



UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA

**“High Level Panel (HLP) on Illicit Financial Flows (IFF) from Africa”**

**Information Note**

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**Introduction**

This information note is prepared by the Secretariat of the Technical Committee for the High Level Panel on Illicit Financial Flows from Africa. The aim of the note is to provide background information on the work of the High Level Panel, its mission, main activities and expectations from the various consultations undertaken by the Panel.

**1. Background**

1. The High Level Panel (HLP) on Illicit Financial Flows (IFF) from Africa was established by the United Nations Economic Commission for Africa (ECA) under the direction of the joint African Union and Economic Commission for Africa (AU/ECA) Conference of African Ministers of Finance, Planning and Economic Development. It was inaugurated on 5 February 2012 in Johannesburg, South Africa.

2. The Panel brings together eminent personalities from within and outside Africa who share a common concern and expertise in the financial aspects of Africa’s development. It is chaired by H.E. Mr. Thabo Mbeki, former President of South Africa assisted by the UN Under-Secretary General and Executive Secretary of the ECA, Mr. Carlos Lopes, as Vice Chair. Its Technical Committee is chaired by Mr. Abdalla Hamdok, the Deputy Executive Secretary of ECA.

3. The establishment of the HLP on IFF follows a resolution of the 4th Joint Annual Meetings of the ECA/AU Conference of Ministers of Finance, Planning and Economic Development in Africa in March 2011, which decided to address the debilitating problem of illicit financial outflows from Africa estimated at about \$50 billion annually, in mandating the establishment of the Panel.

4. Illicit financial flows out of Africa have become a matter of major concern because of the scale and negative impact of such flows on Africa’s development and governance agenda. By some estimates, illicit flows from Africa could be as much as US \$50 billion per annum since 2000. This is approximately double the official development assistance (ODA) that Africa receives and, indeed, the estimate may well be short of reality as accurate data does not exist for all transactions and for all African countries.

5. Some of the effects of illicit financial outflows are the drainage of foreign exchange reserves which limit a country's ability to import, negatively affect domestic resource mobilization by reducing the tax collection base, cancelling out of investment inflows and a worsening of poverty. Such outflows also undermine the rule of law, stifle trade and worsen countries' macroeconomic conditions. They are facilitated by some 60 international tax havens and secrecy jurisdictions that enable the creation and operation of millions of disguised corporations, shell companies, anonymous trust accounts, and fake charitable foundations. Other techniques used include money laundering and transfer pricing.

6. It was in this context that a Panel discussion to sensitize policymakers about the matter was organized at the 3rd Joint Annual Meetings of the AU/ECA Conference of Ministers of Finance, Planning and Economic Development which took place in Lilongwe, Malawi in March 2011. After examining the issues at stake, participants called upon ECA and the African Union Commission (AUC) to lead the effort to combat illicit financial flows from Africa. It is against this background that the 4<sup>th</sup> Joint Annual Meetings of the AU/ECA Conference of Ministers of Finance, Planning and Economic Development adopted Resolution L8 mandating the establishment of a High Level Panel (HLP) on illicit financial flows from Africa.

## **II. Primary Purpose and Functions of the HLP**

7. Following the Resolution of the Ministers, the HLP has now the primary role of further exploring and gaining a better understanding of the nature of illicit financial flows out of Africa and assessing its impact on continental development. In addition, it is envisaged that the HLP would work to increase collaboration and cooperation amongst African countries, their Regional Economic Communities and external development partners to promote better global understanding of the scale of the problem for African economies and encourage the adoption of relevant national, regional and global policies, including safeguards and agreements to redress the situation.

8. The specific objectives of the HLP as derived from the Resolution are as follows:

- Determine the nature and patterns of illicit financial outflows;
- Establish the level of illicit financial outflows from Africa;
- Assess the complex and long-term implications of illicit financial flows on development;
- Sensitize African governments, citizens and international development partners on the scale, and effect of financial outflows on development; and
- Mobilize support for putting rules and regulations in place at all levels to tackle illicit financial outflows from Africa.

## **III. Structure of the HLP, Technical Committee and Secretariat**

9. The HLP is composed of eminent personalities from the continent as well as from partner countries. The HLP adapts the guidelines for its operation taking account available resources and the need to bring its work to a timely conclusion. In doing so, the HLP is expected to seek broad based support for its work from all relevant stakeholders.

10. The HLP comprises of 10 members, appointed in their personal capacity and selected on their professional credentials. The Panel is chaired by H.E. Mr. Thabo Mbeki, former

President of South Africa assisted by UN Under-Secretary General and Executive Secretary of the Economic Commission for Africa, Mr. Carlos Lopes, as Vice Chair. Other members of the High Level Panel are: Ambassador Olusegun Apata (Nigeria), Mr Raymond Baker (USA), Dr Zeinab Bashir el Bakri (Sudan), Mr Abdoulaye Bio Tchane (Benin), Prof El Hadi Makboul (Algeria), Barrister Akere Muna (Cameroon), Hon Irene Ovonji-Odida (Uganda) and Henrik Harboe (Norway). The biographies of the HLP members are attached in annex 1.

