<http://www.oecd.org/ctp/tax-global/tiwb-background.pdf>
- **Orientations for French Cooperation in Tax Matters (France)**
http://www.diplomatie.gouv.fr/en/IMG/pdf/Rapport_cooperation_en_matiere_fiscale.pdf
- **Illicit Financial Flows, Policy sheet (Norway)**
http://www.regjeringen.no/upload/UD/Vedlegg/dialog/Ulovlig_kapitalflyt_Eng_WEB.pdf

Organisers: France, OECD

Supported by: Norway, UK/DfID, Tax Justice Network - Africa, Senegal

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