11. The HLP is supported by a Technical Committee chaired by the Deputy Executive Secretary of Economic Commission for Africa (ECA), Mr. Abdalla Hamkdok. Its main function is to provide technical advice and support to the HLP in matters pertaining to the HLP's core functions. The Technical Committee is responsible for turning policy decisions of the HLP into action, and for coordinating efforts in implementing these plans.

12. Membership of the Technical Committee was composed from relevant divisions of AUC and ECA that are directly involved in activities related to combating illicit financial flows and it includes three external advisors.

13. The Technical Committee is aided by the Secretariat throughout the process which provides secretariat services for the HLP and substantive support to the Technical Committee. The Secretariat is housed within the Macroeconomic Policy Division of ECA.

#### **IV. Programme Outputs**

The programme of the Panel focuses on the following:

14. Advocacy and Sensitization Programme to create a real and broad coalition of support that will be instrumental in implementing the Panel's recommendations.

15. Regional consultations aiming to mobilize African people against the IFF problem, encouraging national and sub-regional knowledge production and policy discourse on the problem.

16. Reports of experts' meetings and workshops that detail expert discussion, opinions and views on strategies for addressing different aspects of IFF in the different sectors in Africa; and,

17. Major knowledge and policy products developed on illicit financial flows in Africa, which will constitute pioneering works in the domain on the continent.

#### **V. Expected Outcomes**

18. The long-term aim of the HLP is to address factors underlying illicit outflows and also impress upon the G-20 of the need for better transparency and tighter oversight of international banks and offshore financial centres that absorb these flows. Furthermore, the HLP seeks to mobilize political will amongst African governments, regional and international organizations, civil society, business and other stakeholders in support of adopting the necessary policies to curtail illicit financial flows. The specific expected outcomes include the following:

- Enhanced capacity of national, regional, and sub-regional institutions to address the problem of corruption effectively in Africa;

- Improved legal and institutional framework for African countries in tackling the problem of IFF in their respective states;
- Enhanced regional strategy, collaboration, coordination and partnership in the fight against IFF on the continent;
- Improved capacity of regional, sub-regional and national institutions and other major stakeholders, namely civil society, private sector, parliament and judiciary to better comprehend and address the problem of IFF in member-states;
- Increased technical and policy knowledge and African expertise on the problem of IFF in Africa in its variegated forms;
- Enhanced information and knowledge sharing among different stakeholders engaged in curbing the threat of IFF;
- Improved regional and national space and platforms for IFF agenda in Africa; and
- Enhanced transparency and accountability of public officials and the promotion of good governance.

## **VI. Progress of Work**

19. The Panel has produced a background Paper on the “Scale and Development Challenges of Illicit Financial Flows from Africa”.

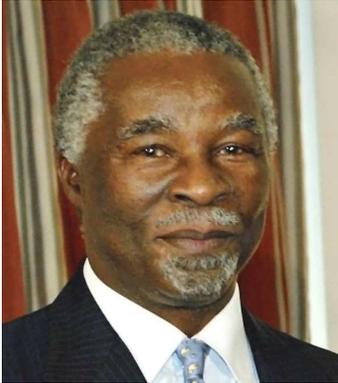
20. The Panel has undertaken a series of country level case studies on IFFs that will underpin its final report. The aim of each of the six country case studies (Algeria, Democratic Republic of Congo, Kenya, Liberia, Mozambique, and Nigeria) is to explore the main drivers of and dynamics of IFFs in the country and the main existing instruments and institutional settings designed to combat IFFs and identify gaps and capacity needs of countries to effectively address IFFs.

21. The HLP has held six meetings and as part of its sensitization programme, undertaken four consultations with stakeholders in Africa including public officials from central banks, ministries of finance and customs as well as representatives of private sector, civil society, research institutes and the media. On 15 August 2012 the panel held a public consultation in Nairobi Kenya. The panel has also held three regional consultations on: 16 October 2012 for the North African countries; on 18 June 2013 for the Eastern and Southern African countries; and, 3 December 2013 for the Central and West African countries. During the week of 3 February 2014, the panel is holding consultations and undertaking advocacy with various stakeholders in the United States of America, including: US government relevant to addressing IFFs from Africa, IMF and World Bank officials, as well as the international Diplomatic Corps to the United Nations.

22. The Panel will undertake further consultations in Europe (EU and OECD) and also plans to visit Dubai and Mauritius.

## **Appendix 1 Panel Members**

### **H.E. Mr. Thabo Mbeki**



Mr. Mbeki served two terms as the second post-apartheid President of South Africa from 14 June 1999 to 24 September 2008. He was the President of the African National Congress from 1997 - 2007. Mr. Mbeki held the position of Chairperson of the African Union (2002-2003). Mr. Mbeki holds an Honorary Doctorate from Rand Afrikaans University and an Honorary Doctorate of Laws from the Glasgow Caledonian University.

### **Mr. Carlos Lopes**



Mr. Carlos Lopes currently serves as the United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa. He assumed this position in September 2012. Mr. Lopes previously served as Executive Director of the United Nations Institute for Training and Research (UNITAR) in Geneva and Director of the UN System Staff College in Turin at the level of Assistant Secretary-General from March 2007 to August 2012.

### **Ambassador Olusegun Apata**



H.E. Mr. Olusegun Apata is the Chairman of the Nigerian Coca-Cola Bottling Company Plc and has served the company's Board of Directors since 2006. Ambassador Apata served for three decades in the Nigerian Diplomatic Service. His last major diplomatic assignment was as Nigeria's Ambassador and Deputy Permanent Representative to the United Nations in New York from 1999 to 2003. He attended the University of Lagos for his undergraduate

studies while he earned his graduate degrees from the University College, Dublin and Oxford University.

**Mr. Raymond Baker**



Mr. Baker is the Director of Global Financial Integrity, a think tank in Washington DC. He is a guest scholar at the Brookings Institution and Senior Fellow at the Center for International Policy. In January 2009, Mr. Baker brought together a coalition of research and advocacy organizations and over 50 governments to form the Task Force on Financial Integrity and Economic Development - an organization which advocates for transparency in the global financial system. He is a graduate of Harvard Business School and Georgia Institute of Technology.

**Dr. Zeinab Bashir el Bakri**



Dr. Zeinab Bashir el Bakri is an elite consultant on human development strategies working for the Government of Kuwait. She is the former vice President for Sector Operations of the African Development Bank Group in Tunisia.

**Mr. Abdoulaye Bio Tchane**



Abdoulaye Bio Tchane has built a thirty year career in banking, finance and development across Africa. He has held high level positions at the WAEMU Central Bank during the devaluation of the CFA franc, and was the former Director of the Africa Department at the International Monetary Fund as well as the President of the West African Development Bank (BOAD). Mr. Bio Tchane is also widely acknowledged as the finance minister of Benin who spearheaded clear and transparent reforms in budgeting, procurement and taxation and actively fought corruption.

**Prof. El Hadi Makboul**



Prof. Makboul is the director of the National Centre for the Study and Analysis of Population and Development (CENEAP) in Algeria. The mission of CENEAP is to undertake studies and analysis in the field of economy; demography; and social and cultural development. Prof. Makboul was recently elected as a member of the Committee on Governance and Popular Participation of the UNECA.

**Mr. Barrister Akere Muna**



Mr. Muna is founder and former president of Transparency International Cameroon, the current President of the Pan-African Lawyers Union and former President of the Cameroon Bar Association. In October 2008, Akere Muna was elected President of the African Union's Economic, Social and Cultural Council (ECOSOCC). Mr Muna is a member of several national commissions on legal reform and curbing corruption. In January 2010 he was elected as one of the 4 new members to the Panel of Eminent Persons of the African Peer Review Mechanism. He is also member of the International Anti-Corruption Council. Mr Muna was actively involved in the Transparency International working group that helped to draft the African Union Convention on Preventing and Combating Corruption and has written a guide to the convention published by Transparency International.

**Ms. Irene Ovonji-Odida**



Ms. Ovonji-Odida is a human rights lawyer and activist with 21 years' experience in development work with marginalised groups in society such as women, pastoralists and persons living with HIV/AIDS. She has worked in the public sector in law reform and on public sector ethics for eight years and served as an elected legislator in the East Africa regional parliament for five years. Irene has been involved with ActionAid in Uganda since 2003, becoming national Board Chair in 2005. She is the convener of the International Governance and Board Development Committee and was elected as International Board Chair in June 2009.

**Mr. Henrik Harboe**



Henrik Harboe, Director of Development Policy at the Norwegian Ministry of Foreign Affairs since July 2013, was previously Norway's Chief Negotiator in the international climate negotiations. Before that he was head of the Multilateral Bank and Finance Section of the Norwegian Ministry of Foreign Affairs, responsible for Norway's relationship with the World Bank and the Regional Development Banks, for global finance questions and debt relief. He was Norway's negotiator in the replenishment negotiations in IDA/World Bank. He has previously worked as a macroeconomic adviser for the Norwegian Agency for Development Cooperation, NORAD, for UNDP in Africa and as a consultant. Henrik Harboe, born 1960, has a Masters degree in Development Economics from the London School of Economics (1987) and his BSc in Economics from the University of Oslo.